

MATERIAL SUPPORTING THE AGENDA

VOLUME XXXIVc

This volume contains the Material Supporting the Agenda furnished to each member of the Board of Regents prior to the meetings held on

June 11, 1987  
August 13, 1987

The material is divided according to the standing committees and the meetings that were held and is color coded as follows:

White paper - for documentation of all items that were presented before the deadline date.

Blue paper - all items submitted to the Executive Session and distributed only to the Regents, Chancellor and Executive Vice Chancellors of the System.

Yellow paper - emergency items distributed at the meeting.

Material distributed at the meeting as additional documentation is not included in the bound volume, because sometimes there is an unusual amount and other times some people get copies and some do not get copies. If the Executive Secretary was furnished a copy, then that material goes into the appropriate subject file.



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**Material Supporting the Agenda  
of the  
Board of Regents  
The University of Texas System**

Meeting No.: 828

Date: August 13, 1987

Location: Austin, Texas

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BOARD OF REGENTS  
OF  
THE UNIVERSITY OF TEXAS SYSTEM

CALENDAR

Place: Regents' Meeting Room, Ninth Floor  
Ashbel Smith Hall  
201 West Seventh Street  
Austin, Texas

Thursday, August 13, 1987

11:30 a.m. Convene in Open Session for the sole  
purpose of recessing to Executive  
Session

1:00 p.m. Reconvene in Open Session to continue  
until completion of business

See Pages B of R 1 - 17,  
Items A - O

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## Meeting of the Board

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

Date: Thursday, August 13, 1987

Time: 11:30 a.m. Convene in Open Session for the sole purpose of recessing to Executive Session

1:00 p.m. Reconvene in Open Session to continue until completion of business

Places: Regents' Meeting Room, Ninth Floor, Ashbel Smith Hall  
Regents' Conference Room, Ninth Floor, Ashbel Smith Hall

A. CALL TO ORDER (Regents' Conference Room)

B. RECESS TO EXECUTIVE SESSION

The Board will convene in Executive Session pursuant to Vernon's Texas Civil Statutes, Article 6252-17, Sections 2(e), (f) and (g) to consider those matters set out on Page Ex.S - 1 of the Material Supporting the Agenda.

C. RECONVENE IN OPEN SESSION (Regents' Meeting Room)

Welcome to guests and visitors.

D. APPROVAL OF MINUTES OF REGULAR MEETING HELD JUNE 11, 1987

E. SPECIAL ITEMS

1. U. T. Board of Regents: Proposed Amendment to the Regents' Rules and Regulations, Part One, Chapter I, Section 7, Subsection 7.112 (Committee Structure).--

RECOMMENDATION

The Office of the Board of Regents recommends that Part One, Chapter I, Section 7, Subsection 7.112 of the Regents' Rules and Regulations be amended as set out below in congressional style:

7.112 Each standing committee, other than the Executive Committee, is composed of not less than three members of the Board appointed by the Chairman.

It is further recommended that the Executive Secretary to the U. T. Board of Regents, in consultation with the Office of General Counsel, be authorized to make such editorial changes in the remainder of the Regents' Rules and Regulations as may be necessary in order to conform to the foregoing changes related to committee structure and such other editorial changes as are necessary to ensure that Chapter I is not gender specific.

## BACKGROUND INFORMATION

Experience has shown that it is desirable in some instances to have more than three members on the Board's standing committees. The proposed amendment to the Regents' Rules and Regulations, Part One, Chapter I, Section 7, Subsection 7.112 would make it clear that the Chairman may name more than three members to a committee when appropriate.

2. U. T. Board of Regents: Proposed Amendments to the Regents' Rules and Regulations, Part One, Chapter VI, Section 3 (Student Conduct and Discipline).--

## RECOMMENDATION

The Office of the Chancellor recommends approval of amendments to Part One, Chapter VI, Section 3, Subsections 3.2, 3.8, 3.(13), 3.(15) and Subdivision 3.(10)2 of the Regents' Rules and Regulations as set out below in congressional style:

- 3.2 All students are expected and required to obey the law, to show respect for properly constituted authority, and to observe correct standards of conduct.
  - 3.21 Gambling, immoral conduct, dishonesty, or the excessive use of intoxicating liquors renders the student subject to discipline.
  - 3.22 Any student who is guilty of the illegal use, possession and/or sale of a drug or narcotic on the campus of a component institution of the System is subject to discipline, including expulsion, pursuant to the procedures set out in Subsection 3.(10) and 3.(11) of this Chapter. If a student is found guilty of the illegal use, possession, and/or sale of a drug or narcotic on campus, the minimum penalty shall be suspension for one calendar year.
  - 3.23 Each component institution of the U. T. System that enrolls students shall amend its Handbook of Operating Procedures to provide for the imposition of the minimum penalty set out in Subdivision 3.22 of this Section.
- 3.8 Any student who engages in speech [~~advocates or recommends~~], either orally or in writing, that is directed to inciting or producing imminent lawless action and is likely to incite or produce such action, [~~the-conscious-and-deliberate-violation-of-any-federal, state-or-local-law~~] is subject to discipline.

- 3.(10)2 In any case where the accused student does not dispute the facts upon which the charges are based and executes a written waiver of the hearing procedures specified in Subsection 3.(11), the Dean of Students shall assess a penalty pursuant to Subsection 3.(13) that is appropriate to the charges and inform the student of such action in writing. The minimum penalty that the Dean may assess when a student admits illegal use, possession, and/or sale of a drug or narcotic on campus is the penalty prescribed in Subdivision 3.22 of this Section. Except in cases involving the assessment of the minimum penalty prescribed in Subdivision 3.22 of this Section, the [The] decision of the Dean of Students on penalty may be appealed as in the case of a decision rendered subsequent to a hearing in accordance with Subsection 3.(11). The appeal is limited to the issue of penalty and no transcript will be required.
- 3.(13) (a) The Hearing Officer shall render and send to both parties a written decision which shall contain findings of facts and conclusions as to the guilt or innocence of the accused student and shall assess a penalty or penalties in accordance with the published disciplinary penalties of the institution or in accordance with the following prescribed penalties:
- 3.(13)1 Disciplinary probation.
  - 3.(13)2 Withholding of grades, official transcript or degree.
  - 3.(13)3 Bar against readmission.
  - 3.(13)4 Restitution or reimbursement for damage to or misappropriation of institutional property.
  - 3.(13)5 Suspension of rights and privileges, including participation in athletic or extracurricular activities.
  - 3.(13)6 Failing grade.
  - 3.(13)7 Denial of degree.
  - 3.(13)8 Suspension from the institution for a period of time not to exceed one calendar year.
  - 3.(13)9 Expulsion from the institution for a specific period of time not less than one year. Expulsion may be permanent.
  - 3.(13)10 Revocation of degree and withdrawal of diploma.
  - 3.(13)11 Other penalty as deemed appropriate under the circumstances.
- (b) If a Hearing Officer finds a student guilty of the illegal use, possession, and/or sale of a drug or narcotic on campus, the Hearing Officer must assess a minimum penalty of suspension for one calendar year as provided in Subdivision 3.22 of this Section.
- 3.(15) The chief administrative officer of the institution may approve, reject, or modify the decision in question, or may require that the original hearing be reopened for the presentation of additional evidence and reconsideration of the decision. It is provided, however, that if the the finding as to guilt is upheld in a case

involving the illegal use, possession, and/or sale of a drug or narcotic on campus, the penalty may not be reduced below the minimum penalty prescribed by Subdivision 3.22 of this Section.

The action of each reviewing authority shall be communicated in writing to the accused student and the Dean of Students. The decision of the chief administrative officer shall be the final appellate review.

It is further recommended that the Executive Secretary to the U. T. Board of Regents, in consultation with the Office of General Counsel, be authorized to make such editorial changes in the remainder of the Regents' Rules and Regulations as may be necessary in order to conform to the foregoing changes related to student services and activities and such other editorial changes as are necessary to ensure that Chapter VI is not gender specific.

#### BACKGROUND INFORMATION

House Resolution 235 and Senate Resolution 645 passed by the 70th Legislature, Regular Session, require that universities provide for a mandatory penalty of suspension of attendance or enrollment for a specified period of time if a student is found guilty of possessing illegal drugs on campus. The resolutions direct the Coordinating Board, Texas College and University System, to adopt procedural guidelines for submission to each governing board to ensure appropriate constitutional due process rights are guaranteed to a student accused of possessing illegal drugs on campus prior to imposition of a disciplinary penalty. These guidelines are yet to be issued by the Coordinating Board, but the Regents' Rules and Regulations have been tested in court and there is no question that they provide appropriate due process rights.

The proposed amendments to Subsections 3.2, 3.(13), and 3.(15) and Subdivision 3.(10)2 implement the resolutions by including a minimum mandatory penalty of suspension for one calendar year in the current Regents' Rules and Regulations on student discipline. U. T. System Administration staff will work with the Coordinating Board to assure that these amendments satisfy the Coordinating Board's guidelines.

The resolutions also urge component presidents to establish drug-free policies at their institutions and request the presidents to send letters to all students before the end of the Fall 1987 semester underscoring the prohibition of illegal drugs on campus and giving notice of the minimum suspension penalty for violation of the prohibition. These facets of the resolutions will be accomplished by each president pursuant to directions from the appropriate Executive Vice Chancellor.

The proposed amendment to Subsection 3.8 is an additional correction related to prior U. T. Board of Regents action concerning permissible speech on campus. At its August 1986 meeting, the U. T. Board of Regents amended the Regents' Rules and Regulations with regard to use of university-owned facilities and off-campus speakers to make those sections of the Rules and Regulations consistent with existing court decisions relating to the subject. This proposed amendment was inadvertently omitted from the amendments recommended to the Board at that time.

3. U. T. Board of Regents: Recommendation to Restructure the Board of Regents of The University of Texas System General Revenue Refunding Bonds, Series 1986, Escrow Fund.--

#### RECOMMENDATION

The Office of the Chancellor recommends that the U. T. Board of Regents authorize the Office of Asset Management to restructure the Board of Regents of The University of Texas System General Revenue Refunding Bonds, Series 1986, Escrow Fund by substituting currently escrowed securities with U. S. Treasury Obligations - State and Local Government Series (SLGS). Authorization is recommended for the following specific actions:

- a. Simultaneous sale of Escrow Fund securities to J. P. Morgan Securities, Inc., New York, New York, and, from sale proceeds, purchase of the substitute SLGS from the Federal Reserve Bank, provided that the net realized gain from the transaction exceeds \$1,000,000
- b. Appointment of McCall, Parkhurst & Horton, Dallas, Texas, as legal and tax counsel
- c. Appointment of Ernst & Whinney, Tucson, Arizona, as escrow verification agent.

#### BACKGROUND INFORMATION

In the majority of bond refunding transactions, the escrow is funded with SLGS subscriptions rather than U. S. Treasury obligations purchased in the open market. This is due to the fact that SLGS provides a perfect matching of investment maturities with the debt service requirements of the refunded bonds. At the time of issuance of the General Revenue Refunding Bonds in August 1986, however, interest rates were such that it was to the System's advantage to use higher yielding open market Treasuries in the Escrow Fund. This position in turn created the future opportunity (given certain rate differentials between the SLGS market and the open market) to trade into SLGS at a profit. Authorization to substitute the escrow securities with SLGS is recommended at this time in anticipation of the emergence of such market conditions over the next 18 months. The net realizable gain from escrow restructuring is estimated to be between \$1.0 million to \$1.5 million.

4. U. T. Board of Regents: Recommendation to Adopt a Resolution Authorizing the Issuance of Up to \$20,000,000 of General Revenue Subordinate Lien Notes.--

#### RECOMMENDATION

The Office of the Chancellor recommends that the U. T. Board of Regents adopt a resolution authorizing the issuance of up to \$20,000,000 of General Revenue Subordinate Lien Notes ("Notes") to provide interim financing for non-PUF eligible capital projects. In adopting the resolution, the Board will (a) authorize certain Authorized Representatives to fix dates,

SUPPLEMENTAL MATERIAL

SPECIAL ITEM

AUGUST 13, 1987

4. U. T. Board of Regents: Recommendation to Adopt a Resolution Authorizing the Issuance of Up to \$20,000,000 of General Revenue Subordinate Lien Notes.--

Attached is the complete text of the Resolution which implements the financing recommendations set forth in the Material Supporting the Agenda related to the issuance of the General Revenue Subordinate Lien Notes.

A RESOLUTION approving and authorizing the issuance of obligations in an aggregate principal amount at any one time outstanding of not to exceed \$20,000,000 to provide interim financing to pay Project Costs for Eligible Projects; authorizing such obligations to be issued, sold and delivered from time to time and prescribing the terms, features and characteristics of such obligations; approving and authorizing certain authorized officers and employees to act on behalf of the Board of Regents of The University of Texas System in the selling and delivery of such obligations, within the limitations and procedures specified herein; making certain covenants and agreements in connection therewith; authorizing instruments and resolving other matters incident and related to the issuance, sale, security and delivery of such obligations; and providing an effective date.

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A RESOLUTION approving and authorizing the issuance of obligations in an aggregate principal amount at any one time outstanding of not to exceed \$20,000,000 to provide interim financing to pay Project Costs for Eligible Projects; authorizing such obligations to be issued, sold and delivered from time to time and prescribing the terms, features and characteristics of such obligations; approving and authorizing certain authorized officers and employees to act on behalf of the Board of Regents of The University of Texas System in the selling and delivery of such obligations, within the limitations and procedures specified herein; making certain covenants and agreements in connection therewith; authorizing instruments and resolving other matters incident and related to the issuance, sale, security and delivery of such obligations; and providing an effective date.

WHEREAS, the Board of Regents of The University of Texas System (the "Board"), pursuant to a resolution adopted by the Board on August 14, 1986, has heretofore issued its Board of Regents of The University of Texas System General Revenue Refunding Bonds, Series 1986 pursuant to Articles 717k and 717q, Vernon's Ann. Tex. Civ. Stat., as amended, and other applicable laws, being payable from and secured by a first lien and pledge of certain Pledged Revenues (hereinafter defined) (such bonds, together with any other obligations of the Board secured by a prior lien on such Pledged Revenues are referred to herein as the "Priority Obligations"); and

WHEREAS, Chapter 55 of the Texas Education Code, as amended, authorizes the Board to issue its revenue bonds from time to time and in one or more issue or series for the purpose of providing funds to acquire, purchase, construct, improve, enlarge and/or equip any property, buildings, structures, activities, services, operations or other facilities for and on behalf of its institutions or any branch or branches thereof, such bonds to be payable from and secured by liens on and pledges of all or any part of the revenues, income or receipts of the Board and its

institutions, or any branch or branches thereof, and to refund or otherwise refinance such bonds or notes; and

WHEREAS, Section 65.46 of the Texas Education Code, as amended, authorizes the Board among other things, (i) to authorize bonds or notes to bear interest at rates determined under a resolution of the Board, which may provide a formula, index, or contractual arrangement for the periodic determination of interest rates and which may delegate to authorized officers, employees or agents the authority to act on behalf of the Board in fixing dates, prices, interest rates, interest payment periods and other specified procedures, and (ii) to enter into financing programs under which the Board may issue notes and provide for their refinancing, renewal or refunding by the issuance of additional notes; and

WHEREAS, Section 65.46 of the Texas Education Code also authorizes the Board to exercise any other rights and powers granted to issuers of short term obligations under Article 717q, Vernon's Ann. Tex. Civ. Stat., as amended, which permits the issuance, sale and delivery of obligations to finance project costs of eligible projects and authorizes the issuer thereof to designate one or more officers to act on its behalf of the Board from time to time in the selling, delivering and fixing certain terms of such obligations; and

WHEREAS, the Board hereby determines to issue obligations pursuant to the provisions of Article 717q, Vernon's Ann. Tex. Civ. Stat., as amended, and Chapter 55 and Section 65.46, Texas Education Code, as amended (collectively, the "Acts"), and other applicable laws, to provide interim financing for Eligible Projects (hereinafter defined), such obligations to be payable from and secured by a subordinate lien on and pledge of the Pledged Revenues securing the Priority Obligations; and

WHEREAS, the Board intends to fund or refund the interim obligations authorized herein through the issuance of its bonds or notes pursuant to the Acts and other applicable laws; and

WHEREAS, arrangements relating to such interim financing have been settled and the Board hereby finds and determines that the issuance of obligations subject to the terms, conditions, and limitations hereinafter prescribed, should be approved and authorized at this time;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM:

## ARTICLE I

### DEFINITIONS

Section 1.01. Definitions. Unless the context shall indicate a contrary meaning or intent, the terms below defined, for all purposes of this resolution or any resolution amendatory or supplemental hereto, shall be construed, are used and are intended to have the following meanings, to-wit:

"Acts" shall mean, collectively, Article 717q, Vernon's Ann. Tex. Civ. Stat., as amended; Chapter 55, Texas Education Code, as amended; and Section 65.46, Texas Education Code, as amended.

"Additional Notes" shall mean notes, bonds or other evidences of indebtedness hereafter issued and incurred by the Board (other than the Notes) payable in whole or in part from the same sources or any portion of the same sources as secure the payment of the Notes, and equally and ratably secured by a parity lien on and pledge of such sources securing the Notes, or any portion thereof.

"Authorized Representative" shall mean one or more of the following officers or employees of the System, to-wit: the Executive Vice Chancellor for Asset Management, the Vice Chancellor and General Counsel, the Director of Asset Strategy and Planning, the Manager of Debt Administration, or such other officer or employee of the System authorized by the Board to act as an Authorized Representative.

"Board of Regents" or "Board" shall mean the Board of Regents of the System.

"Bond Counsel" shall mean the law firm of Vinson & Elkins.

"Bond Resolutions" shall mean, collectively, the Series 1986 Bond Resolution and any other resolutions authorizing the issuance of any Priority Obligations, as such resolutions may be amended from time to time.

"Business Day" shall mean any day of the year other than a day on which banking institutions are authorized to close under the laws of the State of Texas or the State of New York.

"Code" shall mean the Internal Revenue Code of 1986, as amended.

"Credit Agreement" means, collectively, a loan agreement, revolving credit agreement, agreement establishing a line of credit, letter of credit, reimbursement agreement, insurance contract, commitments to purchase Short Term Obligations, purchase or sale agreements or commitments or other contracts or agreements authorized, recognized and approved by the Board as a Credit Agreement in connection with the authorization, issuance, security, or payment of Short Term Obligations and on a parity therewith.

"Current Expenses" shall mean all necessary operating and maintenance expenses of the Revenue System, including all expenses of reasonable upkeep and repair, the properly allocated share of insurance, and all other expenses incident to the operation and maintenance thereof, but shall exclude depreciation and all general administrative expenses of the Board, the System, and each institution and branch thereof.

"Debt Service Requirements" shall mean an amount equal to the debt service requirements with respect to outstanding Priority Obligations, Notes and Additional Notes, as limited and calculated in the following manner:

(i) the debt service requirements with respect to outstanding Priority Obligations shall be calculated based on the following assumptions:

(A) Debt service requirements shall be deemed to be the principal of and interest on outstanding Priority Obligations, other than any Credit Agreement, and with respect to any Credit Agreement, shall be deemed to be the Payment Obligations relating thereto;

(B) Annual debt service requirements shall be calculated on the basis of a Fiscal Year;

(C) In the event any Priority Obligations issued hereafter bear interest at a variable rate of interest but are not governed by (D) below, the interest rate on such Priority Obligations shall be assumed to be the lesser of the maximum rate allowed by law or the maximum rate allowed by the resolution authorizing such Priority Obligations;

(D) When the Priority Obligations to be issued are Short Term Obligations that are secured, in whole or in part, by a Credit Agreement, the debt service requirements of such Short Term Obligations shall be calculated as of the date of adoption of the resolution authorizing the issuance of such Short Term Obligations based on a determination made as of such date by the Executive Vice Chancellor for Asset Management or any other designated financial or accounting officer of the System, subject to the approval of the Board, of:

(1) the maturity schedule of the Priority Obligations that would have been issued in lieu of the Short Term Obligations had the Board determined to issue, as of the proposed date of issuance of such Short Term Obligations, Priority Obligations bearing interest at fixed rates that are not Short Term Obligations, under market conditions as of such date, and

(2) if the Short Term Obligations bear interest at a variable rate of interest, the fixed interest rate that would have been applicable to such obligations under market conditions at that time had such Short Term Obligations been issued and delivered on such maturity schedule,

and the debt service requirements of such Short Term Obligations based on such determination shall thereafter be considered as the debt service requirements with respect to such Short Term Obligations; provided, however, with respect to the issuance of additional Priority Obligations, Notes or Additional Notes when such Short Term Obligations are considered as outstanding Priority

Obligations for the purposes of paragraph (A) of this definition, the calculation shall be made as of no earlier than 60 days prior to the proposed date of issuance of additional Priority Obligations, Notes or Additional Notes; and provided, further, if and when the Credit Agreement referred to in this subparagraph (D) has a term of less than one year, in making such determinations the Short Term Obligations will be deemed to mature on the earlier of their scheduled maturity date or date of mandatory sinking fund redemption or on the earliest date the owners of such Short Term Obligations may tender the Short Term Obligations for payment or redemption after termination of the Credit Agreement, and the interest rate will be deemed to be the higher of the rate then in effect or the average rate paid on such Short Term Obligations in the immediately preceding 12 months.

(ii) the debt service requirements with respect to Notes and Additional Notes shall be calculated based on the following assumptions:

(A) Debt service requirements shall be deemed to be the principal of and interest on outstanding Notes and Additional Notes, except to the extent provision has been made for the payment of interest on such Notes or Additional Notes by depositing to the credit of a fund or account (including the Note Construction Fund or the Note Payment Fund), from the proceeds of such Notes or Additional Notes from other funds of the System other than Pledged Revenues, or from a combination of such sources, amounts sufficient to provide for the full and timely payment of such interest and that are required to be applied as needed for such purposes;

(B) Annual debt service requirements shall be calculated on the basis of a Fiscal Year;

(C) each Note and Additional Note bearing interest at a variable or floating rate of interest shall be assumed to bear interest during the term thereof at the rate of interest that such Note or Additional Note would bear, based on

market conditions on the date of calculation, if such Note or Additional Note bore interest to maturity at a fixed rate, as determined by an Authorized Representative; and

(D) The principal amount of each Note and Additional Note shall be assumed to be payable solely on the basis of the amortization schedule for such Note or Additional Note as fixed pursuant to Section 2.03 of this Resolution or pursuant to the resolution authorizing any such Additional Notes, and no principal payable as the result of a tender for purchase shall be taken into account.

"Eligible Project" shall mean any property, buildings, structures, activities, services, operations or other facilities authorized by resolution of the Board to be acquired, purchased, constructed, improved, enlarged and/or equipped for and on behalf of any one or more of the institutions or branches thereof operated by or under the jurisdiction of the Board.

"Fiscal Year" shall mean the twelve-month operational period of the System commencing on September 1 of each year and ending on the following August 31.

"Gross Revenues" shall mean all revenues, income, receipts, rentals, rates and charges of every type derived by the Board and the System and each institution and branch thereof from any sources due to or on account of the ownership or operation of the Revenue System and each part thereof including, with respect to the Utility Plant System, all legislative appropriations and utility revolving fund payments and reimbursements authorized in connection with the Utility Plant System.

"Health Institutions" shall mean The University of Texas Health Science Center at Dallas, The University of Texas Medical Branch at Galveston, The University of Texas Health Science Center at Houston, The University of Texas Health Science Center at San Antonio, The University of Texas System Cancer Center, and The University of Texas Health Center at Tyler.

"Holder" or "Noteholder" shall mean, with respect to any Note, the Registered Owner of such Note.

"Housing System" shall mean (i) the below-listed facilities of The University of Texas at Austin: Blanton Hall and the dining facilities contained therein, Simkins Hall, Moore Hall, Varsity Cafeteria, Kinsolving Dormitory and the dining facilities contained therein, Andrews Dormitory and the dining facilities contained therein, Carothers Dormitory and the dining facilities contained therein, Brackenridge Hall, Roberts Hall, Prather Hall, Littlefield Dormitory and the dining facilities contained therein, Texas Union Dining Services (formerly known as University Cafeteria, Chuck Wagon, Faculty-Staff Dining Room, and Law School Snack Bar), and Jester Center Hall and the dining facilities contained therein, all such facilities being located on the campus, and the Gateway Apartments at 1624 West 6th Street, Austin, Texas, Brackenridge I and II Apartments at 3501 Lake Austin Boulevard, Austin, Texas, and the Colorado Apartments at 2500 Lake Austin Boulevard, Austin, Texas; (ii) the below listed facilities of The University of Texas at Arlington: Brazos House, Pacht Hall, Lipscomb Hall, and Trinity House, all such facilities being located on the campus, and the Border West Apartments, at 312 W. Border, Arlington, Texas, Cooper South Apartments, at 402 S. Cooper, Arlington, Texas, West Apartments, at 415 West, Arlington, Texas, the Pisces Apartment Complex, at 400 Yates, Arlington, Texas, the Capricorn Apartment Complex, at 400 S. Oak, Arlington, Texas, the Warwick I Apartments at 1001 S. Oak, Arlington, Texas, the Warwick II Apartments at 1008 S. Oak, Arlington, Texas, the Warwick III Apartments at 1010 S. Pecan, Arlington, Texas, and the Warwick V Apartments, at 408 S. Oak, Arlington, Texas; (iii) the below listed facilities located on the campus of The University of Texas at El Paso: Barry Hall, Kelly Hall, University Commons and TWC Village; and (iv) the University Housing complex at 7900 Cambridge, Houston, Texas located at The University of Texas Health Science Center at Houston; and (v) any additional facilities which may hereafter, at the option of the Board, be made a part of the Housing System hereunder or under any Bond Resolution.

"Interest Payment Date" shall mean, with respect to any series of Notes, the first date on which interest shall be due and payable on such Notes, as determined by an Authorized Representative pursuant to and in accordance with Section 2.03 hereof, and the 15th day of each February, May, August and November thereafter (or if such day is not a Business Day, the next succeeding Business Day) while any Notes of such series are outstanding.

"Investment Company" shall mean an investment company that is regulated under the Investment Company Act of 1940.

"Investment Securities" shall mean the following securities or contracts to acquire the following securities:

(i) any bonds or other obligations that as to principal and interest constitute direct obligations of, or are unconditionally guaranteed by, the United States of America, including U.S. Treasury receipts evidencing ownership of future interest and principal payments due on direct obligations of the United States of America;

(ii) bonds, participation certificates or other obligations of any agency or instrumentality of the United States of America, including obligations of the Federal National Mortgage Association, Government National Mortgage Association, Federal Financing Bank, Federal Intermediate Credit Banks, Federal Farm Credit System, Federal Home Loan Banks, and Federal Home Loan Mortgage Corporation;

(iii) new housing authority bonds issued by public agencies of any state of the United States of America or of any municipality thereof and fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States of America;

(iv) direct and general obligations of any state of the United States of America, or of any municipality or school district of the State of Texas, to the payment of the principal of and interest on which the full faith and credit of such state or municipality, as the case may be, is pledged, provided that such obligations are rated, at the time of purchase, in either of the two highest rating categories, without regard to rating sub-categories, by a nationally recognized municipal or corporate credit rating agency;

(v) certificates of deposit, whether negotiable or non-negotiable, issued by any bank or trust company organized under the laws of any state of the United States of America or any national banking association, provided that such certificates of deposit shall be

purchased directly from such bank, trust company, or national banking association and shall be either (A) continuously and fully insured by the Federal Deposit Insurance Corporation, or (B) continuously and fully secured by such securities as are described above in clauses (i) through (iv), inclusive, which shall have a market value (exclusive of accrued interest) at all times at least equal to the principal amount of such certificates of deposit and shall be lodged with or as directed by the Board, by the bank, trust company, or national banking association issuing such certificates of deposit;

(vi) uncollateralized certificates of deposit of financial institutions, which certificates of deposit are rated, at the time of purchase, in one of the two highest rating categories, without regard to rating sub-categories, by any nationally recognized municipal or corporate rating agency;

(vii) any repurchase agreement with any bank or trust company organized under the laws of any state of the United States of America or any national banking association or government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York, which agreement is secured by any one or more of the securities described in clauses (i), (ii), or (iii) above; and with the securities lodged with or as directed by the Board;

(viii) banker's acceptances, eurodollar deposits and certificates of deposit (in addition to the certificates of deposit provided for by clauses (v) and (vi) above) of the domestic branches of foreign banks having a capital and surplus of \$3,000,000,000 or more, or any bank or trust company organized under the laws of the United States of America or Canada, or any state or province thereof, having capital and surplus, if located in the State of Texas, in the amount of \$200,000,000, and, if located outside of the State of Texas, in the amount of \$3,000,000,000; provided that the aggregate maturity value of all such banker's acceptances and certificates of deposit held at any time as investments of funds under this Resolution with respect to any particular bank, trust company, or national association located in the State of Texas shall not exceed 10% of the amount of its capital and

surplus and with respect to any particular bank, trust company, or national association located outside of the State of Texas shall not exceed 5% of its capital and surplus; and provided further that any such bank, trust company, or national association shall be rated in one of the two highest rating categories, without regard to rating sub-categories, by any nationally recognized municipal or corporate credit rating agency;

(ix) any reverse repurchase agreement with any bank or trust company organized under the laws of any state of the United States of America or any national banking association or government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York, which agreement is secured by any one or more of the securities described in clauses (i), (ii), or (iii) above, and with the securities lodged with or as directed by the Board;

(x) municipal or corporate commercial paper rated, at the time of purchase, either A-1 or P-1 or higher, or municipal or corporate bonds or notes rated, at the time of purchase, in one of the two highest rating categories, without regard to rating sub-categories, by any nationally recognized municipal or corporate credit rating agency;

(xi) other unsubordinated securities or obligations issued or guaranteed (including a guarantee in the form of a bank standby letter of credit) by any domestic corporation (including a bank or trust company) that has outstanding, at the time of investment, debt securities rated in one of the two highest rating categories, without regard to rating sub-categories, by any nationally recognized municipal or corporate credit rating agency;

(xii) investments of any type described and permitted by any law of the State of Texas applicable to the Board and The University of Texas System, including, without limitation, investments authorized by Article 717k-6, Vernon's Texas Civil Statutes, as the same now exists or is hereafter amended; and

(xiii) money market funds that invest in any of the above-listed obligations.

"Maximum Interest Rate" shall mean the lesser of (a) 15% per annum and (b) the maximum net effective interest rate permitted by law to be paid on obligations issued or incurred by the Board in the exercise of its borrowing powers (prescribed by Article 717k-2, Vernon's Ann. Tex. Civ. Stat., as amended, or any successor provision).

"Maximum Maturity Date" shall mean August 15, 2017.

"Net Revenues" shall mean the Gross Revenues after deduction of the Current Expenses.

"Note" or "Notes" shall mean the evidences of indebtedness authorized to be issued and at any time outstanding pursuant to this Resolution.

"Note Construction Fund" shall mean the Board of Regents of The University of Texas System General Revenue Subordinate Lien Construction Account created and established by Section 3.04 of this Resolution.

"Note Date" shall have the meaning given to such term in Section 2.02 hereof.

"Note Payment Fund" shall mean the Board of Regents of The University of Texas System General Revenue Subordinate Lien Note Payment Fund created and established by Section 3.04 of this Resolution.

"Note Resolutions" shall mean, collectively, this Resolution authorizing the issuance of the Notes and any other resolutions authorizing the issuance of any Additional Notes, as such resolutions may be amended from time to time.

"Parking System" shall mean all existing revenue producing parking facilities on the campus of The University of Texas at Austin, all as described in the "Parking and Traffic Regulations Information" for The University of Texas at Austin, effective September 1, 1986 and consisting of approximately 10,268 permit surface spaces and approximately 213 metered surface spaces, a multi-level 1,025 car parking structure, and any additional facilities which may hereafter, at the option of the Board, be made a part of the Parking System hereunder or under any Bond Resolution.

"Paying Agent," "Registrar," "Issuing Agent," "Paying Agent/Registrar" and "Issuing and Paying Agent/Registrar"

shall mean the agent appointed pursuant to Section 2.09 hereof, or any successor to such agent.

"Paying Agent Agreement" shall mean the Issuing and Paying Agent/Registrar Agreement by and between the Board and the Paying Agent relating to the Notes authorized by Section 2.09 hereof, as from time to time amended and supplemented.

"Payment Obligations" shall mean all amounts payable by the Board under a Credit Agreement less any amounts of principal or interest payable with respect to any Priority Obligations issued after the date hereof pledged under a Credit Agreement as collateral for the amounts due thereunder.

"Pledged General Fee" shall mean the gross collections of a student use fee to be fixed, charged and collected from the students (excepting any student in a category now exempt by law from paying fees) regularly enrolled at the institutions and branches thereof now or hereafter constituting a part of the System, respectively, in the manner and amounts, at the times, and to the extent provided in this Resolution, and including, subject to the provisions of the Prior Encumbered Obligations, the Prior Encumbered General Fee.

"Pledged Revenues" shall mean collectively: (i) the Pledged Tuition Fee, (ii) the Pledged General Fee, (iii) the Net Revenues, (iv) all interest, income, and earnings derived from the deposit and investment of the Priority Obligations Interest and Sinking Fund and the Reserve Fund established pursuant to the Series 1986 Bond Resolution, (v) all interest, income and earnings derived from the deposit and investment of the Note Construction Fund and the Note Payment Fund and (vi) any additional revenues, income, receipts or other resources hereafter pledged by the Board to the payment of the Priority Obligations or the Notes.

"Pledged Tuition Fee" shall mean the following specified amounts out of the tuition charges now or hereafter required or permitted by law to be imposed on each tuition-paying student enrolled at each and every institution or branch thereof now or hereafter constituting a part of the System (excepting the Health Institutions, until and unless the Board authorizes the pledge of such tuition charges at any such institution to the payment of the Priority Obligations), and including, subject to the

provisions of the Prior Encumbered Obligations, the Prior Encumbered Tuition Fees, respectively:

\$5.00 from each enrolled student for each regular semester and  
\$2.50 from each enrolled student for each summer term of each summer session.

"Prior Encumbered General Fee" shall mean that portion of the student use fee charged and collected at an institution that becomes a component of the System after the date of adoption of the Series 1986 Bond Resolution and that are pledged to the payment of bonds or other obligations outstanding on the date such institution becomes a component of the System.

"Prior Encumbered Tuition Fee" shall mean that portion of the tuition charges, in the maximum amount permitted in the definition set forth in this Section 1.01 of Pledged Tuition Fee, charged and collected at an institution that becomes a component of the System after the date of adoption of the Series 1986 Bond Resolution and that are pledged to the payment of bonds or other obligations outstanding on the date such institution becomes a component of the System.

"Prior Encumbered Obligations" shall mean those bonds or other obligations of an institution that are outstanding on the date such institution becomes a component of the System and that are secured by a lien on and pledge of the Prior Encumbered General Fee and/or the Prior Encumbered Tuition Fee charged and collected at such institution.

"Priority Obligations" shall mean the Series 1986 Bonds and any other obligations issued by the Board that are secured by and payable from a lien on and pledge of all or any portion of the Pledged Revenues, which lien and pledge is prior in rank and dignity to the lien and pledge securing the payment of the Notes.

"Priority Obligations Interest and Sinking Fund" shall mean the fund established on the books of the Board by Section 10 of the Series 1986 Bond Resolution known as "General Revenue Bonds Interest and Sinking Fund," which fund is pledged to the payment of the Series 1986 Bonds and additional bonds on a parity therewith (with respect to the Pledged Revenues) issued pursuant to the provisions of Section 19 of the Series 1986 Bond Resolution.

"Priority Obligations Revenue Fund" shall mean the fund established on the books of the Board by Section 8 of the Series 1986 Bond Resolution known as "General Revenue Bonds Revenue Fund," which fund is pledged to the payment of the Series 1986 Bonds and additional bonds on a parity therewith (with respect to the Pledged Revenues) issued pursuant to the provisions of Section 19 of the Series 1986 Bond Resolution.

"Project Costs" shall mean all costs and expenses incurred in relation to Eligible Projects, including without limitation design, planning, engineering, and legal costs; acquisition costs of land, interests in land, right-of-way, and easements; construction costs; costs of machinery, equipment, and other capital assets incident and related to the operation, maintenance, and administration of an Eligible Project; financing costs, including interest during construction and thereafter, underwriter's discount and/or fees and costs of legal, financial, and other professional services; and reimbursement for any costs and expenses attributable to Eligible Projects that were incurred prior to the issuance of Notes to finance such Eligible Projects.

"Purchase Date" shall mean the 15th day of any month while the Notes are outstanding, or if any such day is not a Business Day, the next succeeding Business Day.

"Registered Owner" shall mean, with respect to any Note, the person or entity in whose name such Note is registered in the Registration Books.

"Registration Books" shall mean the books or records relating to the registration, payment and transfer or exchange of the Notes maintained by the Paying Agent/Registrar on behalf of the Board pursuant to Section 2.11 hereof.

"Regular Record Date" shall mean, with respect to an Interest Payment Date, the close of business on the last day of the month immediately preceding the month in which such Interest Payment Date falls.

"Resolution" shall mean this resolution and any amendment, modification, or supplement hereto as permitted hereby.

"Revenue Fund" shall mean the fund or funds required to be maintained by the Board to the credit of which Pledged Revenues are required to be deposited pursuant to Section 4.03 of this Resolution.

"Revenue System" shall mean collectively the following facilities: the Housing System, the Student Union System, the Utility Plant System, and the Parking System and any additional facilities, which hereafter, at the option of the Board, may be made a part of the Revenue System hereunder or under any of the Bond Resolutions.

"Series 1986 Bond Resolution" shall mean the resolution adopted by the Board on August 14, 1986 authorizing the issuance of the Series 1986 Bonds.

"Series 1986 Bonds" shall mean The Board of Regents of The University of Texas System General Revenue Refunding Bonds, Series 1986, dated July 15, 1986, and issued in the aggregate principal amount of \$222,040,000.

"Short Term Obligations" shall mean Priority Obligations issued after the date hereof that have a term to their scheduled maturity or mandatory sinking fund redemption of two years or less or with respect to which the owners thereof have the right to demand payment or redemption prior to the scheduled maturity or mandatory sinking fund redemption date.

"Student Union System" shall mean the Texas Union Building located on the campus of The University of Texas at Austin, Texas; the Student Center Building located on the campus of The University of Texas at Arlington; the Student Union or Student Activities Building and facilities (including, but not limited to, the book store and cafeteria and snack bar therein) located on The University of Texas at El Paso campus; and the student union building and The University Book Store located on The University of Texas at San Antonio campus and any additional facilities which may hereafter, at the option of the Board, be made a part of the Student Union System hereunder or under the Bond Resolutions.

"University" or "System" shall mean The University of Texas System, which includes the following existing and operating institutions:

The University of Texas at Arlington;  
The University of Texas at Austin;  
The University of Texas at Dallas;  
The University of Texas at El Paso;  
The University of Texas of the Permian Basin;  
The University of Texas at San Antonio;  
The University of Texas at Tyler;  
The University of Texas Health Science Center at  
Dallas;  
The University of Texas Medical Branch at Galveston;  
The University of Texas Health Science Center at  
Houston;  
The University of Texas Health Science Center at San  
Antonio;  
The University of Texas System Cancer Center;  
The University of Texas Health Center at Tyler; and  
The University of Texas Institute of Texan Cultures at  
San Antonio,

together with every other institution or branch thereof now or hereafter operated by or under the jurisdiction of the Board pursuant to law.

"Utility Plant System" shall mean the Hal C. Weaver Heating and Power Station and the Central Cooling Station, on the campus of The University of Texas at Austin; the central utility plant located on the campus of The University of Texas at San Antonio; and the central utility plant located on the campus of The University of Texas at Dallas, all of which produce and supply chilled water and steam to the buildings and facilities of The University of Texas System, together with all equipment, distribution lines, and other facilities appurtenant thereto, all improvements and additions thereto, and all extensions and replacements thereof, and all additional facilities which may hereafter, at the option of the Board, be made a part of the Utility Plant System hereunder or under the Bond Resolutions.

Section 1.02. Construction of Terms Utilized in this Resolution. If appropriate in the context of this Resolution, words of the singular number shall be considered to include the plural, words of the plural number shall be considered to include the singular, and words of the masculine, feminine, or neuter gender shall be considered to include the other genders.

## ARTICLE II

### AUTHORIZATION OF NOTES

Section 2.01. General Authorization. Pursuant to authority conferred by and in accordance with the provisions of the Constitution and laws of the State of Texas, particularly the Acts, Notes shall be and are hereby authorized to be issued in an aggregate principal amount not to exceed TWENTY MILLION DOLLARS (\$20,000,000) at any one time outstanding for the purpose of financing Project Costs of Eligible Projects and to refinance, renew, or refund Notes, including interest thereon, all in accordance with and subject to the terms, conditions, and limitations contained herein. For purposes of this Section 2.01, any portion of outstanding Notes to be paid from money on deposit in the Note Payment Fund or from the proceeds of Notes, Additional Notes, Priority Obligations or other obligations of the Board available for such purpose on the day of calculation shall not be considered outstanding.

Section 2.02. Designation, Form, Numbers, Note Date, Denomination and Manner of Sale of the Notes. Under and pursuant to the authority granted by the Acts and hereby and subject to the limitations contained herein, the Board hereby authorizes Notes to be issued, sold and delivered from time to time in one or more series, in such principal amounts as determined by an Authorized Representative. Each series of Notes issued hereunder shall be designated "Board of Regents of The University of Texas System General Revenue Subordinate Lien Notes", shall have a designation identifying the series, and may have such further designation as may be determined by an Authorized Representative. The Notes shall be issuable solely in registered form, without coupons. The Notes shall be issued in denominations of \$5,000 or any integral multiple thereof and shall be numbered in ascending consecutive numerical order within each series in the order of their issuance. Subject to the limitations contained herein, Notes herein authorized shall be dated as of their date of issuance or prior thereto, but within 30 days of the date of issuance as determined herein or as otherwise determined by the Board or by an Authorized Representative (the "Note Date").

Subject to applicable terms, limitations, and procedures contained herein and to the provisions of Article III hereof, and subject to the requirements of applicable law,

Notes may be sold in such manner at public or private sale and at par or at such discount or premium (within the interest rate and yield restrictions provided herein) as an Authorized Representative shall approve at the time of the sale thereof.

Section 2.03. Interest Payment Dates, Interest Rates and Maturity of the Notes. Each Note issued hereunder shall bear interest from its Note Date at such rate or rates (either fixed, variable, floating, adjustable or otherwise) per annum, computed for actual days elapsed on the basis of a 365-day year, as may be determined by an Authorized Representative; provided, however, that in no event shall the Notes ever bear interest at a rate in excess of the Maximum Interest Rate. Each Note shall mature and become due and payable on the earlier of a date that is at least 19 years after the Note Date of such Note, as determined by an Authorized Representative at the time of sale, or the Maximum Maturity Date. An Authorized Representative shall determine the first date following the issuance of each series of Notes on which interest shall be due and payable on such Notes, which shall be the 15th day of a February, May, August or November (or if the 15th day of the applicable month is not a Business Day, on the next succeeding Business Day). Interest on each series of Notes shall be payable on such date and on each subsequent Interest Payment Date, at maturity and upon redemption of any Note prior to maturity. Principal of each Note shall be amortized in annual or semiannual installments payable on designated Interest Payment Dates beginning no later than the sixth year following the Note Date of such Note, as determined by an Authorized Representative at the time of sale.

Section 2.04. Redemption of the Notes Prior to Maturity. The Notes shall be subject to redemption prior to maturity under the terms and conditions and at the redemption price or prices set forth in this Section 2.04 and in the Form of Note appearing in Section 2.06 hereof.

The Notes shall be subject to redemption prior to maturity and shall be redeemed on any Business Day at the option of the Board, in whole or in part, at a price equal to the principal amount of the Notes so called for redemption plus interest accrued thereon to the date of redemption, upon no less than 30 days' written notice on

behalf of the Board given in accordance with this Section 2.04.

To exercise its option to redeem Notes, the Authorized Representative shall deliver to the Paying Agent, at least 35 days prior to the proposed redemption date, written notice of its intention to redeem the Notes then outstanding or a portion thereof. Such notice shall: (i) specify the principal amount of the Notes to be redeemed, which shall be an integral multiple of \$25,000, (ii) (if less than all of the Notes are to be redeemed, identify the Notes or portions thereof to be redeemed and (iii) specify the redemption date, which shall be a Business Day not less than 35 days following the date of such notice. The Paying Agent immediately shall cause notice of such redemption of Notes to be mailed to each Registered Owner of Notes to be redeemed at the respective addresses appearing in the Registration Books, which notice shall be irrevocable during the five Business Days immediately preceding the date fixed for such redemption in such notice. If (a) such notice shall (1) be mailed at least 30 days prior to the redemption date, (2) identify the Notes or portions thereof to be redeemed, (3) specify the redemption date, the redemption price, which price shall equal 100% of the principal amount of the Notes or portions thereof to be redeemed, plus interest accrued thereon to the date of redemption, and (4) state that (A) on the redemption date the Notes or portions thereof called for redemption will be payable by wire transfer to any account in the United States designated prior to such redemption date by the Holder of such Note, upon its surrender and (B) from the redemption date interest will cease to accrue on such Note or portion thereof, (b) such notice shall not have been revoked by notice in writing delivered to each Registered Owner at least five Business Days prior to the redemption date, and (c) due provision for the payment of the redemption price, meeting the requirements of Section 7.06 hereof, is made, then the Notes or portions thereof that are to be redeemed thereby automatically shall be deemed to have been redeemed prior to their scheduled maturities, they shall not bear interest after the redemption date, and they shall not be regarded as being outstanding except for the right of the Registered Owner thereof to receive the redemption price from the Paying Agent upon surrender thereof at the principal corporate office of the Paying Agent. No defect affecting the giving of notice of redemption of any Notes, whether in the notice of redemption or mailing thereof (including any

failure to mail such notice) shall affect the validity of the redemption provisions for any other Notes.

Section 2.05. Demand Purchase Option. The Notes shall be subject to purchase, upon the demand of such Holders of the Notes as are Investment Companies, under the terms and conditions and at the purchase price or prices set forth in this Section 2.05.

(a) Each Note shall be subject to purchase and shall be purchased on any Purchase Date upon the demand of the Holder thereof, but only if such Holder is an Investment Company, in whole, at a price equal to the principal amount of such Note plus interest accrued thereon to the date of purchase, upon no less than 30 days' written notice from the Holder given in accordance with this Section 2.05(a).

To exercise its option to tender any Note for purchase hereunder, the Holder thereof shall deliver to the Paying Agent, at least 30 days prior to the proposed Purchase Date, written notice of its intention to tender the Notes held by such Holder for purchase hereunder. Such notice shall (i) identify by number and stated principal amount each Note to be tendered for purchase and (ii) specify the proposed date of purchase of such Note, which shall be a Purchase Date not less than 30 days following the delivery date of such notice. Immediately upon receipt of any such notice, the Paying Agent shall notify any Authorized Representative by telephone and shall promptly send copies of such notice to the Executive Vice Chancellor for Asset Management of the System and the Manager of Debt Administration of the System. Any such notice given as set forth in this Section 2.05(a) shall be irrevocable during the five Business Days immediately preceding the proposed Purchase Date specified in such notice. If notice is given by an eligible Noteholder in accordance with this Section 2.05(a) and such Noteholder has not revoked such notice by subsequent notice in writing actually received by the Paying Agent no later than five Business Days immediately preceding the proposed Purchase Date, and if such Noteholder delivers the Note owned by such Holder to the Paying Agent, by no later than the proposed Purchase Date specified in such notice, then the Paying Agent shall purchase the Notes so tendered on the proposed Purchase Date, from Pledged Revenues, from the proceeds of Priority Obligations, Notes, Additional Notes or other obligations of the Board issued for such purpose, or

from other moneys lawfully available to the Board for such purpose that are provided to the Paying Agent therefor.

(b) Each Note shall be subject to purchase and shall be purchased upon the demand of the Holder thereof, but only if such Holder is an Investment Company, on any date hereafter declared by the Board in accordance with Section 5.08 hereof to be a date on which the Board expects to issue and deliver Priority Obligations under the Bond Resolutions, in whole, at a price equal to the principal amount of such Note plus interest accrued thereon to the date of purchase, upon no less than five Business Days' written notice from the Holder given in accordance with this Section 2.05(b).

Upon receipt of notice by the Board, given in accordance with Section 5.08 hereof, of its intention to issue Priority Obligations under the Bond Resolutions, the Holder of each Note may exercise its option to tender all Notes owned by such Holder for purchase hereunder by delivering to the Paying Agent, at least five Business Days prior to the proposed date of issuance of such Priority Obligations (as specified in the notice from the Board of such issuance), written notice of its intention to tender such Notes for purchase hereunder. Such notice shall (i) identify by number and stated principal amount each Note to be tendered for purchase and (ii) state that the Holder will tender such Notes for purchase as of the proposed date of issuance by the Board of Priority Obligations under the Bond Resolutions. Immediately upon receipt of any such notice, the Paying Agent shall notify an Authorized Representative by telephone and shall promptly send copies of such notice to the Executive Vice Chancellor for Asset Management of the System and the Manager of Debt Administration of the System. Any such notice given as set forth in this Section 2.05(b) shall be irrevocable during the five Business Days immediately preceding the proposed date of issuance by the Board of Priority Obligations. If (1) notice is given by a Noteholder in accordance with this Section 2.05(b) and such Noteholder has not revoked such notice by subsequent notice in writing actually received by the Paying Agent no later than five Business Days immediately preceding the proposed date of issuance by the Board of Priority Obligations, (2) the Board has not revoked its notice to issue Priority Obligations by sending written notice to each Holder that has tendered Notes for purchase hereunder, received by such Holder by no later than five Business Days prior to the proposed issuance date specified in the original notice, and

(3) such Noteholder delivers the Note owned by such Holder to the Paying Agent, by no later than the proposed issuance date of Priority Obligations specified in notice from the Board, then the Paying Agent shall purchase the Notes so tendered on the proposed date of issuance of Priority Obligations specified in the notice from the Board, from Pledged Revenues, from the proceeds of Priority Obligations, Notes, Additional Notes or other obligations of the Board issued for such purpose, or from other moneys available to the Board for such purpose that are provided to the Paying Agent therefor.

Section 2.06. Form of Notes. The Notes and the Certificate of Authentication to appear on each of the Notes shall be in substantially the form set forth in this Section 2.06, with such appropriate insertions, omissions, substitutions and other variations as are permitted or required by this Resolution, and may have such letters, numbers or other marks of identification and such legends and endorsements thereon as may be approved, consistently herewith, by an Authorized Representative. Any portion of the text of any Note may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Note.

The Notes shall be printed, lithographed, or engraved or produced in any other similar manner, or typewritten, all as determined and approved by an Authorized Representative.

[Form of Note]

UNITED STATES OF AMERICA  
STATE OF TEXAS  
BOARD OF REGENTS OF THE  
UNIVERSITY OF TEXAS SYSTEM  
GENERAL REVENUE SUBORDINATE LIEN NOTE,  
SERIES \_\_\_\_\_

Note                      Note                      Maturity  
Number \_\_\_\_\_ Date \_\_\_\_\_ Date: \_\_\_\_\_ \$ \_\_\_\_\_

REGISTERED OWNER:

THE BOARD OF REGENTS (the "Board") OF THE UNIVERSITY OF TEXAS SYSTEM (the "System"), being an agency and political subdivision of the State of Texas, FOR VALUE RECEIVED, hereby promises to pay, solely from the sources hereinafter identified and as hereinafter stated, to the order of the registered owner set forth above, or the assignee thereof, on the Maturity Date specified above or earlier redemption date as provided herein, the principal amount specified above and to pay interest, if any, on said principal amount from the above specified Note Date to said Maturity Date or earlier redemption date at the rate determined as herein provided from the most recent Interest Payment Date (as defined below) to which interest has been paid or duly provided for or from the Note Date if no interest has been paid, such payments of interest to be made on \_\_\_\_\_, \_\_\_\_\_ and on the fifteenth of each February, May, August and November thereafter (or if such day is not a Business Day, as defined below, on the next succeeding Business Day) (each an "Interest Payment Date") until the principal hereof has been paid or provided for as aforesaid.

THIS NOTE SHALL BEAR INTEREST [insert interest rate provisions] In no event, however, shall this Note ever bear interest at a rate in excess of the Maximum Interest Rate, which shall be the lesser of (i) 15% per annum and (ii) the maximum net effective interest rate permitted by law to be paid on obligations issued or incurred by the Board in the exercise of its borrowing powers (prescribed by Article 717k-2, Vernon's Annotated Texas Civil Statutes, as amended, or any successor provisions) as in effect on the date of issuance of this Note (the "Maximum Interest Rate"). Both principal of and interest on this Note are payable in lawful money of the United States of America. The principal and

purchase price hereof and the interest accrued hereon but unpaid at the maturity or prior redemption or purchase of this Note is payable upon presentation and surrender of this Note at the designated corporate office of the Paying Agent/Registrar executing the Certificate of Authentication appearing hereon, or its successor. The interest accrued hereon and payable prior to the maturity hereof (other than interest payable at the time of any required purchase hereof) is payable to the registered owner hereof whose name appears on the registration and transfer books (the "Registration Books") kept by the Paying Agent/Registrar as of the close of business on the record date. All amounts payable under and pursuant to this Note shall be payable by wire transfer within the continental United States to the account designated in writing by the registered owner to the Paying Agent/Registrar. The regular record date for any Interest Payment Date shall be the close of business on the last day of the calendar month immediately preceding the month in which such Interest Payment Date falls. "Business Day," as used herein, means any day of the year other than a day on which banking institutions are authorized to close under the laws of the State of Texas or the State of New York.

THIS NOTE IS ONE OF AN ISSUE of notes that, together with any other obligations issued under the Resolution described below from time to time on a parity therewith (collectively, the "Notes"), has been duly authorized and issued in accordance with the provisions of a resolution (the "Resolution") passed by the Board, an agency and political subdivision of the State of Texas, for the purpose of financing Project Costs of Eligible Projects (each as defined in the Resolution) and to refinance, renew, or refund the Notes issued pursuant to the provisions of the Resolution; all in accordance and in strict conformity with the provisions of Chapter 55 and Section 65.46, Texas Education Code and Article 717q, Vernon's Ann. Tex. Civ. Stat., as amended.

THIS NOTE, TOGETHER WITH THE OTHER NOTES, IS PAYABLE from and equally secured by (i) the proceeds from (a) the sale of Notes issued pursuant to the Resolution for such purpose and (b) the sale of other obligations of the Board issued for such purpose, (ii) the amounts held in certain funds and accounts established under the Resolution, and (iii) the Pledged Revenues (as defined in the Resolution). THE LIEN ON AND PLEDGE OF THE PLEDGED REVENUES SECURING THE NOTES IS IN ALL RESPECTS JUNIOR AND SUBORDINATE TO THE PRIOR

AND SUPERIOR LIEN ON AND PLEDGE OF THE PLEDGED REVENUES SECURING THE PAYMENT OF CERTAIN PRIORITY LIEN OBLIGATIONS NOW OUTSTANDING AND HEREAFTER ISSUED BY THE BOARD.

THIS NOTE IS SUBJECT TO REDEMPTION prior to maturity and shall be redeemed on any Business Day at the option of the Board, in whole or in part, at a price equal to the principal amount of this Note or the portion thereof so called for redemption, upon notice on behalf of the Board given in accordance with the requirements of the Resolution. Written notice of any such redemption, identifying the Notes or portions thereof to be redeemed and specifying the redemption date, the redemption price and the place of payment of such Notes, is required to be mailed by the Paying Agent/Registrar to the registered owner of this Note at least 30 days prior to the redemption date. If such notice satisfies the requirements of the Resolution, is not revoked by notice in writing given in accordance with the Resolution prior to such date of redemption, and if due provision for the payment of the redemption price is made as provided in the Resolution, then the Notes or portions thereof to be redeemed thereby shall not bear interest after the redemption date, and they shall not be regarded as being outstanding except for the right of the registered owner thereof to receive the redemption price from the Paying Agent/Registrar.

THIS NOTE IS SUBJECT TO PURCHASE and shall be purchased on the demand of the registered owner hereof, but only if such registered owner is an investment company regulated under the Investment Company Act of 1940, on the fifteenth day of each month while this Note is outstanding (or if such day is not a Business Day, on the next succeeding Business Day) (each a "Purchase Date"), in whole, at a price equal to the principal amount of this Note plus interest accrued hereon to the date of purchase, upon notice from the registered owner hereof given in accordance with the requirements of the Resolution. To exercise its option to tender this Note for purchase under the Resolution, the registered owner hereof shall deliver to the Paying Agent/Registrar, at least 30 days prior to the proposed purchase date, written notice of its intention to tender this Note for purchase. Such notice shall (i) identify by number and stated principal amount each Note to be tendered for purchase and (ii) specify the proposed date of purchase of such Notes, which shall be a Purchase Date not less than 30 days following the delivery date of such notice. Any

such notice shall be irrevocable during the five Business Days immediately preceding the proposed Purchase Date specified in such notice. If notice is given by an eligible registered owner of this Note as set forth above and such registered owner has not revoked such notice by subsequent notice in writing actually received by the Paying Agent no later than five Business Days immediately preceding the proposed Purchase Date, and if such registered owner of this Note delivers this Note to the Paying Agent/Registrar, by no later than the proposed Purchase Date specified in such notice, then the Paying Agent/Registrar shall purchase this Note on the proposed Purchase Date, from Pledged Revenues (as defined in the Resolution), from the proceeds of obligations of the Board issued for such purpose, or from other moneys available to the Board for such purpose that are provided to the Paying Agent/Registrar therefor.

THIS NOTE IS ALSO SUBJECT TO PURCHASE and shall be purchased on the demand of the registered owner hereof, but only if such registered owner is an investment company regulated under the Investment Company Act of 1940, on any date after the date of this Note that is declared by the Board pursuant to the Resolution to be a date on which the Board expects to issue and deliver obligations that are secured by and payable from a lien on and pledge of the Pledged Revenues, which lien and pledge is prior in rank and dignity to the lien and pledge securing the payment of the Notes ("Priority Obligations"), in whole, at a price equal to the principal amount of this Note plus interest accrued thereon to the date of purchase, upon notice from the registered owner hereof given in accordance with the requirements of the Resolution. Under the Resolution, the Board is required to give the registered owner of this Note at least ten Business Days' advance written notice ("Notice") of its intention to issue Priority Obligations. Upon receipt of such Notice, an eligible registered owner of this Note may exercise its option to tender this Note for purchase by delivering to the Paying Agent/Registrar, at least five Business Days prior to the proposed date of issuance of such Priority Obligations (as specified in the Notice), written notice of its intention to tender such Notes for purchase. Such notice shall (i) identify by number and stated principal amount each Note to be tendered for purchase and (ii) state that the Holder will tender such Notes for purchase as of the proposed date of issuance by the Board of Priority Obligations. Any such notice given as set forth above shall be irrevocable during the five Business Days immediately preceding the proposed date of

issuance by the Board of Priority Obligations. If (a) notice is given by an eligible registered owner of this Note as set forth above and such registered owner has not revoked such notice by subsequent notice in writing actually received by the Paying Agent no later than five Business Days immediately preceding the proposed date of issuance by the Board of Priority Obligations, (b) the Board has not revoked its notice to issue Priority Obligations by sending written notice to each registered owner of Notes that has tendered Notes for purchase, received by such registered owner by no later than five Business Days prior to the proposed issuance date specified in the Notice, and (c) such registered owner of this Note delivers this Note to the Paying Agent/Registrar, by no later than the proposed issuance date of Priority Obligations specified in the Notice, then the Paying Agent shall purchase the Notes so tendered on the proposed date of issuance of Priority Obligations specified in the Notice, from Pledged Revenues (as defined in the Resolution), from the proceeds of obligations of the Board issued for such purpose, or from other moneys available to the Board for such purpose that are provided to the Paying Agent/Registrar therefor.

THIS NOTE, together with the other Notes, is payable solely from the sources hereinabove identified securing the payment thereof. The Notes do not constitute a legal or equitable pledge, charge, lien, or encumbrance upon any property of the Board, except with respect to the Pledged Revenues, and the holder hereof shall never have the right to demand payment of this obligation from any sources or properties of the Board except as identified above.

THIS NOTE OR ANY PORTION HEREOF IN ANY AUTHORIZED DENOMINATION may be assigned and shall be transferred only in the Registration Books kept by the Paying Agent/Registrar, upon the terms and conditions set forth in the Resolution. Among other requirements for such assignment and transfer, this Note must be presented and surrendered to the Paying Agent/Registrar, together with proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment of this Note or any portion hereof in any authorized denomination to the assignee in whose name this Note or any such portion hereof is to be transferred and registered. The form of Assignment printed or endorsed on this Note shall be executed by the registered owner or its duly authorized attorney or representative, to evidence

the assignment hereof. A new Note payable to such assignee (which then will be the new registered owner of such new Note), and to the previous registered owner in the case of the assignment and transfer of only a portion of this Note, may be delivered by the Paying Agent/Registrar in conversion of and exchange for this Note, all in the form and manner as provided in the next paragraph hereof for the conversion and exchange of other Notes. The Board shall pay the Paying Agent/Registrar's fees and charges, if any, for making such transfer, but the one requesting such transfer shall pay any taxes or other governmental charges required to be paid with respect thereto. The Paying Agent/Registrar shall not be required to make transfers of registration of this Note or any portion hereof (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date, except any transfer required in connection with the purchase of a Note pursuant to Section 2.05 hereof or, (ii) with respect to any Note or any portion thereof called for redemption prior to maturity, within 45 days prior to its redemption date. The registered owner of this Note shall be deemed and treated by the Board and the Paying Agent/Registrar as the absolute owner hereof for all purposes, including payment and discharge of liability upon this Note to the extent of such payment, and, to the extent permitted by law, the Board and the Paying Agent/Registrar shall not be affected by any notice to the contrary.

ALL NOTES OF THIS SERIES are issuable solely as fully registered bonds, without interest coupons, in the denomination of \$5,000 or any integral multiple thereof. As provided in the Resolution, this Note, or any unredeemed portion hereof, may, at the request of the registered owner or the assignee or assignees hereof, be converted into and exchanged for a like aggregate principal amount of fully registered notes, without interest coupons, payable to the appropriate registered owner, assignee, or assignees, as the case may be, having the same maturity date, in the same form, and bearing interest at the same rate, in any authorized denomination as requested in writing by the appropriate registered owner, assignee, or assignees, as the case may be, upon surrender of this Note to the Paying Agent/Registrar for cancellation, all in accordance with the form and procedures set forth in the Resolution. The Board shall pay the Paying Agent/Registrar's standard or customary fees and charges for transferring, converting, and exchanging any Note or any portion thereof, but the one requesting such transfer, conversion, and exchange shall pay

any taxes or governmental charges required to be paid with respect thereto as a condition precedent to the exercise of such privilege of conversion and exchange. The Paying Agent/Registrar shall not be required to make any such conversion and exchange (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date, or, (ii) with respect to any Note or portion thereof called for redemption prior to maturity, within 45 days prior to its redemption date.

IN THE EVENT any Paying Agent/Registrar for the Notes is changed by the Board, resigns, or otherwise ceases to act as such, the Board has covenanted in the Resolution that it promptly will appoint a competent and legally qualified substitute therefor, and promptly will cause written notice thereof to be mailed to the registered owners of the Notes.

THE BOARD has reserved the right to issue additional Notes and other obligations, subject to the restrictions contained in the Resolution, which obligations may be secured by a lien prior and superior to, on a parity with, or subordinate and inferior to, the lien on the Pledged Revenues securing this Note and the series of which it is a part.

IT IS HEREBY CERTIFIED AND RECITED that all acts, conditions, and things required by law and the Resolution to exist, to have happened, and to have been performed precedent to and in the issuance of this Note, do exist, have happened, and have been performed in regular and in due time, form, and manner as required by law and that the issuance of this Note, together with all other Notes, is not in excess of the principal amount of Notes permitted to be issued under the Resolution.

THIS NOTE HAS ALL THE QUALITIES and incidents of a negotiable instrument under the laws of the State of Texas.

THIS NOTE SHALL NOT BE ENTITLED to any benefit under the Resolution or be valid or become obligatory for any purpose until this Note shall have been authenticated by the execution by the Paying Agent/Registrar of the Certificate of Authentication hereon.

IN WITNESS WHEREOF, the Board has authorized and caused this Note to be executed on its behalf by the manual or facsimile signatures of [insert title of executing officer] and the Executive Secretary of the Board and its official seal impressed or a facsimile thereof to be printed hereon.

BOARD OF REGENTS OF THE UNIVERSITY  
TEXAS SYSTEM

\_\_\_\_\_  
[Title]

ATTEST:

\_\_\_\_\_  
Executive Secretary

(SEAL)

PAYING AGENT/REGISTRAR'S  
CERTIFICATE OF AUTHENTICATION

This Note is one of the Notes delivered pursuant to the within-mentioned Resolution.

\_\_\_\_\_  
as Paying Agent/Registrar

Registered This Date: \_\_\_\_\_

By \_\_\_\_\_  
Countersignature

FORM OF ASSIGNMENT:

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned registered owner of this Note, or duly authorized representative or attorney thereof, hereby assigns this Note to

\_\_\_\_\_  
(Assignee's Social  
Security or Taxpayer  
Identification Number)

\_\_\_\_\_  
(print or typewrite Assignee's  
name and address, including  
zip code)

and hereby irrevocably constitutes and appoints

attorney to transfer the registration of this Note on the Paying Agent/Registrar's Registration Books with full power of substitution in the premises.

Dated: \_\_\_\_\_

Signature Guaranteed:

NOTICE: This signature must be guaranteed by a member of the York Stock Exchange or a commercial bank or trust company.

Registered Owner  
NOTICE: This signature correspond with the name of the Registered Owner appearing on the face of this Note.

Section 2.07. Issuance and Sale of Notes. The Notes shall be issued and sold from time to time at public or private sale, as determined by an Authorized Representative, in accordance with this Section 2.07, at a price at least equal to the par amount thereof plus accrued interest from the Note Date.

(a) In connection with the issuance of each series of Notes hereunder, an Authorized Representative shall file with the Issuing Agent a certificate specifying each of the following:

(i) such principal amounts, dates of issue, maturities, rates of discount or interest, and other terms and conditions that hereby are authorized and permitted to be fixed by any Authorized Representative at the time of sale of the Notes; and

(ii) the purchase price of the Notes.

(b) In connection with the issuance of each series of Notes hereunder, an Authorized Representative shall execute a certificate that sets forth the amounts of the proceeds of such issue of Notes that are to be deposited to the Note Payment Fund and the application of proceeds so deposited, and the amounts of such proceeds to be transferred to the Note Construction Fund. Such certificate also shall contain each of the following representations:

(i) that, to the best knowledge of such Authorized Representative after due inquiry, no material default in connection with any covenant, agreement or condition contained in the Resolution, or default in the payment of principal or purchase price of or interest on the Notes or Additional Notes has occurred and is continuing as of the date of such certificate;

(ii) that the sum of the interest payable on each such Note and any discount established for such Note will not exceed a yield (calculated on the principal amount of the Note for actual days elapsed on the basis of a 365-day year) to the maturity date of such Note in excess of the Maximum Interest Rate in effect on the date of issuance of such Note;

(iii) that, based upon the best available information, during either the immediately preceding Fiscal Year of the System, or any 12-consecutive-calendar-month period ending not more than 90 days prior to the date of such certificate, the amount of Pledged Revenues, together with any other amounts then pledged by the Board to the payment of all or a portion of outstanding Priority Obligations, Notes or Additional Notes, was equal to at least 1.25 times the average annual Debt Service Requirements of all Priority Obligations, Notes and Additional Notes outstanding during such Fiscal Year or period (not including the Priority Obligations, Notes or Additional Notes then proposed to be issued;

(iv) one of the following:

(1) that, based upon the best available information, during either the immediately

preceding Fiscal Year of the System, or any 12-consecutive-calendar-month period ending not more than 90 days prior to the date of such certificate, the amount of Pledged Revenues, together with any other amounts then pledged by the Board to the payment of all or a portion of outstanding Priority Obligations, Notes or Additional Notes, was at least equal to 1.25 times the average annual Debt Service Requirements of all then outstanding Priority Obligations, Notes or Additional Notes and the Notes then proposed to be issued, or

(2) that, based upon the best available information, during each of the five Fiscal Years following the Fiscal Year in which the then-proposed Notes are issued, the amount of the Pledged Revenues, together with any other amounts then pledged by the Board to the payment of all or a portion of outstanding Priority Obligations, Notes or Additional Notes, estimated to be received during each of said Fiscal Years, respectively, will be at least equal to 1.25 times the Debt Service Requirements of all Priority Obligations, Notes and Additional Notes scheduled to be outstanding after the issuance of the then-proposed Notes during each of said Fiscal Years, respectively; and

(v) that, based upon the projected monies to be deposited into funds and accounts under the Bond Resolutions from the Pledged Revenues, the payment by the Board of the interest on and/or principal of any Note from monies on deposit in any revenue fund for the Priority Obligations will not impair the obligation of the Board to pay the principal of and/or interest on any Priority Obligation as the same matures and comes due.

For purposes of the representations required by (iii) and (iv) above, any Pledged Revenues or other amounts pledged by the Board to the payment of less than all of the outstanding Priority Obligations, Notes and Additional Notes shall be taken into account only to the extent of the Debt Service

Requirements of the Priority Obligations, Notes or Additional Notes to which such amounts are pledged.

(c) In connection with the issuance of each series of Notes hereunder, an Authorized Representative also shall provide the following:

(i) a No-Arbitrage Certificate, as described in Section 5.04 hereof;

(ii) an opinion of Bond Counsel substantially to the effect that (1) the Notes of such series constitute valid and binding special obligations of the Board, subject to customary exceptions relating to bankruptcy, insolvency, and creditors rights, (2) interest on the Notes of such series is excludable from the gross income of the Holders thereof for federal income tax purposes under existing law, assuming compliance by the Board with the covenants of Section 5.04 of this Resolution, and (3) interest on the Notes of such series is not subject to the alternative minimum tax on individuals and corporations, subject to customary exceptions regarding the required inclusion of such interest in a corporate taxpayer's "adjusted net book income" for certain purposes.

(iii) if the Notes of such series are being issued to pay Project Costs, a copy of the minute order by which the Board finds and declares the project to be financed to be an Eligible Project for purposes of this Resolution and authorizes the payment of Project Costs in connection therewith from Note proceeds for the acquisition, purchase, construction and/or equipping of such project.

(d) In connection with the issuance of each series of Notes hereunder, the Vice Chancellor and General Counsel of the System shall deliver an opinion for the benefit of the Holders of such Notes to the effect that all action on the part of the Board necessary for the valid issuance of the Notes then to be issued has been taken and that such Notes in the hands of the Holders thereof will be valid and enforceable special obligations of the Board according to their terms, subject to the exercise of judicial discretion

in accordance with general principles of equity and bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that no action, suit, proceeding or investigation at law or in equity before or by any court public board or public body is pending or threatened against or affecting the Board or the System wherein an unfavorable decision, ruling or finding would have a material adverse effect upon the validity of the Notes or the transactions contemplated by this Resolution.

(e) All Notes, other than Notes sold at public sale in compliance with applicable securities laws governing public sales of securities, shall be sold by the Board only to sophisticated investors. As a condition of the sale and delivery to the initial purchaser of any Note other than a Note sold at public sale in compliance with such applicable securities laws, and to the registration of any such Note on the Registration Books in the name of such purchaser, the Board shall receive written certification from such purchaser at the time of such purchase to the effect that such purchaser is purchasing such Note for investment and not with a view to, and no present intention of, distributing or reselling such Note (but without prejudice, however, to its right at all times to sell or otherwise dispose of such Note as permitted by law, subject to all applicable state and federal securities law, rules and regulation). Such certificate shall be in the form attached hereto as Exhibit A, with such appropriate insertions, omissions, substitutions and other variations as may be approved by an Authorized Representative.

(f) The Issuing and Paying Agent shall complete the Notes of each series to reflect the determinations set forth in the certificate described in subsection (a) of this Section 2.07 and in the manner specified in the Paying Agent Agreement, and shall authenticate such Notes by countersignature of its authorized officer or employee and deliver them to the initial purchasers thereof, upon receipt of the certificate required by subsection (a) of this Section 2.07 and the following:

(i) a written request from an Authorized Representative that the Issuing and Paying Agent complete the Notes to reflect the determinations set forth in the certificate required by Section 2.07(a) hereof;

(ii) the purchase price of the Notes, in the amount specified in the certificate required by Section 2.07(a) hereof; and

(iii) from each initial purchaser required to deliver an investment certificate pursuant to Section 2.07(e) hereof, such an investment certificate, in substantially the form attached hereto as Exhibit A, which shall be delivered to an Authorized Representative upon receipt.

Section 2.08. Execution and Authentication of the Notes. The Notes shall be executed on behalf of the Board by the Chairman of the Board or the Chancellor or any Executive Vice Chancellor of the System, under the seal of the Board reproduced or impressed thereon and attested by the Executive Secretary of the Board. The signature of said officers on the Notes may be manual or facsimile. Notes bearing the manual or facsimile signatures of individuals who are or were the proper officers of the Board or the System on the date of passage of this Resolution shall be deemed to be duly executed on behalf of the Board, notwithstanding that such individuals or either of them shall cease to hold such offices at the time of the initial sale and delivery of Notes authorized to be issued hereunder and with respect to Notes delivered in subsequent sales, exchanges and transfers, all as authorized and provided in Article 717k-6, Vernon's Ann. Tex. Civ. Stat., as amended.

No Note shall be entitled to any right or benefit under this Resolution, or be valid or obligatory for any purpose, unless there appears on such Note a certificate of authentication substantially in the form provided in Section 2.06 hereof, executed by the Issuing and Paying Agent/Registrar by manual signature, and such certificate upon any Note shall be conclusive evidence, and the only evidence, that such Note has been duly certified or registered and delivered.

Section 2.09. Issuing Agent, Paying Agent and Registrar of the Notes. The selection and appointment of First City National Bank of Austin to serve as Issuing Agent, Paying Agent and Registrar for the Notes hereby is confirmed. The Board agrees to maintain the Registration Books at the principal corporate office of the Paying Agent/Registrar, all as provided herein and pursuant to such reasonable rules and regulations as the Paying Agent/Registrar may prescribe. The Board covenants to engage and maintain a Paying Agent/Registrar at all times while any Notes are outstanding, which shall be a national or state banking association or corporation organized and doing business under the laws of the United States of America or of any state and authorized under such laws to exercise trust powers. Should a change in the Paying Agent/Registrar for the Notes occur, the Board agrees to cause a written notice thereof to be sent to each Registered Owner of the Notes then outstanding by United States mail, first class, postage prepaid. Such notice shall give the address of the successor Paying Agent/Registrar. A successor Paying Agent/Registrar may be appointed without the consent of the Noteholders.

The form and content of the Issuing and Paying Agent/Registrar Agreement by and between the Board and the Paying Agent/Registrar relating to the Notes, in the form attached hereto as Exhibit B, are approved hereby and an Authorized Representative is authorized and directed hereby to execute Agreement for and on behalf of the Board and, in connection with the execution thereof, approve such changes, additions, or amendments thereto as may be necessary and proper to carry out the purpose and intent of the Paying Agent Agreement. The Board is authorized hereby to enter into any supplemental agreements with the Paying Agent or with any successor Paying Agent.

Section 2.10. Notes Mutilated, Lost, Destroyed, or Stolen. If any Note shall become mutilated, the Board, at the expense of the Holder of said Note, shall execute and the Issuing and Paying Agent/Registrar shall authenticate and deliver a new Note of like tenor and number in exchange and substitution for the Note so mutilated, but only upon surrender to the Issuing and Paying Agent/Registrar of the Note so mutilated. If any Note shall be lost, destroyed, or

stolen, evidence of such loss, destruction, or theft may be submitted to the Board and if such evidence be satisfactory to it and indemnity satisfactory to it shall be given, the Board, at the expense of the Holder, shall execute and the Issuing and Paying Agent/Registrar shall authenticate and deliver a new Note of like tenor in lieu of and in substitution for the Note so lost, destroyed, or stolen. In the event any such Note shall have matured the Paying Agent, instead of issuing a duplicate Note, may pay the same without surrender thereof after making such requirement as it deems fit for its protection, including a lost instrument bond. Neither the Board nor the Paying Agent/Registrar shall be required to treat both the original Note and any duplicate Note as being outstanding for the purpose of determining the principal amount of Notes that may be issued hereunder, but both the original and the duplicate Note shall be treated as one and the same. The Board and the Paying Agent/Registrar may charge the Holder of such Note with their reasonable fees and expenses for such service.

Section 2.11. Negotiability, Registration and Exchangeability; Ownership of Notes. The Notes issued hereunder shall be, and shall have all of the qualities and incidents of, negotiable instruments under the laws of the State of Texas, and each successive Holder, in accepting any of the obligations, shall be conclusively deemed to have agreed that such Notes shall be and have all of the qualities and incidents of negotiable instruments under the laws of the State of Texas.

The Board covenants to cause Registration Books relating to the registration, payment, and transfer or exchange of the Notes to be maintained at the principal corporate office of the Registrar at all times while any Notes are outstanding. The Board shall cause the Registrar to obtain, record, and maintain in the Registration Books the name and, to the extent provided by or on behalf of such Registered Owner, the address of each Registered Owner of the Notes issued under and pursuant to the provisions of this Resolution. The Board and the Paying Agent/Registrar may treat the Registered Owner of any Note as the absolute owner thereof for the purpose of receiving payment thereof and for all other purposes, and the Board and the Paying Agent/Registrar shall not be affected by any notice or knowledge to the contrary.

Any Note may be transferred, in accordance with its terms and the terms hereof, upon the Registration Books by the Holder thereof in person or by his duly authorized agent, upon surrender of such Note to the Registrar for cancellation, accompanied by a written instrument of transfer duly executed by the Holder thereof or by his duly authorized agent, in form satisfactory to the Registrar. Upon surrender for transfer of any Note at the designated corporate office of the Registrar, the Registrar shall register and deliver, in the name of the designated transferee or transferees, one or more new Notes, executed on behalf of and furnished by the Board, of like tenor and character and of authorized denominations, and having the same maturity, bearing interest at the same rate, and of a like aggregate principal amount as the Note or Notes surrendered for transfer.

Furthermore, Notes may be exchanged for other Notes of like tenor and character and of authorized denominations and having the same maturity, bearing the same rate of interest, and of like aggregate principal amount as the Notes surrendered for exchange, upon surrender of the Notes to be exchanged at the designated corporate office of the Registrar. Whenever any Notes are so surrendered for exchange, accompanied by a written request for exchange duly executed by the Holder thereof or by his duly authorized agent, in form satisfactory to the Registrar, the Registrar shall register and deliver new Notes of like tenor and character as the Notes exchanged, executed on behalf of, and furnished by, the Board to the Holder thereof requesting the exchange. Upon surrender of any Note pursuant to Section 2.04 hereof for redemption in part, the Registrar shall register and deliver to the Holder of such Note new Notes of like tenor and character, having the same maturity and bearing the same rate of interest as the Note surrendered for redemption in part, in an aggregate principal amount equal to the portion of such Note not redeemed at the time of such surrender.

The Board may require payment from the Holder of a sum sufficient to cover any tax, fee, or other governmental charge that may be imposed in relation thereto. Such charges shall be paid before any such new Note shall be delivered.

The Board and the Registrar shall not be required to transfer or exchange any Note selected, called or being called for redemption in whole or in part.

New Notes delivered upon any transfer or exchange shall be valid special obligations of the Board, evidencing the same debt as the Notes surrendered, shall be secured by this Resolution and shall be entitled to all of the security and benefits hereof to the same extent as the Notes surrendered.

The Board reserves the right to change the above registration and transferability provisions with respect to Notes issued on any date at any time on or prior to the initial delivery of such Notes in order to comply with applicable laws and regulations of the United States of America in effect at the time of issuance thereof.

Section 2.12. Cancellation. All Notes that at maturity are surrendered to the Paying Agent/Registrar for the collection of the principal and interest thereof or are surrendered for transfer or exchange pursuant to the provisions hereof, upon payment or issuance of new Notes, shall be cancelled by the Paying Agent/Registrar and forthwith transmitted to the Board, and the Board thereafter shall have the custody of all such Notes.

Section 2.13. Fiscal and Other Agents. In furtherance of the purposes of this Resolution, the Board may from time to time appoint and provide for the payment of such additional fiscal, paying or other agents or trustees as it may deem necessary or appropriate in connection with the Notes.

### ARTICLE III

#### SECURITY AND SOURCE OF PAYMENT FOR NOTES

Section 3.01. Pledge and Source of Payment. The Notes are special obligations of the Board payable solely from and secured solely by the funds pledged therefor pursuant to this Resolution. The Board hereby agrees to make payments to the credit of the funds and accounts established hereunder at such times and in such amounts and to take such other actions as may be necessary or permitted hereunder to provide for (i) the full payment when due, of the principal of, premium, if any, and the interest on the Notes whether due by reason of maturity or prior redemption, and (ii) the payment when due of the purchase price, as described in Section 2.05(b) hereof, of any Note tendered hereunder for purchase by the Holder thereof. Payments from the Note Payment Fund shall be made from the first moneys deposited to the credit of the Note Payment Fund. Unless paid from

the proceeds from the sale of Priority Obligations, Notes, Additional Notes or other obligations of the Board issued for such purpose or other funds available to the Board for such purpose, such payments are to be made from the amounts required to be credited to the Note Payment Fund.

To provide security for the payment of the principal of and interest on the Notes as the same shall become due and payable and the payment of the purchase price of Notes tendered for purchase hereunder, there is hereby pledged, subject only to the prior and superior lien of the Prior Obligations on the Pledged Revenues and to the provisions of this Resolution permitting the application thereof for purposes and on the terms and conditions set forth herein, (i) the proceeds from (a) the sale of Notes issued pursuant to this Resolution for such purpose, and (b) the sale of additional Priority Obligations, Additional Notes or other obligations of the Board issued hereafter for such purpose, (ii) the amounts held in the funds and accounts established hereunder, and (iii) the Pledged Revenues, such pledge of the Pledged Revenues, however, being subordinate to the pledge thereof securing the payment of Priority Obligations as described below, and it is hereby resolved and declared that the principal of and interest on the Notes and the purchase price of Notes tendered for purchase pursuant to the provisions hereof shall be and are equally and ratably secured by and payable from a lien on and pledge of the sources hereinabove identified in clauses (i), (ii) and (iii), subject and subordinate only to the exceptions noted therein.

Notwithstanding anything to the contrary contained herein, it is recognized that certain institutions may be added to the System and that such institutions, at such time, may have outstanding obligations secured by the Prior Encumbered General Fee and/or the Prior Encumbered Tuition Fee. The lien on and pledge of such fees established pursuant to this Resolution and effective when the institution becomes a component of the System will be subject and subordinate to such institution's outstanding Prior Encumbered Obligations, as well as to the lien created by the Bond Resolutions. It is further provided that no additional bonds or obligations may be issued or incurred by the Board on a parity with the Prior Encumbered Obligations.

There heretofore have been established pursuant to the Series 1986 Bond Resolution certain funds to the credit of which Pledged Revenues and certain other amounts are required to be deposited and from which Priority Obligations and certain other obligations of the Board are required to be paid. Subject to making the required deposits under the Bond Resolutions, including the Series 1986 Bond Resolution, when and as such deposits are required to be made thereby, excess Pledged Revenues are available to the Board to be used for any lawful purpose. Subject to the provisions of the Bond Resolutions governing the use of Pledged Revenues (including but not limited to Sections 8, 13, 14, 16 and 17 of the Series 1986 Bond Resolution as currently in effect), and taking into account any deposits or payments required to be made with respect to Priority Obligations from Pledged Revenues as received, the balance of the Pledged Revenues available to the Board in excess of those required for such deposits or payments with respect to the Priority Obligations following periodic transfers or payments required to be made by the Bond Resolutions (including but not limited to Section 13 of the Series 1986 Bond Resolution as currently in effect) shall be deposited to the credit of the Note Payment Fund to the extent necessary to pay the interest on and/or the principal, the premium, if any, and the purchase price of the Notes not paid from the proceeds of Notes, Additional Notes, Priority Obligations, other obligations of the Board issued for such purpose or other moneys available to the Board for such purpose. If on any occasion there are not sufficient Pledged Revenues to make the deposits required by this Resolution to the credit of the Note Payment Fund, then such deficiency shall be made up as soon as possible from the next Pledged Revenues available for such purpose, subject to the requirements of the Bond Resolutions.

Section 3.02. Pledged General Fee. (a) Subject to the provisions of the resolutions authorizing Prior Encumbered Obligations, the Board covenants and agrees, so long as any Priority Obligations, Notes or Additional Notes are outstanding, to fix, levy, charge, and collect the Pledged General Fee from each student (excepting any student in a category now exempt by law from paying fees) enrolled at each institution and branch thereof constituting a part of the System, respectively, at each regular fall and spring semester and at each term of each summer session, for the use and availability of such institution or branch thereof, respectively, in such amounts, without any limitation

whatsoever, as will be at least sufficient at all time to provide, together with other Pledged Revenues and any other revenues or amounts pledged to the payment of such Priority Obligations, Notes or Additional Notes, the money for making when due all deposits required to be made pursuant to the Bond Resolutions and the Note Resolutions, and to pay the principal, premium, if any, and purchase price of and interest on the Priority Obligations, Notes and Additional Notes when and as required. Notwithstanding the foregoing, for so long as all deposits are made as required by the Bond Resolutions and the Note Resolutions, the Board may fix, levy, charge, and collect the Pledged General Fee in any manner it may determine within its discretion, and in different amounts from students enrolled in different institutions and branches thereof constituting the System, respectively, and in addition it may totally suspend the collection of the Pledged General Fee from the students enrolled in any institution or branch.

(b) If, however, for any reason whatsoever, the deposits required to be made by the Bond Resolutions or the Note Resolutions have not been made in full, or if for any other reason whatsoever there are, or appear to be, no other Pledged Revenues or other revenues or amounts pledged to the payment of Priority Obligations, Notes or Additional Notes available to pay the principal of and interest on the Priority Obligations, the Notes or any Additional Notes as the same mature and come due, then the Board shall fix, levy, charge, and collect the Pledged General Fee, as provided in subsection (c) of this section 3.02, effective at the next succeeding regular semester or semesters or summer term or terms, in amounts sufficient to provide and make the deposits required by the Bond Resolutions and the Note Resolutions, and in such event the amounts so required to be deposited shall be so deposited to the extent required from collections of the Pledged General Fee, as provided and required in subsection (c) of this Section 3.02, on or before the next succeeding interest payment date or dates on the Priority Obligations, Notes or Additional Notes, and the Board shall not be considered to be in default with respect to this Resolution, or on the Priority Obligations, Notes or Additional Notes, if such deposits are so made, unless there has been a default in the payment when due of the principal, premium, if any, or purchase price of or the interest on any Priority Obligations, Notes or Additional Notes.

(c) When and as required by subsection (b) of this Section 3.02, and subject only to the provisions of the resolutions authorizing Prior Encumbered Obligations, the Board covenants and agrees to fix, levy, charge, and collect the Pledged General Fee on a uniformly applied basis from each student (excepting any student in a category now exempt by law from paying fees) regularly enrolled at each institution and branch thereof constituting a part of the System, respectively, at each regular fall and spring semester and at each term of each summer session, for the use and availability of such institution or branch thereof, respectively, in such amounts, uniformly applied to each student, without any limitation whatsoever, as will be at least sufficient to provide, together with other Pledged Revenues and other revenues or amounts pledged to the payment of Priority Obligations, Notes or Additional Notes, the money for making when due all deposits required to be made by the Bond Resolutions and the Note Resolutions and to pay the principal and premium, if any, of and the interest on the Priority Obligations, Notes and Additional Notes when and as required by the Bond Resolutions and the Note Resolutions.

(d) The Pledged General Fee shall be fixed, levied, charged, and collected pursuant to resolution of the Board when and as permitted or required by this Resolution, and shall be increased if and when permitted or required by this Resolution, and may be decreased or changed so long as Pledged Revenues are sufficient to provide the money for making when due all deposits required to be made under the Bond Resolutions and the Note Resolutions. All changes in the Pledged General Fee shall be made by resolution of the Board, but such procedure shall not constitute or be regarded as an amendment of this Resolution, but merely the carrying out of the provisions and requirements hereof.

(e) On each March 1 and November 1 the Executive Vice Chancellor for Asset Management of the System shall deliver to the Chairman of the Board a certificate setting forth his estimate as to whether the Pledged Revenues and other revenues or amounts pledged to the payment of Priority Obligations, Notes or Additional Notes anticipated to be available through the following May 15 or December 31, respectively, will be adequate to pay the principal and premium, if any, of and interest on Priority Obligations,

Notes and Additional Notes coming due on or prior to the interest payment dates on such obligations in the succeeding six months. If such estimate indicates that the Pledged Revenues and other revenues or amounts pledged to the payment of Priority Obligations, Notes or Additional Notes to be collected in such periods, respectively, together with funds then on hand in revenue funds pertaining to the Priority Obligations, Notes or Additional Notes, will be insufficient to make the deposits required by the Bond Resolutions or the Note Resolutions, the Chairman shall convene a meeting of the Board within 45 days of the receipt of such certificate to consider adjustments in the Pledged General Fee.

Section 3.03. Pledged Tuition Fee. So long as any Priority Obligations, Notes or Additional Notes are outstanding, the Pledged Tuition Fee shall not be reduced, and the Board covenants and agrees to fix, charge, and collect the Pledged Tuition Fee hereby assigned and pledged, and to credit same as received as required by the Bond Resolutions and the Note Resolutions.

Section 3.04. Student Union Fees. It is recognized that the Board is now authorized by law to levy and collect student union fees on a per capita basis (rather than on a registered semester credit hour basis) from students enrolled at certain of its institutions, and that the student union facilities with respect to which such fees are imposed constitute parts of the Revenue System. It is specifically covenanted and agreed by the Board that henceforth, and while any Priority Obligations, Notes or Additional Notes are outstanding, it will impose, levy, and collect all such student union fees in the full amounts, respectively, now authorized by law, and that it will apply the collections of such fees first to the payment of the Current Expenses of the student union facilities with respect to which they were collected, and second to the other purposes for which such fees now may be used pursuant to law.

Section 3.05. Gross Revenues. The Board covenants and agrees hereby that it will establish and maintain rates and charges for services, use, and availability of all parts of the Revenue System that will produce Gross Revenues sufficient to pay the Current Expenses of the Revenue

System, after taking into account the amounts collected pursuant to Section 3.04 hereof, and sufficient, together with other Pledged Revenues and any other revenues or amounts pledged to the payment of Priority Obligations, Notes or Additional Notes, to pay the interest on and principal of the Priority Obligations, Notes and Additional Notes, and maintain any reserve funds required by the Bond Resolutions or the Note Resolutions.

Section 3.06. No Additional Prior Encumbrances. While any Priority Obligations, Notes and Additional Notes are outstanding and unpaid, the Board covenants and agrees that it will not additionally encumber the Pledged Revenues or the Student Union Fees described in Section 3.04 hereof in any manner, except as permitted by the Bond Resolutions and the Note Resolutions in connection with the issuance of additional Priority Obligations or Additional Notes, unless said encumbrance is made junior and subordinate in all respects to the liens, pledges, covenants, and agreements of the Bond Resolutions and the Note Resolutions.

Section 3.07. Excess Pledged Revenues. Subject to making the deposits and payments required by the Bond Resolutions and the Note Resolutions, any excess Pledged Revenues shall be transferred and commingled with the general funds of the System and used for any lawful purpose.

ARTICLE IV  
CREATION OF FUNDS; INITIAL DEPOSITS AND  
APPLICATION OF PROCEEDS

Section 4.01. Note Payment Fund. There hereby is created and established on the books of the Board a separate and special fund to be designated as the "General Revenue Subordinate Lien Note Payment Fund." Subject to making all deposits required to be made under the Bond Resolutions and satisfying all other payment obligations required under the Bond Resolutions to be met from Pledged Revenues, there shall be deposited to the credit of the Note Payment Fund, on or before each Interest Payment Date and each date on which principal or the purchase price of any Note is due and payable hereunder, from excess Pledged Revenues available under the Bond Resolutions, amounts sufficient, when added

to amounts on deposit to the credit of the Note Payment Fund and available for such purposes, to pay when due the interest, principal and purchase price to become due and payable on the Notes on such date. Such deposits shall be made only to the extent permitted by the Bond Resolutions and to the extent such deposits will not impair the ability of the Board to make required payments on the Priority Obligations when due and payable. On or before each Interest Payment Date and each date on which principal or the purchase price of any Note is due and payable hereunder, the Board shall cause all amounts then due and payable with respect to the Notes on such date to be transferred to the Paying Agent. Amounts remaining in the Note Payment Fund following an Interest Payment Date or a date on which principal or the Purchase Price of any Note is due and payable hereunder that are not necessary for the purposes thereof, other than any such amounts consisting of Note proceeds, shall be transferred to the Revenue Fund. Any such amounts consisting of Note proceeds may be transferred to the Note Construction Fund upon request of an Authorized Representative.

Section 4.02. Note Construction Fund. There is hereby created and established on the books of the Board a separate fund or funds that individually or collectively is hereby designated as the "General Revenue Subordinate Lien Note Construction Fund." Moneys deposited to the credit of the Note Construction Fund shall be maintained by the Board in an official depository of the System and shall remain therein until expended from time to time for Project Costs, and shall not be used for any other purposes whatsoever, except as otherwise provided below, and for temporary investment thereof as provided in Section 4.01 hereof. All amounts specified pursuant to Section 4.04(iii) as to be applied for capitalized or accrued interest on the Notes shall be used solely for such purpose, to the extent needed therefor.

Any amounts remaining in the Note Construction Fund and not necessary for the payment of Project Costs shall be paid into the Note Payment Fund and used either for the payment of such maturities or purchases of the Notes coming due at such times as may be selected by the Authorized

Representative. In the event no Notes are outstanding, any amounts in the Note Construction Fund not anticipated to be needed to pay Project Costs shall be transferred and commingled with the general funds of the System and used for any lawful purpose.

Section 4.03. Revenue Fund. The Series 1986 Bond Resolution heretofore has established the Priority Obligations Revenue Fund, to the credit of which all collections of Gross Revenues, the Pledged General Fee and the Pledged Tuition Fee are required to be deposited. In the event that, during any period while there are any Notes outstanding, either no Priority Obligations are outstanding or no fund is required by the Bond Resolutions to exist on the books of the Board or otherwise that is pledged to the payment of Priority Obligations and into which is required to be deposited collections of Gross Revenues, the Pledged General Fee and the Pledged Tuition Fee, the Board nevertheless shall maintain on its books a separate fund or funds that individually or collectively shall be known as the "General Revenue Fund," or by any other designation specified by an Authorized Representative. Subject to the provisions of the resolutions authorizing the Prior Obligations and any Prior Encumbered Obligations, all collections of Gross Revenues, the Pledged General Fee and the Pledged Tuition Fee shall be credited to the Revenue Fund immediately upon receipt. There shall be paid as a first charge against the Gross Revenues on deposit in the Revenue Fund the Current Expenses.

Subject to the limitations of Section 4.01 hereof and to any provisions of the Bond Resolutions governing use of Pledged Revenues, the Board shall transfer or cause to be transferred from the Pledged Revenues in the Revenue Fund and deposit, or cause to be deposited, to the credit of the Note Payment Fund, the following amounts, at the following times:

(i) on or before each interest payment date on the Notes, such amounts as will be sufficient, together with other amounts, if any, then on deposit in the Note Payment Fund and available for such purpose, to pay the interest scheduled to accrue and come due on the Notes on such interest payment date;

(ii) on or before each interest payment date, an amount equal to the principal of the Notes scheduled to mature or to be redeemed prior to maturity, if any, on such interest payment date; and

(iii) on or before each date on which any Notes are required to be purchased hereunder, such amounts as will be sufficient, together with other amounts available to the Board for such purpose, to pay the purchase price of the Notes required to be purchased on such date.

Funds on deposit from time to time in the Note Revenue Fund shall be subject to transfer to any other fund pledged to Priority Obligations in accordance with the terms of any resolution of the Board authorizing the issuance of Priority Obligations.

Section 4.04. Initial Deposits and Application of Note Proceeds. The proceeds of the sale of any Notes (net of all expenses and costs of sale and issuance) shall be deposited as follows and applied for any or all of the following purposes as directed by an Authorized Representative:

(i) to the Note Payment Fund, proceeds (if any) to be used for the payment and redemption or purchase of outstanding Notes at or before maturity, in an amount specified in writing by an Authorized Representative, which shall be expended for such purposes on the applicable payment, redemption and/or purchase dates.

(ii) to the Note Payment Fund, proceeds (if any) to be used for the payment of capitalized or accrued interest on such Notes, in an amount specified in writing by an Authorized Representative, which shall be applied for the payment of such interest on the applicable Interest Payment Dates.

(iii) to the Note Construction Fund all remaining Note proceeds, which shall be used and applied for the payment of Project Costs in accordance with the provisions of Section 4.02 hereof, including but not limited to any amount specified in writing by an Authorized Representative to be applied for the payment of capitalized or accrued interest on such Notes.

Section 4.05. Investments. Money in any account or fund established pursuant to this Resolution may, at the option of the Board, be placed in time deposits secured by Investment Securities, or be invested in Investment Securities; provided, however, that all such deposits and investments shall be made in such manner that the money required to be expended from any such account or fund will be available when needed to make require disbursements from such fund or account. For all purposes of this Resolution, such investments shall be valued at their market value as of 30 days prior to the end of each Fiscal Year. Interest and income derived from such deposits and investments shall be credited as earned to the account or fund from which the deposit or investment was made and shall be used only for the purposes for which such account or fund is permitted to be used. Such investments shall be sold promptly when necessary to prevent any default in connection with the Notes or Additional Notes. Money in any such fund may be invested, together with money in other funds or with other money of the Board or the System, in common investments of the kind described above, or in a common pool of such investments that shall be kept or held at an official depository of the System, which shall not be deemed to be or constitute a commingling of such money or funds, provided that the separate accounts maintained on the books of the System for such funds clearly evidence the investment or investment pool in which such money is invested and the share thereof purchase with such money or owned by such fund or held by or on behalf of each such fund.

Money in all accounts and funds created by this Resolution, to the extent not invested as provided above, shall be secured in the manner prescribed by law for such fund of the Board, in principal amounts at all times not less than the amounts of money credited to such accounts and funds, respectively.

#### ARTICLE V

#### COVENANTS OF THE BOARD

Section 5.01. General Covenants. The Board further covenants and agrees that while any Priority Obligations, Notes or Additional Notes or interest thereon are outstanding and unpaid:

(a) It faithfully will perform at all times any and all covenants, undertakings, stipulations, and provisions contained in the Bond Resolutions and the Note Resolutions and in each and every Priority Obligation, Note and Additional Note. It will promptly pay or cause to be paid from the Pledged Revenues and any other revenues or amounts pledged to the payment of Priority Obligations, Notes or Additional Notes the principal of and interest on every Priority Obligation, Note and Additional Note, on the dates and in the places and in the manner prescribed. It will, at the times and in the manner prescribed, deposit or cause to be deposited from the Pledged Revenues the amounts required to be deposited into the funds and accounts established by the Bond Resolutions and the Note Resolutions. It duly will cause to be called for redemption prior to maturity, and will cause to be redeemed prior to maturity, all Priority Obligations, Notes and Additional Notes that by their terms are mandatorily required to be redeemed prior to maturity, when and as so required. Any owner of the Priority Obligations, Notes or Additional Notes may require the Board, its officials and employees, and any appropriate official of the State of Texas, to carry out, respect, or enforce the covenants and obligations of the Bond Resolutions or the Note Resolutions, by all legal and equitable means, including specifically, but without limitation, the use and filing of mandamus proceedings, in any court of competent jurisdiction, against the Board, its officials and employees, or any appropriate official of the State of Texas.

(b) It lawfully owns, has title to, and is lawfully possessed of the lands, buildings, and facilities now constituting the System and the Revenue System. It warrants that it will defend said title for the benefit of the owners of the Priority Obligations, Notes and Additional Notes against the claims and demands of all persons whomsoever, it is lawfully qualified to pledge the Pledged Revenues herein pledged in the manner prescribed herein, and has lawfully exercised such right. Notwithstanding anything to the contrary contained herein, it is recognized that certain institutions constituting a part of the System may be combined and that so long as such combined institution continues to be governed by the Board and the conditions below are satisfied such action shall not be in violation of the provisions of this Resolution. In addition, subject to the conditions set forth below, any institutions may be closed and abandoned by law or may be removed from the

System pursuant to law without violating the terms of this Resolution if the Board approves a certification by the Executive Vice Chancellor for Asset Management or other designated financial or accounting officer of the System to the effect that, to the best of his knowledge:

(1) the Pledged Revenues, together with other revenues or amounts pledged to the payment of all or a portion of the Priority Obligations, Notes or Additional Notes for either the preceding Fiscal Year or the 12-month period immediately preceding such combining, closing, abandonment, or removal would have been at least 100% of the average annual Debt Service Requirements, if such combining, closing, abandonment, or removal had occurred at the beginning of such Fiscal Year or 12-month period; and

(2) beginning with the Fiscal Year next following such combining, closing, abandonment, or removal, the Pledged Revenues, together with other revenues or amounts pledged to the payment of all or a portion of the Priority Obligations, Notes or Additional Notes for each Fiscal Year during the scheduled term of all outstanding Priority Obligations, Notes and Additional Notes are estimated, taking into account any revenues and expenses expected to be attributable to any institution to be added to the System and any property to be added to the Revenue System, to be at least 100% of the average annual Debt Service Requirements.

For purposes of the computations required to be made in connection with the above certification, any Pledged Revenues or other amounts pledged by the Board to the payment of less than all of the outstanding Priority Obligations, Notes and Additional Notes shall be taken into account only to the extent of the Debt Service Requirements of the Priority Obligations, Notes or Additional Notes to which such amounts are pledged.

(c) It will pay and discharge, from time to time and before the same become delinquent, all taxes, assessments, and governmental charges, if any, that shall be imposed lawfully upon it, the System, or upon the Revenue System. It will pay all lawful claims for rents, royalties, labor, materials, and supplies that, if unpaid, by law might become a lien or charge upon them, or any part of them, the

lien of which would be prior to or interfere with the lien hereof, so that the priority of the lien granted hereunder shall be fully preserved in the manner provided herein. It will not create or suffer to be created any mechanic's, laborer's, materialman's, or other lien or charge that might or could be prior to the lien hereof, or do or suffer any matter or thing whereby the lien hereof might or could be impaired; provided, however, that no such tax, assessment, or charge, and that no such claim that might be used as the basis of a mechanic's, laborer's, materialman's, or other lien or charge, shall be required to be paid so long as the validity of the same shall be contested in good faith by the Board.

(d) It will not do or suffer any act or thing whereby the System or the Revenue System might or could be impaired. It will maintain, preserve, and keep the real and tangible property of the System and the Revenue System and every part thereof in good condition, repair, and working order at all times and will operate, maintain, preserve, and keep the facilities, buildings, structures, and equipment pertaining thereto in good condition, repair, and working order.

(e) While any Priority Obligations, Notes or Additional Notes are outstanding and unpaid, it will not sell, convey, mortgage, or in any manner transfer title to, or lease, or otherwise dispose of the property constituting the Revenue System, except that whenever the Board deems it necessary to dispose of any fixtures or equipment of such facilities, it may sell or otherwise dispose of such fixtures or equipment when it has made arrangements to replace the same or provide substitutes therefor, unless the Board finds that such replacement or substitution is unnecessary; provided however, that property constituting part of the Revenue System may be sold at fair market value, permanently abandoned, or otherwise removed from the Revenue System, if:

(i) The Executive Vice Chancellor for Asset Management or other designated financial or accounting officer of the System certifies that no default exists with respect to any covenant or undertaking in connection with all Priority Obligations, Notes and Additional Notes then outstanding or the resolution or resolutions authorizing same; and

(ii) The Board approves a certification by the Executive Vice Chancellor for Asset Management or other designated financial or accounting officer of the System that, to the best of his knowledge:

(1) the Pledged Revenues, together with any other revenues or amounts pledged to the payment of all or a portion of the Priority Obligations, Notes or Additional Notes, for either the preceding Fiscal Year or the 12-month period immediately preceding such sale, abandonment, or removal would have been at least 100% of the average annual Debt Service Requirements, if such sale, abandonment, or removal had occurred at the beginning of such Fiscal Year or 12-month period; and

(2) beginning with the Fiscal Year next following such sale, abandonment, or removal, the Pledged Revenues, together with any other revenues or amounts pledged to the payment of all or a portion of the Priority Obligations, Notes or Additional Notes, for each Fiscal Year during the scheduled term of all outstanding Priority Obligations, Notes or Additional Notes, are estimated, taking into account any revenues and expenses expected to be attributable to any property to be added to the Revenue System, to be at least 100% of the average annual Debt Service Requirements.

For purposes of the computations required to be made in connection with the above certification, any Pledged Revenues or other amounts pledged by the Board to the payment of less than all of the outstanding Priority Obligations, Notes and Additional Notes shall be taken into account only to the extent of the Debt Service Requirements of the Priority Obligations, Notes or Additional Notes to which such amounts are pledged.

(f) Proper books of record and account will be kept in which full, true, and correct entries will be made of all dealings, activities, and transactions relating to the Revenue System and the Pledged Revenues. Each year while any Priority Obligations, Notes or Additional Notes are outstanding, the Board will cause to be prepared from such books of record and account a preliminary financial report

containing statements of (i) Gross Revenues, Current Expenses, Net Revenues, and the student union fees described in Section 3.04 hereof and (ii) year-end balances in funds maintained pursuant to the Bond Resolutions and the Note Resolutions and changes in such fund balances from the previous Fiscal Year. Such preliminary reports shall be furnished to the principal municipal bond rating agencies and any owner of the Notes or Additional Notes who shall request same.

(g) Each year, commencing with the Fiscal Year ending August 31, 1987, while any of the Priority Obligations, Notes or Additional Notes are outstanding, an audit will be made of its books and accounts relating to the Revenue System, the Pledged Revenues and the student union fees described in Section 3.04 hereof by the State Auditor of the State of Texas, or a certified public accountant, such audit to be based on the Fiscal Year of the Board beginning on September 1 of each year and ending on August 31 of the following year. As soon as practicable after the close of each such Fiscal Year, and when said audit has been completed and made available to the Board, a copy of such audit for the preceding Fiscal Year shall be mailed to all Holders of Notes and Additional Notes who shall so request. Such annual audit reports shall be open to the inspection of the bondholders and their agents and representatives at all reasonable times.

(h) Any owner or owners of 25% or more of the outstanding principal amount of the Notes at the time then outstanding, shall have the right at all reasonable times to inspect the Revenue System and all records, accounts, and data of the Board relating thereto.

Section 5.02. Limitation on Issuance. Unless this Resolution is amended and modified by the Board in accordance with the provisos of Section 7.01 hereof, the Board covenants that there will not be issued and outstanding at any time more than \$20,000,000 in principal amount of Notes. The Board, however, does reserve the right, subject to the limitations contained in Section 5.07 hereof, to issue Additional Notes in excess of said amount by resolution duly adopted by the Board. For purposes of this Section 5.02, any portion of outstanding Notes to be paid on the day of calculation from moneys available for such purpose on deposit in the Note Payment Fund and the proceeds of Notes, Additional Notes, Priority Obligations or

other obligations of the Board issued and available for such purpose shall not be considered outstanding.

Section 5.03. Payment of Priority Obligations and Notes. The Board hereby covenants and reaffirms to the holders or owners of any Priority Obligations that the payment from time to time of the interest on and/or principal of the Notes shall not impair the ability or the obligation of the Board to pay the principal of and/or interest on any Priority Obligations.

Section 5.04. Notes to Remain Tax Exempt. The Board covenants that it will execute and deliver to the Issuing and Paying Agent a No-Arbitrage Certificate in the form prescribed by Bond Counsel in connection with the original issuance of the Notes, each issuance of Notes thereafter, and at the time of resale by the Board of any outstanding Note as to which the System or any component or fund thereof has become the Registered Owner. The Board represents and covenants that it will not expend, or permit to be expended, the proceeds of any Notes in any manner inconsistent with its reasonable expectations as certified in the No-Arbitrage Certificates to be executed from time to time with respect to the Notes; provided, however, that the Board may expend Note proceeds in any manner if the Board first obtains an unqualified opinion of Bond Counsel that such expenditure will not impair the exclusion from the gross income of the Holders of the Notes for federal income tax purposes of interest on the Notes. The Board represents that it has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that it is an issuer whose arbitrage certifications may not be relied upon.

The Board further covenants with the Holders of all Notes at any time outstanding that it will make such use of the proceeds of the Notes, regulate investments of the proceeds thereof and take such other and further actions as may be required by Sections 103 and 141-150 of the Code and all applicable temporary, proposed and final regulations and procedures promulgated thereunder or promulgated under the Internal Revenue Code of 1954, to the extent applicable to the Code, necessary to assure that interest on the Notes is excludable from gross income of the Holders of the Notes for federal income tax purposes. Without limiting the generality of the foregoing covenant, the Board hereby covenants as follows:

(a) The Board will not use and will not permit the indirect use of the proceeds of the Notes (including any earnings from the investment of the proceeds of the Notes) in a manner that would cause the Notes to be classified as "private activity bonds" within the meaning of Section 141(a) of the Code;

(b) The Board will not use and will not permit the indirect use of any proceeds of the Notes or any other funds of the Board, or take or omit to take any action that would cause the Notes to be "arbitrage bonds" within the meaning of Section 148(a) of the Code. To that end, the Board will comply with all requirements of Section 148 of the Code to the extent applicable to the Notes, including but not limited to any requirement under Section 148 of the Code that the yield on the investment of the proceeds of the Notes and moneys pledged to the repayment of the Notes be restricted to a yield that is not materially higher than the yield on the Notes;

(c) The Board will take all necessary steps to comply with the requirement that excess amounts earned on the investment of the "gross proceeds" of the Notes within the meaning of Section 148(f)(6)(B) of the Code, if any, be rebated to the federal government, and specifically, the Board will (i) maintain records regarding the investment of the gross proceeds of the Notes as may be required to calculate such excess amounts separately from records of amounts on deposit in the funds and accounts of the Board that are allocable to other issues of obligations of the Board or moneys that do not represent gross proceeds of any obligations of the Board, (ii) calculate, at such intervals as may be required by applicable regulations of the United States Treasury, the excess amounts, if any, earned from the investment of the gross proceeds of the Notes and (iii) pay, not less often than every fifth anniversary date of the delivery of the Notes, all amounts required to be rebated to the federal government;

(d) The Board will not cause or permit the Notes to be treated as "federally guaranteed" obligations within the meaning of Section 149(b) of the Code; and

(e) The Board timely will file a statement with the federal government setting forth the information required pursuant to Section 149(e) of the Code.

Section 5.05. Supplemental Resolutions. Other than as permitted in Section 5.07 hereof with respect to the issuance of additional obligations of the Board secured by the Pledged Revenues, the Board will not adopt any supplemental resolutions, pursuant to this Resolution or otherwise that would affect materially and adversely the ability of the Board to make payments on the Notes when due.

Section 5.06. Opinion of Bond Counsel. The Board shall cause the legal opinion of Bond Counsel as to the validity of the Notes and as to the exclusion from the gross income of the Holders of the Notes for federal income tax purposes of interest on the Notes to be furnished to any Holder without cost.

Section 5.07. Compliance With Bond Resolutions and Other Documents. The Board will comply with the terms and provisions of the Bond Resolutions, and any other resolution or contract to which the Board is a party, the non-compliance with which would affect materially and adversely the ability of the Board to make payments on the Notes when due.

Section 5.08. Reservation of Right to Issue Obligations of Superior, Equal and Inferior Lien. The Board hereby expressly reserves the right to issue hereafter obligations payable from and secured by a lien on and pledge of the Pledged Revenues prior in right and claim to the lien on and pledge of the Pledged Revenues covering the payment of the Notes; provided, however, that the Board agrees that, while any Notes or Additional Notes are outstanding, it will issue Priority Obligations as permitted by Section 19 of the Series 1986 Bond Resolution only if the conditions set forth in such Section 19 are satisfied and if, at the time of such issuance, an Authorized Representative provides the certification required by Section 2.07(b) hereof. Furthermore, the Board expressly reserves the right to issue hereafter Additional Notes when and as the Board shall determine and authorize without any limitation as to principal amount or otherwise, which Additional Notes may be equally and ratably payable from and secured by a lien on and pledge of the Pledged Revenues of equal rank and dignity with the lien and pledge securing the payment of the Notes,

provided that the requirements of Section 2.07 hereof are met in connection with the issuance of such Additional Notes. The Board agrees to give the Paying Agent at least 11 Business Days' advance notice of the proposed issuance of any additional Priority Obligations, Notes or Additional Notes, and the Paying Agent then shall give prompt notice to Noteholders of such proposed issuance (delivered by no later than 10 Business Days prior to the proposed date of such issuance). The Board also retains the right to issue obligations or other evidences of indebtedness or to incur contractual obligations secured by a lien on and pledge of the Pledged Revenues junior and subordinate to the lien and pledge securing the Notes. Notwithstanding any of the above to the contrary, the Board covenants that the lien created by this Resolution will not be impaired in any manner as a result of any action or non-action on the part of the Board or officers of the System, and that the Board will, subject to the provisions hereof, continuously preserve and apply the Pledged Revenues as contemplated by this Resolution.

Section 5.09. Available Funds. The Board covenants to make its best efforts to issue, renew, refund or remarket the Notes and to sell Priority Obligations, Additional Notes or other obligations of the Board to the extent necessary in order to have funds available in an amount sufficient, together with Pledged Revenues and other moneys available therefor, to pay the principal of and interest on the Notes when due and payable, whether at maturity, by prior redemption or upon tender for purchase hereunder.

## ARTICLE VI

### REMEDIES OF NOTEHOLDERS

Section 6.01. Remedies of Noteholders. In the event of any default in connection with any covenant contained herein, or default in the payment of principal or purchase price of or interest on the Notes or Additional Notes, the Holder of any Note at the time outstanding shall be entitled to institute mandamus proceedings against the Board or any other necessary or appropriate party for the purpose of enforcing any covenant contained herein.

ARTICLE VII

MISCELLANEOUS

Section 7.01. Amendments or Modifications Without Consent of Holders. This Resolution and the rights and obligations of the Board and of the Holders may be modified or amended for any purpose at any time by a supplemental resolution, with the prior written consent of the Holders of not less than 51% in aggregate principal amount of the Notes then outstanding of each series affected by such amendment; provided, however, that nothing herein contained shall permit or be construed to permit the amendment of the terms and conditions of this Resolution or in the Notes, without the prior written consent of the Holder of each Note so affected, in any way that would:

- (1) Make any change in the stated maturity of any of the outstanding Notes;
- (2) Reduce the rate of interest borne by any of the outstanding Notes;
- (3) Reduce the amount of the principal payable on any of the outstanding Notes;
- (4) Modify the terms of payment of principal of or interest on the outstanding Notes, or impose any conditions with respect to such payment;
- (5) Affect the rights of the Holders of less than all of the outstanding Notes; and
- (6) Reduce or restrict the pledge made in Section 3.01 hereof for payment of the Notes.

and provided, further, that, except as provided in Section 7.02 hereof, no change, modification or amendment shall be made in the Resolution or become valid and effective without the approval of such change, modification or amendment by the Attorney General of the State of Texas if, in the opinion of Bond Counsel, such approval is required by the Acts. Notwithstanding the foregoing, no such change, modification or amendment shall be effective unless the Holders of all outstanding Notes shall have received at least 60 days prior written notice thereof, including the final form thereof.

Section 7.02. Additional Actions. The Chairman of the Board, the Executive Secretary of the Board, the Authorized Representatives and the other officers of the Board hereby are authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents they may deem necessary or advisable in order to consummate the issuance, sale, and delivery of the Notes and otherwise to effectuate the purposes of this Resolution. In addition, the Chairman of the Board, General Counsel to the System, the Executive Vice Chancellor for Asset Management and Bond Counsel hereby are authorized to approve, subsequent to the date of the adoption of this Resolution, any amendments to the document attached hereto as Exhibit B.

Section 7.03. Resolution to Constitute a Contract; Equal Security. In consideration of the acceptance of the Notes, the issuance of which is authorized hereunder, by those who shall hold the same from time to time, this Resolution shall be deemed to be and shall constitute a contract between the Board and the Holders from time to time of the Notes and the pledge made in this Resolution by the Board and the covenants and agreements set forth in this Resolution to be performed by the Board shall be for the equal and proportionate benefit, security, and protection of all Holders, without preference, priority, or distinction as to security or otherwise of any of the Notes authorized hereunder over any of the others by reason of time of issuance, sale or maturity thereof or otherwise for any cause whatsoever, except as expressly provided in or permitted by this Resolution.

Section 7.04. Severability of Invalid Provisions. If any one or more of the covenants, agreements or provisions herein contained shall be held contrary to any express provisions of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements or provisions and shall in no way affect the validity of any of the other provisions hereof or of the Notes issued hereunder.

Section 7.05. Payment and Performance on Business Days. Except as expressly provided otherwise herein, whenever, under the terms of this Resolution or the Notes, the performance date of any provision hereof or thereof

shall occur on a day other than a Business Day, then the performance thereof need not be made on such day but may be performed or paid, as the case may be, on the next succeeding Business Day with the same force and effect as if made on the date of performance.

Section 7.06. Defeasance. If, when all or any portion of the Notes shall have become due and payable in accordance with their terms or otherwise as provided in this Resolution, the entire principal and interest so due and payable upon said Notes shall be paid, or if at or prior to the date said Notes have become due and payable, sufficient moneys or direct obligations of, or obligations the timely payment of the principal and interest on which has been unconditionally guaranteed by, the United States of America the maturing principal of and interest on which will provide sufficient moneys without reinvestment for such payment upon maturity or to the date upon which the Notes have been called for redemption, and for payment of the purchase price pursuant to Section 2.05 hereof, shall have been irrevocably deposited with the Issuing and Paying Agent and dedicated to the payment of such amounts and provision satisfactory to the Issuing and Paying Agent shall also be made for paying all other sums payable hereunder by the Board with respect to said Notes, the rights, title and interest of the Holders of the Notes in the Pledged Revenues shall thereupon cease, terminate and become discharged and said Notes shall no longer be deemed outstanding for purposes of this Resolution and all the provisions of this Resolution, including all covenants, agreements, liens and pledges made herein, shall be deemed duly discharged, satisfied and released.

Section 7.07. Limitation of Benefits With Respect to the Resolution. With the exception of the rights or benefits herein expressly conferred, nothing expressed or contained herein or implied from the provisions of this Resolution or the Notes is intended or should be construed to confer upon or give to any person other than the Board, the Holders, the Issuing and Paying Agent/Registrar and the parties to the Agreement, any legal or equitable right, remedy or claim under or by reason of or with respect to this Resolution or any covenant, condition, stipulation, promise, agreement, or provision herein contained. This Resolution and all of the covenants, conditions, stipulations, promises, agreements, and provisions hereof are intended to be and shall be for and inure to the sole and exclusive benefit of the Board, the Noteholders, the

Issuing and Paying Agent/Registrar and the parties to the Agreement as herein and therein provided.

Section 7.08. Approval of Attorney General. No Notes herein authorized to be issued shall be sold or delivered by an Authorized Representative until the Attorney General of the State of Texas shall have approved this Resolution, the Agreement, and other agreements and proceedings as may be required in connection therewith, and therefore the Notes to be issued in accordance with such proceedings, all as is required by the Acts.

Section 7.09. Form of Notice; Waiver of Notice. The respective addresses specified below, or such other addresses as may be designated in writing by the respective parties shall be the addresses to which any notice, authorization, request or demand required or permitted to be given hereunder to the Board or the Issuing and Paying Agent shall be sent:

Board:           The University of Texas System  
                  201 West 7th Street  
                  Austin, Texas 78701  
                  Attention: Executive Vice Chancellor for  
                                  Asset Management

Issuing       First City National Bank of Austin  
and            823 Congress Avenue  
Paying        First City Centre, 10th Floor  
Agent:        Austin, Texas 78701  
                  Attention: Trust Division

Any notice required hereunder to be given in writing may be given in any customary written form, including but not limited to writings transmitted by telecopy, telex or other telecommunication device. Notices so transmitted may be given in lieu of notices required to be mailed hereunder and shall be deemed to be given when actually received by the party to whom such notice is so transmitted.

Any notice given by a party hereunder that is effectively revoked as provided herein shall be null and void and shall have no force or effect hereunder.

Any notice required to be given under this Resolution and any requirements relating to the length of time prior to any action or event that any such notice must be given, may be waived by the party or parties to whom such notice is required hereunder to be given, by written waiver delivered to the party or on behalf of which such notice is required to be given. Any such waiver shall affect only such notice or notices (or notice periods) expressly waived thereby. The notice requirements of this Resolution shall continue in full force and effect with respect to any notice (any notice period) not expressly waived hereunder.

PASSED AND ADOPTED, this the 13th day of August, 1987.

ATTEST:

\_\_\_\_\_  
Executive Secretary

\_\_\_\_\_  
Chairman

(Seal)

EXHIBIT A  
FORM OF  
INVESTMENT CERTIFICATE

This certificate is being executed and delivered to the Board of Regents of The University of Texas System (the "Board") in connection with the issuance by the Board of \$\_\_\_\_\_ of its General Revenue Subordinate Lien Notes, Series \_\_\_\_\_ dated as of \_\_\_\_\_ (the "Series \_\_\_\_\_ Notes"), issued pursuant to authority granted in a resolution adopted by the Board on August 13, 1987 (the "Resolution"), and the purchase by the undersigned of the Series \_\_\_\_\_ Notes. Capitalized terms used herein and not defined otherwise herein shall have the respective meanings set forth in the Resolution.

The undersigned understands that the Series \_\_\_\_\_ Notes are issued by the Board to provide financing for Project Costs of Eligible Projects and that the Series \_\_\_\_\_ Notes were not registered under the Securities Act of 1933 or the Texas Securities Act, on the basis of the exemptions provided therein, or under the securities act of any other jurisdiction. The undersigned understands that the Board will be relying upon the accuracy of the undersigned's representations contained in this letter. The undersigned hereby represents, warrants and agrees to and with the Board that:

1. It is a financial institution engaged in the business of, among other things, acquiring securities like the Series \_\_\_\_\_ Notes. It is familiar with and has experience in the purchase of debt obligations similar to the Series \_\_\_\_\_ Notes and is capable of evaluating the merits and economic risks that may be associated with the acquisition of the Series \_\_\_\_\_ Notes.

2. It has received copies of the Resolution, including the Exhibits attached thereto, and has had the opportunity to review such documents to its satisfaction. It has made an independent investigation of the financial position and business condition of the System, and has received such other information as it desires in order to enable it to make an informed decision regarding the acquisition of the Series \_\_\_\_\_ Notes. It hereby expressly

waives any right to receive such information from the Board and relieves the Board and its agents and representatives of any liability for failure to provide such information in connection with the acquisition of the Series \_\_\_\_ Notes; provided, however, that nothing in this certificate shall be deemed to waive any right granted by the Resolution or in any other written instrument executed on behalf of the Board to the undersigned as a registered owner of Series A\_\_\_\_, to receive reports or other information to which registered owners of the Notes may be entitled thereunder. It understands that the holders of the Notes issued pursuant to the Resolution, including the Series \_\_\_\_ Notes, have no right to demand payment from the Board from any sources other than those described in the Resolution.

3. It is acquiring the Series \_\_\_\_ Notes for its own account, with the purpose of investment and not with a view to the distribution or resale thereof; provided, however, that the disposition of the Series \_\_\_\_ Notes shall be within the control of the undersigned. It agrees to comply with all applicable federal and state securities laws in connection with any disposition of the Series \_\_\_\_ Notes.

Yours very truly,

\_\_\_\_\_

By \_\_\_\_\_  
Title \_\_\_\_\_

EXHIBIT B  
FORM OF ISSUING AND PAYING AGENT/REGISTRAR AGREEMENT

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ISSUING AND  
PAYING AGENT/REGISTRAR AGREEMENT

dated as of  
August 1, 1987

between

BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM

and

FIRST CITY NATIONAL BANK OF AUSTIN

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EXHIBITS

EXHIBIT A - CONSIDERATION

## ISSUING AND PAYING AGENT/REGISTRAR AGREEMENT

THIS ISSUING AND PAYING AGENT/REGISTRAR AGREEMENT (this "Agreement"), is entered into as of August 1, 1987, by and between the Board of Regents of The University of Texas System (the "Board"), and First City National Bank of Austin (the "Bank").

### RECITALS OF THE ISSUER

Pursuant to a resolution adopted by the Board on August 13, 1987 (the "Resolution"), the Board has duly provided for the issuance, from time to time, of its notes, entitled "Board of Regents of The University of Texas System General Revenue Subordinate Lien Notes (the "Notes"), provided that the aggregate principal amount of the Notes at any one time outstanding pursuant to the Resolution may not exceed \$20,000,000;

Notes issued under the Resolution shall be in fully registered form, without coupons;

All things necessary to make the Notes the valid obligations of the Board, in accordance with their terms, will be done upon the issuance and delivery thereof;

The Board and the Bank wish to provide the terms under which the Bank will act as Issuing Agent to issue the Notes from time to time at the direction of an authorized representative of the Board; as Paying Agent to pay the principal of and interest on the Notes when due and payable and to pay the purchase price of tendered Notes, all in accordance with the terms thereof; and as Registrar to keep records relating to the registration, payment, transfer and exchange of the Notes;

The Board and the Bank have duly authorized the execution and delivery of this Agreement; and all things necessary to make this Agreement the valid agreement of the parties, in accordance with its terms, have been done.

NOW, THEREFORE, it is mutually agreed as follows:

## ARTICLE ONE

### DEFINITIONS AND INTERPRETATION

Section 1.01. Definitions. For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

"Agreement" shall mean this Issuing and Paying Agent/Registrar Agreement, as amended or supplemented from time to time.

"Authorized Representative" shall mean one or more of the following officers or employees of the System, to-wit: the Executive Vice Chancellor for Asset Management, the Vice Chancellor and General Counsel, the Director of Asset Strategy and Planning, the Manager of Debt Administration, or such other officer or employee of the System authorized by the Board to act as an Authorized Representative of the Board.

"Bank" shall mean First City National Bank of Austin, a national banking association organized and doing business under the laws of the United States of America.

"Bank Office" shall mean the address of the designated corporate office of the Bank as indicated on the signature page of the Bank hereon or as changed from time to time by notice in writing from the Bank to the Board.

"Board" shall mean the Board of Regents of the System.

"Holder" or "Noteholder" shall mean, with respect to any Note, the person or entity in whose name any Note is registered in the Registration Books.

"Issuing Agent" shall mean the Bank acting hereunder in its capacity as issuing agent for the Notes.

"Notes" shall mean the evidences of indebtedness authorized to be issued and at any time outstanding pursuant to the Resolution.

"Paying Agent" shall mean the Bank acting hereunder in its capacity as paying agent for the Notes.

"Redemption Date," when used with respect to any Note to be redeemed, shall mean the date fixed for such redemption pursuant to the terms of the Resolution and such Note.

"Registrar" shall mean the Bank acting hereunder in its capacity as registrar for the Notes.

"Registration Books" shall mean the books or records relating to the registration, payment and transfer or exchange of Notes maintained by the Bank, as Registrar, pursuant to this Agreement and the Resolution.

"Resolution" shall mean the resolution adopted by the Board on August 13, 1987, authorizing the issuance from time to time of the Notes, and any amendment, modification or supplement thereto as permitted by such resolution.

"Stated Maturity," when used with respect to any Note, shall mean the date specified in such Note as the date on which the principal of such Note is due and payable.

"System" shall mean The University of Texas System, which includes the following existing and operating institutions:

The University of Texas at Arlington;  
The University of Texas at Austin;  
The University of Texas at Dallas;  
The University of Texas at El Paso;  
The University of Texas of the Permian Basin;  
The University of Texas at San Antonio;  
The University of Texas at Tyler;  
The University of Texas Health Science Center at Dallas;  
The University of Texas Medical Branch at Galveston;  
The University of Texas Health Science Center at Houston;  
The University of Texas Health Science Center at San Antonio;  
The University of Texas System Cancer Center;  
The University of Texas Health Center at Tyler; and  
The University of Texas Institute of Texan Cultures at San Antonio,

together with every other institution or branch thereof now or hereafter operated by or under the jurisdiction of the Board pursuant to law.

Section 1.02. Recitals, Table of Contents, Titles and Headings. The terms and phrases used in the recitals of this Agreement have been included for convenience of reference only and the meaning, construction and interpretation of such words and phrases for purposes of this Agreement shall be determined solely by reference to Section 1.01 hereof. The table of contents, titles and headings of the articles and section of this Agreement have been inserted for convenience of reference only and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof and shall never be considered or given any effect in construing this Agreement or any provisions hereof or in ascertaining intent, if any question of intent should arise.

Section 1.03. Construction of Terms Used in This Agreement. If appropriate in the context of this Agreement, words of the singular number shall be considered to include the plural, words of the plural number shall be considered to include the singular, and words of the masculine, feminine or neuter gender shall be considered to include the other genders. This Agreement and all the terms and provisions hereof shall be construed liberally to effectuate the purposes set forth herein and to sustain the validity of this Agreement.

## ARTICLE TWO

### APPOINTMENT OF BANK AS ISSUING AGENT, PAYING AGENT AND REGISTRAR

Section 2.01. Appointment. The Board hereby appoints the Bank to act as Issuing Agent with respect to the Notes, to issue and deliver the Notes from time to time at the direction of an Authorized Representative, all in accordance with the terms and provisions of this Agreement and the Resolution.

The Board hereby appoints the Bank to act as Paying Agent with respect to the Notes, to pay to the Holders of the Notes the principal of and interest on all or any of the Notes, including the purchase price of any Notes tendered for purchase by said Holders, all in accordance with the terms and provisions of this Agreement and the Resolution.

The Board hereby appoints the Bank as Registrar with respect to the Notes, to authenticate the Notes, to keep books and records relating to the registration, payment, transfer, exchange and assignment of the Notes, and to register the transfer, exchange or assignment of Notes, all in accordance with the terms and provisions of this Agreement and the Resolution.

The Bank hereby accepts its appointment, and agrees to act as Issuing Agent, Paying Agent and Registrar, and to perform all obligations imposed upon it as Issuing Agent, Paying Agent and Registrar under the Resolution and this Agreement.

Section 2.02. Consideration. The consideration for the Bank being named and acting as Issuing Agent, Paying Agent and Registrar for the Notes is set forth in Exhibit A attached hereto.

### ARTICLE THREE

#### ISSUING AND PAYING AGENT

Section 3.01. Issuance of Notes. Upon receipt of instructions from an Authorized Representative given in accordance with Sections 2.02 and 2.07 of the Resolution, and upon receipt of any other items required to be delivered to the Issuing Agent pursuant to Section 2.07 of the Resolution, the Bank, in its capacity as Issuing Agent, shall issue the Notes from time to time, inserting therein such dates, amounts and rates as shall be specified by the Authorized Representative at the time of sale of such Notes, and shall authenticate and deliver such Notes in accordance with Section 2.07 of the Resolution.

Section 3.02. Payment of the Notes. The Bank agrees to pay to the Holders of the Notes, but solely from funds furnished for such purpose by the Board, the principal of and interest on the Notes when due and payable, in immediately available funds, in accordance with the terms of the Resolution and the Notes. In addition, to the extent that any Note is subject to purchase by the Board at the option of the Holder thereof, the Bank agrees to pay to the Holders of such Notes, but solely from funds furnished for such purpose by the Board, the purchase price of such Note,

in immediately available funds, as described in Section 2.05(b) of the Resolution.

#### ARTICLE FOUR

##### REGISTRAR

Section 4.01. Registration and Transfer of Notes; Form of Registration Books. The Bank agrees to keep and maintain on behalf of the Board the Registration Books at the Bank Office, in accordance with the requirements of the Resolution and in accordance with the Bank's general practices and procedures in effect from time to time.

Section 4.02. Unauthenticated Notes. The Board shall provide an adequate inventory of unauthenticated Notes to facilitate transfers and exchanges. The Bank covenants that it will maintain such unauthenticated Notes in safekeeping and will use reasonable care in maintaining such Notes in safekeeping, which shall be not less than the care it maintains for debt securities of other government entities or corporations for which it serves as registrar, or which it maintains for its own bonds.

Section 4.03. Reports. From time to time at the request of the Board, the Bank will provide the Board reports that will describe in reasonable detail all transactions pertaining to the Notes and the Registration Books since the last such report. The Board also may inspect and make copies of the information in the Registration Books at any time the Bank customarily is open for business, provided that reasonable time is allowed the Bank to provide an up-to-date listing or to convert the information into written form.

The Bank will not release or disclose the contents of the Registration Books to any person other than to, or at the written request of, an Authorized Representative, except upon receipt of a subpoena or court order. Upon receipt of a subpoena or court order, the Bank will notify the Board immediately so that the Board may contest the subpoena or court order.

Section 4.04. Cancelled Notes. All Notes surrendered for payment, redemption, transfer, assignment, exchange, or replacement, if surrendered to the Bank, shall be cancelled

promptly by it and, if surrendered to the Board, shall be delivered to the Bank and, if not already cancelled, shall be cancelled promptly by the Bank. The Board at any time may deliver to the Bank for cancellation any Notes previously authenticated and delivered that the Board may have acquired in any manner whatsoever and may have determined to cancel, and all Notes so delivered shall be cancelled promptly by the Bank. All Notes so cancelled by the Bank shall be transmitted to the Board forthwith and the Board thereafter shall have the custody of all such Notes.

## ARTICLE FIVE

### THE BANK

Section 5.01. Duties of the Bank. The Bank undertakes to perform the duties of Issuing Agent, Paying Agent and Registrar for the Notes set forth herein and in the Resolution and agrees to use reasonable care in the performance thereof.

Section 5.02. Reliance on Documents, Etc.

(a) The Bank may rely conclusively, as to the truth of the statements and correctness of the opinions expressed therein, on certificates or opinions furnished to the Bank by the Board.

(b) The Bank shall not be liable to the Board for actions taken under this Agreement so long as it acts in good faith and exercises due diligence with regard to its duties hereunder.

(c) The Bank may exercise any of the powers hereunder and perform any duties hereunder either directly or by or through agents or attorneys.

Section 5.03. Recitals of Board. The recitals contained in the Resolution and the Notes shall be taken as the statements of the Board, and the Bank assumes no responsibility for their correctness.

Section 5.04. Bank May Own Notes. The Bank, in its individual or any other capacity, may become the owner or pledgee of Notes with the same rights it would have if it

were not the Issuing Agent, Paying Agent and Registrar for the Notes.

Section 5.05. Money Held by Bank. Money held by the Bank hereunder shall be held in trust for the benefit of the Holders of the Notes.

The Bank shall be under no obligation to pay interest on any money received by it hereunder, except as otherwise expressly agreed by the Bank and the Board.

Any money deposited with the Bank for the payment of the principal of, interest on or purchase price of any Note and remaining unclaimed for two years after the stated maturity of the Note will be paid by the Bank to the Board, upon receipt of a written request signed by an Authorized Representative, and the Board and the Bank agree that the Holder of such Note shall look thereafter only to the Board for payment thereof, and that all liability of the Bank with respect to such moneys thereupon shall cease.

## ARTICLE SIX

### MISCELLANEOUS PROVISIONS

Section 6.01. Amendment. This Agreement may be amended only by an agreement in writing signed by both of the parties hereof.

Section 6.02. Assignment. This Agreement may not be assigned by either party without the prior written consent of the other.

Section 6.03. Notices. Any request, demand, authorization, direction, notice, consent, waiver or other document provided or permitted hereby to be given or furnished to the Board or the Bank shall be mailed or delivered to the Board or the Bank, respectively, at the addresses shown hereon, or such other address as may have been given by one party to the other by 15 days' written notice, except as provided otherwise in the Resolution.

Section 6.04. Successors and Assigns. All covenants and agreements herein by the Board and the Bank shall bind their successors and assigns, whether so expressed or not.

Section 6.05. Severability. If any provision of this Agreement shall be invalid or unenforceable, the validity and enforceability of the remaining provisions hereof shall not in any way be affected or impaired.

Section 6.06. Benefits of Agreement. Nothing herein, express or implied, shall give to any person, other than the parties hereto and their successors hereunder, any benefit or any legal or equitable right, remedy or claim hereunder.

Section 6.07. Resolution Governs Conflicts. This Agreement and the Resolution constitute the entire agreement between the parties hereto relative to the Bank acting as Issuing and Paying Agent/Registrar and if any conflict exists between this Agreement and the Resolution, the Resolution shall govern.

Section 6.08. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which shall constitute one and the same Agreement.

Section 6.09. Term and Termination. This Agreement shall be effective from and after its date for a term ending on the Stated Maturity date or Redemption Date of the last Note to mature or be redeemed, whichever first occurs, and may be terminated by the Board at any time upon 45 days' written notice to the Bank. In the event of early termination regardless of circumstances, the Bank shall deliver to the Board or its designee all books and records pertaining to the Bank's role as Paying Agent/Registrar with respect to the Bonds, including, but not limited to, the Registration Books.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

BOARD OF REGENTS OF THE  
UNIVERSITY OF TEXAS SYSTEM

By \_\_\_\_\_  
Executive Vice Chancellor  
for Asset Management  
The University of Texas System

ADDRESS: 201 W. 7th Street  
Austin, Texas 78701

ATTEST:

\_\_\_\_\_  
Executive Secretary

(SEAL)

FIRST CITY NATIONAL BANK  
OF AUSTIN

By \_\_\_\_\_  
Title \_\_\_\_\_

ADDRESS: 823 Congress Avenue  
First City Centre,  
10th Floor  
Austin, Texas 78701  
Attn: Trust Division

ATTEST:

\_\_\_\_\_  
Title \_\_\_\_\_

(SEAL)

EXHIBIT A  
CONSIDERATION

\$500 annual fee, incorporating all charges, payable in arrears.

BIDS FOR ISSUING AND PAYING AGENT/REGISTRAR  
 \$20,000,000.00  
 BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM  
 GENERAL REVENUE SUBORDINATE LIEN NOTES

Tabulation of Bids Received:  
 July 24, 1987 - 10:00 A.M., C.D.T.

BIDDER	BID
First City National Bank of Austin Austin, Texas	Will charge Board of Regents \$500.00 annually.
MBank Austin, N.A. Austin, Texas	Will charge Board of Regents a) per item transaction charge \$100.00 per note with a minimum annual charge of \$600.00 OR b) fixed annual fee incorporating all charges \$600.00 annually
Texas Commerce Bank, N.A. Houston, Texas	See Fee Schedule Attached:

prices, interest rates, interest payment periods and other procedures for any Notes, and (b) authorize the Chancellor or any Executive Vice Chancellor on behalf of the Board to execute and deliver any Notes, provided that proceeds of the Notes are used to fund projects approved by the Board and that the aggregate principal amount of all Notes outstanding at any time shall not exceed \$20,000,000.

The Office of the Chancellor also recommends that the U. T. Board of Regents:

- a. Appoint Vinson & Elkins, Austin, Texas, as bond counsel
- b. Appoint J. P. Morgan Securities, New York, New York, as placement agent
- c. Authorize the payment of the costs of establishing the Note program from residual funds in General Revenue Refunding Bonds, Series 1986, Miscellaneous Costs account #85-0252-2000
- d. Declare the purchase of the Key's Apartments by U. T. Arlington (approved by the Board at its June 1987 meeting) to be an Eligible Project for purposes of the Resolution
- e. Authorize the payment of any costs and expenses attributable to the purchase of the Key's Apartments (net of the \$700,000 appropriation from U. T. Arlington General Fee balances) from Note proceeds.

Supplemental material related to this matter will be sent to the Board in advance of the meeting.

#### BACKGROUND INFORMATION

The purpose of the Note program is to provide the U. T. System with the ability to issue Notes on an interim basis as needed and to refinance periodically aggregate Notes outstanding with a single long-term fixed rate bond issue. Issuance of the Notes will enable the System to tailor small borrowings to the individual needs of the components at low cost short-term interest rates. The ability to refinance subsequently several Notes with a single permanent bond issue will allow for the realization of administrative efficiency through economies of scale.

It is expected that all Notes will be privately placed with T. Rowe Price & Associates, Baltimore, Maryland, ("TRP") for their Tax Exempt Money Fund. Notes placed with TRP will bear interest at a variable rate equal to the greater of (a) 110% of the Tax Exempt Weekly Interest Rate (a composite of tax exempt commercial paper yields published by J. P. Morgan Securities) or (b) 75% of the six month Treasury Bill rate. The rate per this equation is currently 4.40% (July 10, 1987).

A recommendation to appoint a Paying Agent/Registrar for the Notes will be submitted to the Board at the August 1987 meeting.

5. U. T. System: Proposed Adoption of Policies Regarding Laboratory Fees and General Property Deposits.--

RECOMMENDATION

The Office of the Chancellor recommends the adoption of the following policies regarding the imposition and collection of laboratory fees and general property deposits:

Laboratory Fee Policy

Effective for the Fall Semester 1987, each component institution that enrolls students shall set and charge a laboratory fee for each laboratory offered. The fee shall be within the legislatively mandated parameter of not less than \$2.00 nor more than \$30.00 for any semester or summer term for any student in any laboratory course. The fees shall be in an amount sufficient to cover, but not in excess of, the cost of laboratory materials and supplies used by the student.

Following consultation with the appropriate Executive Vice Chancellor and the Office of General Counsel to ensure that the fees are harmonized between Texas Education Code Section 54.501 concerning laboratory fees and Section 54.504 concerning incidental fees, these laboratory fees will be reported to the Board for approval annually via docket procedures at the same time incidental fees are reported.

General Property Deposit Policy

Effective for the Fall Semester 1987, each academic component shall charge and collect a deposit not to exceed \$10.00 per student to insure against loss, damage and breakage in libraries and laboratories.

Effective with the Fall Semester 1987, each health component shall charge and collect a breakage or loss deposit of no greater than \$30.00 per student for students enrolled in schools of medicine, dentistry and allied health and a breakage or loss deposit of no greater than \$10.00 per student from all other students.

Following consultation with the appropriate Executive Vice Chancellor, these general property deposit charges will be reported annually to the Board for approval via docket procedures at the same time incidental fees are reported.

## BACKGROUND INFORMATION

Prior to the amendment of Sections 54.501 and 54.502, Texas Education Code, by the 70th Legislature in House Bill 1831, the assessment and collection of laboratory fees and general property deposits were permissive. The recent amendments to Sections 54.504 and 54.502 make the assessment and collection of laboratory fees and general property deposits mandatory. Therefore, while the precise amounts are not set, all U. T. System components are required to assess and collect laboratory fees and general property deposits beginning with the Fall Semester 1987.

As recommended, the approval of these required laboratory fees and general property deposits is slated to occur via the docket process at the same time as approval of incidental fees. Although the effective date of this recent legislation precludes U. T. Board of Regents' ratification of changes for some institutions for the Fall Semester 1987 before submission of the October docket, the assessment of all laboratory fees and general property deposits will be reviewed by the Office of General Counsel and approved through the Office of the Chancellor prior to implementation for the Fall Semester 1987.

6. U. T. System: Consideration of Action Related to Tuition, Texas Public Educational Grants, and Emergency Loans.--

## RECOMMENDATION

The Office of the Chancellor recommends that the U. T. Board of Regents amend the policy adopted on June 14, 1985, related to the percentage of tuition to be used for Texas Public Educational Grants and Emergency Loans at U. T. System components as set out below in congressional style:

### Establishing the percentage of tuition to be set aside for Texas Public Educational Grants and Emergency Loans

The U. T. Board of Regents authorizes ~~authorized~~ each degree-granting component institution to set aside from ~~15% of~~ each resident student's tuition charge the percentage specified by the General Appropriations Act for the applicable academic year as provided by Section 56.033(a)(1) of the Texas Education Code and 3% [5%] of each nonresident's tuition charge beginning with ~~for~~ the 1987-88 [1985-86-and-the-1986-87] academic year ~~years~~ for use as Texas Public Educational Grants and emergency loans. In allocating the set-aside funds, the allocation shall reflect the legislatively mandated parameter that "not more than 80 percent [of the set-aside funds] shall be used for Texas Public Educational Grants and not less than 20 percent [of the set-aside funds] shall be used for emergency loans ..." Within this parameter, each institution may adjust the allocation in accordance with its needs after consultation with the appropriate Executive

Vice Chancellor. Each institution shall establish administrative procedures to insure that Texas Public Educational Grants and emergency loans are awarded on the basis of projected set-aside revenues for each semester or annual academic term, beginning with the Fall Semester 1985.

#### BACKGROUND INFORMATION

House Bill 1147, passed by the 69th Legislature in 1985, mandated each governing board to set aside from tuition amounts to fund the Texas Public Educational Grant and emergency loan programs. House Bill 1147 set mandatory temporary set-asides of 15 percent of each resident student's tuition charge and 5 percent of each nonresident's tuition charge for the 1985-86 and 1986-87 academic years but authorizes the governing board to set aside, for 1987-88 and subsequent academic years, "not less than 9 percent nor more than 15 percent of each resident student's tuition charge" as set by the Legislature in the General Appropriations Act for the applicable academic year and 3 percent of each nonresident's tuition charge.

The proposed amendment deletes the temporary set-aside directive and implements the permanent set-aside required by Section 56.033, Texas Education Code.

7. U. T. System: Proposed Policy Regarding Jurisdiction of Commissioned Peace Officers.--

#### RECOMMENDATION

The Office of the Chancellor recommends that the U. T. Board of Regents adopt the following policy restricting the activity of commissioned peace officers employed by the U. T. System:

#### POLICY STATEMENT

- (a) Effective September 1, 1987, commissioned peace officers employed by The University of Texas System or any of its components shall confine their duties as peace officers to activities within the boundaries\* of one of the campuses\*\* of the U. T. System and within the boundaries of property owned, leased, or otherwise under the control of the U. T. System or one of the

\*For the purposes of this Policy, the term "boundary" is interpreted to mean a closed perimeter that encompasses all land, streets, buildings, and facilities located within the perimeter of a campus or within the perimeter of other property owned, leased, or controlled by the U. T. System, irrespective of whether a particular land area, street, building, or facility within that perimeter is owned or leased by the University or the U. T. System.

\*\*For the purposes of this Policy, at U. T. Arlington, the term "campus" means the area encompassed by the perimeter of the land acquisition plan approved by the Texas Legislature (Acts 60th Leg. R.S. 1967, Ch. 73, p. 140; Acts 62nd Leg. R.S. 1971, Ch. 261, p. 1149; Acts 66th Leg. R.S. 1979, Ch. 523, p. 1107).

component institutions of the U. T. System, with the following exceptions:

- (1) The Chief of Police of each component institution within the U. T. System and the Director of Police for the U. T. System may, on a case by case basis, authorize commissioned peace officers employed by or temporarily assigned to that component institution to function outside the boundaries established by this Policy as peace officers on University business or in conjunction with a University sponsored event so long as the police officers remain within their area of primary jurisdiction (county) as established by Section 51.203, Texas Education Code. It is provided, however, that the provisions of the Hot Pursuit Policy (Policy No. II-86-14, as amended) promulgated by the Director of Police for the U. T. System are not affected by this Policy.
  - (2) The Director of Police for the U. T. System may, on a case by case basis, authorize commissioned peace officers of the U. T. System or a component institution to function as peace officers outside their primary jurisdiction to assist another law enforcement agency in Texas, or to otherwise perform duties as a peace officer on official University business outside the primary jurisdictional area established by Section 51.203, Texas Education Code.
- (b) The Chief Administrative Officer of each component institution within the U. T. System shall be responsible for providing to the Director of Police for the U. T. System for review and approval, as to police jurisdiction, a map(s) showing existing campus boundaries as defined by this Policy, and the boundaries (as defined by this Policy) of all property owned, leased, or otherwise controlled by a component institution and/or U. T. System property under the police control of a component institution. It is the continuing responsibility of the Chief Administrative Officer or other administrative official to whom this responsibility is delegated, to ensure that the maps on file with the System offices are kept current. The maps shall have denoted thereon all land areas, streets, buildings, and facilities located within the boundaries that are not owned, leased, or controlled by the component institution or the U. T. System. Similarly, the Executive Director for Finance and Administration shall prepare for the approval of the Chancellor a map(s) showing the boundaries of property owned, leased, or otherwise controlled by the U. T. System.

- (c) The Director of Police for the U. T. System and the Chief of Police for each component institution within the U. T. System shall distribute copies of this Policy and the relevant approved maps to the commissioned peace officers under their control.

#### BACKGROUND INFORMATION

In the interim between the 69th and 70th sessions of the Texas Legislature, decisions by the Court of Criminal Appeals and Opinions by the Texas Attorney General restricted the jurisdiction of commissioned peace officers. Under these rulings, an off-campus arrest by a U. T. police officer, under normal circumstances, would have been invalid. The 70th Legislature addressed this problem as to commissioned peace officers employed by institutions of higher education by passing House Bill 391, effective August 31, 1987. This act amends Section 51.203, Texas Education Code, to extend the primary jurisdiction of peace officers commissioned by institutions of higher education to include all counties in which property is owned, leased, rented, or otherwise under the control of the institution. House Bill 391 further provides that outside this area of primary jurisdiction, peace officers commissioned by institutions of higher education may assist other law enforcement agencies or otherwise perform their duties as peace officers for the institution of higher education.

It was recognized by the authors of this legislation that university police departments have neither the resources nor, as a general rule, a reason to function outside the boundaries of the campus of an institution or outside the boundaries of other property owned, leased, or controlled by the institution. However, it was not deemed feasible in a statute of general application to delineate the precise jurisdictional needs of each institution of higher education. The decision was made to pass a law extending the primary jurisdiction of campus police officers to encompass the entire county where a campus or other land owned, leased, or controlled by an institution is located so that the validity of an arrest within such an area would not be subject to question and to leave it to the governing boards of institutions of higher education to define the area within which its police force would operate routinely. It was noted during negotiations with committees in the Legislature that the need for the governing boards of institutions of higher education to restrict the activities of their police officers within their primary area of jurisdiction would be no different than the need of cities in this regard prior to the decisions of the Court of Criminal Appeals and the Attorney General during the interim between the 69th and 70th Legislatures. This recommendation, therefore, is made pursuant to the tacit understandings developed as House Bill 391 made its way through the Legislature.

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

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

Executive Committee: Chairman Blanton  
Vice-Chairman Ratliff, Vice-Chairman Roden  
MSA Page Ex.C - 1

Finance and Audit Committee: Chairman Roden  
Regent Barshop, Regent Beecherl  
MSA Page F&A - 1

Academic Affairs Committee: Chairman Baldwin  
Regent Beecherl, Regent Moncrief  
MSA Page AAC - 1

Health Affairs Committee: Chairman Yzaguirre  
Regent Barshop, Regent Blanton, Regent Moncrief  
MSA Page HAC - 1

Buildings and Grounds Committee: Chairman Hay  
Regent Baldwin, Regent Ratliff, Regent Yzaguirre  
MSA Page B&G - 1

Land and Investment Committee: Chairman Ratliff  
Regent Barshop, Regent Hay, Regent Roden  
MSA Page L&I - 1

G. RECONVENE AS COMMITTEE OF THE WHOLE

H. CONSIDERATION OF ACTION ON ANY ITEMS DISCUSSED IN THE EXECUTIVE SESSION OF THE BOARD OF REGENTS PURSUANT TO V.T.C.S., ARTICLE 6252-17, SECTIONS 2(e), (f) and (g)

1. Pending and/or Contemplated Litigation - Section 2(e)

U. T. Medical Branch - Galveston: Proposed Settlement of Medical Malpractice Litigation

2. Land Acquisition, Purchase, Exchange, Lease or Value of Real Property and Negotiated Contracts for Prospective Gifts or Donations - Section 2(f)

a. U. T. System (Hogg Foundation for Mental Health): Consideration of a Contract for the Sale of Real Estate Located in Harris County, Texas

b. U. T. Austin: Consideration of a Contract for the Sale of Real Estate Located in Travis County, Texas

c. U. T. Dallas: Request for Authorization to Sell Land in Synergy Park and to Grant Additional Options for Future Purchase Under Terms and Conditions to be Recommended by the Special Committee on Endowment Lands in Collin and Dallas Counties

d. U. T. San Antonio: Consideration of Negotiated Sale of Real Estate Located in Bexar County, Texas

3. Personnel Matters [Section 2(g)] Relating to Appointment, Employment, Evaluation, Assignment, Duties, Discipline, or Dismissal of Officers or Employees

I. FOUNDATION MATTERS

As set forth in the Regents' Rules and Regulations, Part One, Chapter VII, Section 5, there are three Trust Foundations created by testamentary or inter vivos trust instruments which are controlled by the members of the Board of Regents acting in their capacities as Trustees for these foundations. Following each reorganization of the Board of Regents, it is necessary that the Board meet separately as Trustees for these foundations to conduct certain necessary business.

1. Ima Hogg Foundation Agenda.--

RECOMMENDATION

A brief meeting of the members of the U. T. Board of Regents, as Trustees of the Ima Hogg Foundation, at the August 13, 1987 meeting of the U. T. Board of Regents is recommended for action on the following agenda:

- a. Approval of Minutes of the preceding meeting held on April 11 - 12, 1985
- b. Election of officers of the Board of Trustees. The officers for the past two years have been Mr. Jess Hay, President; Mr. Robert B. Baldwin III, Vice President; and Mr. Michael E. Patrick, Secretary-Treasurer.

Historically, these officers have been:

President: Chairman of the U. T. Board of Regents  
Vice President: Vice-Chairman of the U. T. Board of Regents  
Secretary-Treasurer: Executive Vice Chancellor for Asset Management.

Proposed new officers are:

President: Mr. Jack S. Blanton, Chairman of the U. T. Board of Regents  
Vice President: Mr. Shannon H. Ratliff, Vice-Chairman of the U. T. Board of Regents  
Secretary-Treasurer: Mr. Michael E. Patrick, Executive Vice Chancellor for Asset Management.

BACKGROUND INFORMATION

The Ima Hogg Foundation was incorporated on June 26, 1964, as a charitable and educational foundation with the U. T. Board of Regents as Trustees. Miss Hogg died on August 19, 1975. A codicil to Miss Hogg's Will dated August 3, 1974, provides

that the income from the Ima Hogg Foundation be used for the benefit of children's mental health in the Houston, Texas, area. Investments and other financial matters of the Ima Hogg Foundation are handled through the Office of Investments and Trusts and the Office of Accounting of The University of Texas System with the disbursement of income through the Hogg Foundation for Mental Health.

The current book value of assets of the Foundation is \$9,496,082.67. However, Miss Hogg during her lifetime was responsible for \$4,282,398 in gifts to the Hogg Foundation for Mental Health Fund which has a current balance of \$28,290,037.78 as well as the \$687,423.59 book value in the Winedale Stagecoach Inn Fund and the buildings and land at Round Top known as Winedale Stagecoach Inn carried at \$227,769, the Winedale-Varner-Bayou Bend Heritage Fund with a book value of \$130,966.58, and a scholarship fund in the amount of \$56,633.01.

2. The Robertson-Poth Foundation Agenda.--

RECOMMENDATION

A brief meeting of the members of the U. T. Board of Regents, as Trustees of The Robertson-Poth Foundation, at the August 13, 1987 meeting of the U. T. Board of Regents is recommended for action on the following agenda:

- a. Approval of Minutes of the preceding meeting held on April 10 - 11, 1986
- b. Election of officers of the Board of Trustees. The officers for the past two years have been Mr. Jess Hay, Chairman of the U. T. Board of Regents; Mrs. Janey Slaughter Briscoe, Vice Chairman; Mrs. Beryl Buckley Milburn, Secretary-Treasurer; and Mr. Michael E. Patrick, Assistant Secretary-Treasurer.

Historically, these officers have been:

Chairman: Chairman of the U. T. Board of Regents  
Vice Chairman: Chairman of the Health Affairs Committee  
Secretary-Treasurer: Chairman of the Land and Investment Committee  
Assistant Secretary-Treasurer: Executive Vice Chancellor for Asset Management.

Proposed new officers are:

Chairman: Mr. Jack S. Blanton, Chairman of the U. T. Board of Regents  
Vice Chairman: Mr. Mario Yzaguirre, Chairman of the Health Affairs Committee  
Secretary-Treasurer: Mr. Shannon H. Ratliff, Chairman of the Land and Investment Committee  
Assistant Secretary-Treasurer: Mr. Michael E. Patrick, Executive Vice Chancellor for Asset Management.

## BACKGROUND INFORMATION

Dr. Edgar J. Poth, his wife, Dr. Gaynelle Robertson Poth, and Dr. Douglas D. Stiernberg resigned as trustees of The Robertson-Poth Foundation in 1967 and requested that the U. T. Board of Regents assume the management of the Foundation and recommended that the Chairman of the U. T. Board of Regents, the Chairman of the Health Affairs Committee, and the Chairman of the Land and Investment Committee be appointed as substitute trustees to manage and control The Robertson-Poth Foundation.

The Robertson-Poth Foundation was established as a charitable, scientific and educational foundation and has a present book value of \$802,000.09. Income from the Foundation has gone to the U. T. Medical Branch - Galveston for support in the fields of Ophthalmology and General Surgery. In addition to The Robertson-Poth Foundation, gifts and bequests from Dr. Edgar J. Poth and Dr. Gaynelle Robertson Poth (deceased) have gone to the U. T. Medical Branch - Galveston for the following trusts and endowed academic positions:

<u>Account</u>	<u>May 31, 1987 Book Value</u>
*Robertson-Poth Charitable Remainder Trust	\$361,411.73
*Robertson-Poth Charitable Trust #2	832,331.74
*Edgar J. Poth and Gaynelle Robertson Poth Trust	81,173.17
Robertson-Poth Professorship in General Surgery	100,000.00
Robertson-Poth Professorship in Ophthalmology	195,648.61
Gaynelle Robertson Memorial Lectureship in Ophthalmology	25,152.28

\*Will become part of The Robertson-Poth Foundation upon Dr. Edgar J. Poth's death.

Investments and other financial matters of The Robertson-Poth Foundation are handled through the Office of Investments and Trusts and the Office of Accounting of The University of Texas System.

### 3. Winedale Stagecoach Inn Fund Agenda.--

## RECOMMENDATION

A brief meeting of the members of the U. T. Board of Regents, as Trustees of the Winedale Stagecoach Inn Fund, at the August 13, 1987 meeting of the U. T. Board of Regents is recommended for action on the following agenda:

- a. Approval of Minutes of the preceding meeting held on April 10 - 11, 1986
- b. Election of officers of the Board of Trustees. The officers for the past year have been Mr. Jess Hay, President; Mr. Robert B. Baldwin III, Vice President; Dr. William H. Cunningham, Secretary-Treasurer; and Mr. Michael E. Patrick, Assistant Secretary-Treasurer.

Historically, these officers have been:

President: Chairman of the U. T. Board of Regents  
Vice President: Vice-Chairman of the U. T. Board of Regents  
Secretary-Treasurer: President, U. T. Austin  
Assistant Secretary-Treasurer: Executive Vice Chancellor for Asset Management.

Proposed new officers are:

President: Mr. Jack S. Blanton, Chairman of the U. T. Board of Regents  
Vice President: Mr. Shannon H. Ratliff, Vice-Chairman of the U. T. Board of Regents  
Secretary-Treasurer: Dr. William H. Cunningham, President, U. T. Austin  
Assistant Secretary-Treasurer: Mr. Michael E. Patrick, Executive Vice Chancellor for Asset Management.

#### BACKGROUND INFORMATION

The organizational meeting of the Winedale Stagecoach Inn Fund was held January 16, 1965. The purpose of this Fund is for support of the Winedale Historical Center (name changed from Winedale Stagecoach Inn). The Winedale Historical Center is located on 190 acres of land at Round Top, Fayette County, Texas. The Winedale Historical Center was created by Miss Ima Hogg under the name of Winedale Stagecoach Inn and offered to the U. T. Board of Regents in 1965 and was formally dedicated on April 7, 1967.

The Winedale Historical Center is a growing center for performing arts and study of early Texas craftsmanship. The Winedale properties were leased to the U. T. Board of Regents for the benefit of U. T. Austin on October 24, 1975. The income from the Winedale Stagecoach Inn Fund is made available to U. T. Austin for operation, maintenance, related programs, and exhibits at the Winedale Historical Center.

The Winedale Stagecoach Inn Fund has a current book value of \$687,423.59. Investments and other financial matters are handled through the Office of Investments and Trusts and the Office of Accounting of The University of Texas System.

- J. REPORT OF BOARD FOR LEASE OF UNIVERSITY LANDS
- K. REPORT OF SPECIAL COMMITTEES
- L. OTHER MATTERS

Certificate of Appreciation

M. SCHEDULED MEETINGS AND EVENTS

1. Board of Regents' Meetings

<u>Dates</u>	<u>Locations/Hosts</u>
October 9, 1987	U. T. Dallas
December 3, 1987	Regents' Room, Austin

2. Other Events

November 19, 1987	U. T. Cancer Center: Dedication of R. Lee Clark Clinic Building
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3. The following dates and locations are proposed for meetings of the Board of Regents in 1988:

<u>Dates</u>	<u>Locations/Hosts</u>
February 11, 1988	U. T. San Antonio
April 14, 1988	U. T. Medical Branch - Galveston
June 9, 1988	U. T. Austin
August 11, 1988	Austin (no host)
October 7, 1988	U. T. Arlington
December 1, 1988	U. T. El Paso

N. OTHER BUSINESS

O. ADJOURNMENT

# 1987

## JANUARY

S	M	T	W	T	F	S
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## JULY

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## FEBRUARY

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## OCTOBER

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## NOVEMBER

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## JUNE

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## DECEMBER

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## Executive Committee

EXECUTIVE COMMITTEE  
Committee Chairman Blanton

Date: August 13, 1987  
Time: Following the 1:00 p.m. Session of the Board of Regents  
Place: Regents' Meeting Room, Ninth Floor, Ashbel Smith Hall

	<u>Page</u> <u>Ex.C</u>
1. U. T. System: Recommendation for Approval of Replacement Systemwide Comprehensive Crime Policy (Formerly Comprehensive Dishonesty, Disappearance and Destruction Policy) (Exec. Com. Letter 87-15)	2
2. U. T. System: Recommended Acceptance of 1987-88 Health Maintenance Organization (HMO) Contracts and Rates Effective September 1, 1987 (Exec. Com. Letter 87-16)	4
3. U. T. El Paso: Josephine Clardy Fox Fund - Recommendation for Disapproval of Contract for the Sale of Real Estate at 5118 East Paisano, El Paso, Texas (Exec. Com. Letter 87-17)	8

1. U. T. System: Recommendation for Approval of Replacement Systemwide Comprehensive Crime Policy (Formerly Comprehensive Dishonesty, Disappearance and Destruction Policy) (Exec. Com. Letter 87-15).--

#### RECOMMENDATION

The Executive Committee concurs with the recommendation of the Office of the Chancellor that authorization be given to secure a replacement Comprehensive Crime Policy (formerly Comprehensive Dishonesty, Disappearance and Destruction Policy) for The University of Texas System from the Arkwright Mutual Insurance Company of Waltham, Massachusetts, with a one-year premium of \$43,000 and a per loss occurrence deductible on all categories of coverage of \$15,000.

This insurance coverage is commonly referred to as U. T.'s employee bond coverage and insurance against Employee Dishonesty (Agreement I), Loss Inside Premises (Agreement II), Loss Outside Premises (Agreement III) and Depositors Forgery (Agreement V).

#### BACKGROUND INFORMATION

The Systemwide Comprehensive Crime Policy (formerly Comprehensive Dishonesty, Disappearance and Destruction Policy) is written in a continuous, non-expiring form, subject to annual rating reviews. The National Union Fire Insurance Company of Pittsburgh, Pennsylvania, a member of the American International Group, has underwritten the policy since June 1, 1985, when the previous carrier declined to renew coverage.

System Administration was notified that the National Union Fire Insurance Company would not continue to underwrite the Comprehensive Crime Policy unless the Employee Dishonesty Coverage (Agreement I) deductible was increased from \$10,000 to \$50,000 per loss occurrence. The National Union's basis for the proposed deductible increase is attributed to four Agreement I losses, in excess of the deductible, during the past twelve months.

U. T. System Administration has thoroughly investigated the market for a replacement policy. Even with an improved market, only five companies indicated a willingness to underwrite the coverage. Of the five companies, three submitted a quote as detailed on the rate table set out on Page Ex.C - 3. All quotes received provide coverage equal or superior to the existing policy.

RATE TABLE

Insurance Company	Policy Limits Per Insuring Agreement				Loss Occurrence Deductible				
	I	II	III	V	\$10,000	\$15,000	\$25,000	\$50,000	\$100,000
	Employee Dishonesty	Loss Inside Premises	Loss Outside Premises	Depositors Forgery	Annual Premium				
Arkwright Mutual	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$48,000	\$37,000	\$30,000	\$25,000	---
Chubb Group	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	---	---	---	---	\$34,000
American Int'l Group	---	---	---	---	---	---	---	---	---
Arkwright Mutual	---	---	---	---	---	---	---	---	---
Chubb Group	---	---	---	---	---	---	---	---	---
American Int'l Group	\$ 2,000,000	\$ 250,000	\$ 250,000	\$ 2,000,000	---	---	---	\$55,000	---
Arkwright Mutual	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000	\$56,000	\$43,000	\$35,000	\$31,000	---
Chubb Group	---	---	---	---	---	---	---	---	---
American Int'l Group	---	---	---	---	---	---	---	---	---
Arkwright Mutual	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$64,000	\$49,500	\$42,000	\$36,000	---
Chubb Group	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	---	---	---	---	\$62,000
American Int'l Group	---	---	---	---	---	---	---	---	---
Arkwright Mutual	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$80,000	\$64,000	\$54,000	\$48,000	---
Chubb Group	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	---	---	---	---	\$82,000
American Int'l Group	---	---	---	---	---	---	---	---	---

EX. C  
-  
3

A summary of coverages under the proposed policy compared to current coverage is as follows:

<u>Insuring Agreement</u>	<u>Current</u>	<u>Proposed</u>
Employee Dishonesty Coverage (Agreement I)	\$2,000,000	\$3,000,000
Loss Inside the Premises (other than employee dishonesty) (Agreement II)	\$ 250,000	\$3,000,000
Loss Outside the Premises (other than employee dishonesty) (Agreement III)	\$ 250,000	\$3,000,000
Depositors Forgery Coverage (Agreement V)	\$2,000,000	\$3,000,000

The premium for the expiring policy was \$55,000 with per loss deductible of \$10,000 on Agreement I coverage and \$15,000 on Agreement II, III and V coverages. The premium charged for this policy is prorated among the component institutions of the U. T. System.

2. U. T. System: Recommended Acceptance of 1987-88 Health Maintenance Organization (HMO) Contracts and Rates Effective September 1, 1987 (Exec. Com. Letter 87-16).--

#### RECOMMENDATION

The Executive Committee concurs in the recommendation of the Office of the Chancellor that the Board accept the rates for new Health Maintenance Organization (HMO) contracts and renewal rates for Health Maintenance Organizations now contracting to provide U. T. System employees health care as specified below effective September 1, 1987. The 1986-87 comparison rates, where applicable, are presented in parenthesis below proposed rates.

The full names of all health care providers (new and renewal) are listed below and abbreviated names of providers are used above rate columns. The city listed in parenthesis above rate columns indicates the city in which that provider is offering coverage and thereby indicates the U. T. System component(s) to which that provider can offer coverage.

Proposed new Health Maintenance Organizations:

- Equicor Health Plan, Inc., Dallas, Texas (Equicor, Dallas)
- Equicor Health Plan, Inc., El Paso, Texas (Equicor, El Paso)
- Pacificare of Texas, Inc., San Antonio, Texas (Pacificare, San Antonio)
- Prudential Health Care Plan, Inc., Dallas, Texas (Prudential, Dallas)
- Rio Grande HMO, Inc., El Paso, Texas (Rio Grande, El Paso)

Renewal Health Maintenance Organizations:

- CIGNA Health Plan of Texas, Inc., Dallas, Texas (CIGNA, Dallas)
- CIGNA Health Plan of Texas, Inc., Houston, Texas (CIGNA, Houston)
- Equicor Health Plan, Inc., Houston, Texas (Equicor, Houston)
- Kaiser Foundation Health Plan of Texas, Dallas, Texas (Kaiser, Dallas)
- Maxicare North Texas, Inc., Dallas, Texas (Maxicare, Dallas)
- Maxicare San Antonio, Inc., San Antonio, Texas (Maxicare, San Antonio)
- Maxicare Texas, Inc., Houston, Texas (Maxicare, Houston)
- Prudential Health Care Plan, Inc., Austin, Texas (Prudential, Austin)
- Prudential Health Care Plan, Inc., Houston, Texas (Prudential, Houston)
- Prudential Health Care Plan, Inc., San Antonio, Texas (Prudential, San Antonio)
- Sanus Texas Health Plan, Inc., Houston, Texas (Sanus, Houston)
- Sanus Texas Health Plan, Inc., Irving, Texas, (Sanus, Irving)
- Share Health Plan of Texas, Inc., Austin, Texas (Share, Austin)
- Southwest Health Plan, Inc., Dallas, Texas (Southwest, Dallas)
- Texas Health Plans, Inc., Austin, Texas (Texas Health Plans, Austin)
- Texas Health Plans, Inc., San Antonio, Texas (Texas Health Plans, San Antonio)
- Travelers Health Network of Austin, Inc., Austin, Texas (Travelers, Austin)
- Travelers Health Network of Texas, Inc., Houston, Texas (Travelers, Houston)
- Travelers Health Network of Texas, Inc., San Antonio, Texas (Travelers, San Antonio)

-Initial Acceptance-  
Monthly Rates

	Equicor (Dallas)	Equicor (El Paso)	Pacificare (San Antonio)
Employee	\$ 83.87	\$ 74.42	\$ 62.61
Employee/Spouse	171.94	179.49	139.17
Employee/Child(ren)	159.36	134.87	118.17
Employee/Family	255.81	223.05	181.97

	Prudential (Dallas)	Rio Grande (El Paso)
Employee	\$ 84.50	\$ 81.00
Employee/Spouse	145.66	191.00
Employee/Child(ren)	139.60	144.00
Employee/Family	206.76	239.00

-Renewal-  
Monthly Rates

	CIGNA (Dallas)	CIGNA (Houston)	Equicor (Houston)
Employee	\$ 84.26 (80.18)	\$ 80.72 (80.29)	\$ 84.88 (78.86)
Employee/Spouse	200.54 (190.82)	186.98 (184.67)	178.24 (177.45)
Employee/Child(ren)	178.63 (169.97)	157.07 (156.57)	174.00 (157.73)
Employee/Family	254.47 (241.86)	261.92 (260.94)	263.12 (260.25)

	Kaiser (Dallas)	Maxicare (Dallas)	Maxicare (Houston)
Employee	\$ 87.74 (85.23)	\$ 90.93 (81.94)	\$ 86.73 (81.82)
Employee/Spouse	210.58 (204.54)	181.86 (163.89)	171.95 (162.22)
Employee/Child(ren)	175.48 (170.45)	173.46 (156.39)	165.06 (155.72)
Employee/Family	263.22 (255.68)	277.25 (254.38)	258.72 (244.08)

	Maxicare (San Antonio)	Prudential (Austin)	Prudential (Houston)
Employee	\$ 84.94 (83.92)	\$ 82.76 (82.76)	\$ 82.35 (79.50)
Employee/Spouse	155.44 (153.57)	172.25 (172.25)	177.96 (171.39)
Employee/Child(ren)	140.15 (138.47)	143.52 (143.52)	157.03 (151.61)
Employee/Family	240.38 (237.49)	224.80 (224.80)	252.65 (243.64)

	Prudential (San Antonio)	Sanus (Houston)	Sanus (Irving)
Employee	\$ 79.00 (84.07)	\$ 71.00 (88.33)	\$ 85.00 (85.25)
Employee/Spouse	170.00 (168.13)	150.00 (185.49)	173.10 (179.02)
Employee/Child(ren)	145.00 (120.00)	129.00 (158.99)	148.60 (153.45)
Employee/Family	250.00 (225.00)	222.00 (273.82)	256.20 (264.28)

-Renewal-  
Monthly Rates

	Share (Austin)	Southwest (Dallas)	Texas Health Plans (Austin)
Employee	\$ 82.50 (77.75)	\$ 72.72 (68.60)	\$ 79.76 * (87.50)
Employee/Spouse	188.10 (171.00)	151.66 (143.08)	173.40 * (189.78)
Employee/Child(ren)	171.05 (155.50)	138.16 (130.34)	169.93 * (184.21)
Employee/Family	265.05 (240.95)	227.50 (214.62)	277.44 * (280.46)

\* These rates are slightly less than originally approved in the Executive Committee Letter, due to the submission of a revised rate structure.

	Texas Health Plans (San Antonio)	Travelers (Austin)	Travelers (Houston)
Employee	\$ 81.16 (81.16)	\$ 80.29 (71.37)	\$ 80.62 (72.74)
Employee/Spouse	178.55 (178.55)	180.33 (179.56)	181.40 (163.68)
Employee/Child(ren)	175.24 (175.24)	164.05 (149.87)	163.65 (147.67)
Employee/Family	255.24 (255.24)	248.52 (234.80)	259.28 (233.85)

	Travelers (San Antonio)
Employee	\$ 79.19 (72.89)
Employee/Spouse	183.67 (169.05)
Employee/Child(ren)	150.18 (138.23)
Employee/Family	219.70 (202.21)

BACKGROUND INFORMATION

A Health Maintenance Organization is an affiliation of physicians, hospitals, and other health care providers who agree to provide for the health care needs of participants in return for a fixed prepaid monthly fee. There are no deductibles, but each participant pays co-payments for specified medical services each time he or she receives care. Federal and State

statutes require a State institution of higher education to offer a health maintenance organization as an alternative to the group insured medical plan upon proper application of the Health Maintenance Organization.

The proposals submitted by the five new Health Maintenance Organizations have been reviewed by the U. T. System Personnel Office and the Office of General Counsel and have been approved by the Executive Director for Finance and Administration based upon the concurrence of the Executive Vice Chancellors for Academic and Health Affairs. They are consistent with "Procedures for Inclusion of Health Maintenance Organizations" approved by the U. T. Board of Regents at the February 1983 meeting.

Contracts for Kaiser Foundation Health Plan of Texas (Dallas), and Maxicare San Antonio, Inc. (formerly HealthAmerica Corporation of Texas, San Antonio) were first approved for 1983-84. CIGNA Health Plan of Texas, Inc. (Dallas and Houston), and Prudential Health Care Plan, Inc. (Austin) contracts were approved initially for 1984-85. Maxicare Texas, Inc. (Houston), Prudential Health Care Plan, Inc. (Houston), and Texas Health Plans, Inc. (formerly Central Texas Health Plan, Austin) contracts were approved initially for 1985-86, and Equicor Health Plan Inc. (formerly United Health Plan of Texas, Inc., Houston), Maxicare North Texas, Inc. (Irving), Prudential Health Care Plan, Inc. (San Antonio), Sanus Texas Health Plan, Inc. (Irving), Sanus Texas Health Plan, Inc. (Houston), Share Health Plan of Texas, Inc. (Austin), Southwest Health Plan, Inc. (Dallas), Texas Health Plans, Inc. (formerly South Texas Health Plan, San Antonio), Travelers Health Network of Austin, Inc. (Austin), Travelers Health Network of Texas, Inc. (formerly Whittaker Health Plans, Houston and San Antonio) were approved initially for 1986-87. Coastal Bend Health Plan, Inc. (Austin) approved initially for 1986-87 chose not to renew for 1987-88 due to low enrollment and other factors.

The review process for new Health Maintenance Organizations proposing to offer optional service to U. T. System employees was not completed in time to present these rates for consideration at the June 1987 U. T. Board of Regents' meeting when renewal rates and plan design changes for the Aetna Group Plan were presented.

Thus, this approval was sought via Executive Committee Letter prior to the August U. T. Board of Regents' meeting to facilitate the earliest possible communication with employees prior to their selection of health plans for 1987-88.

3. U. T. El Paso: Josephine Clardy Fox Fund - Recommendation for Disapproval of Contract for the Sale of Real Estate at 5118 East Paisano, El Paso, Texas (Exec. Com. Letter 87-17).--

#### RECOMMENDATION

The Executive Committee concurs with the recommendation of Interim President Natalicio and the Office of the Chancellor that the contract to sell real estate located at 5118 East Paisano, El Paso, Texas (Josephine Clardy Fox Fund - U. T. El Paso), to Ms. Doris Pryzant, Houston, Texas, for \$54,000,

less sales commission and survey costs, not be approved. Due to the discovery of a material error in the size of the parcel, the contract price is less than the fair market value.

#### BACKGROUND INFORMATION

This parcel has been identified by the Office of Asset Management as one that should be sold due to low return from rents and poor chances for appreciation. The current lease runs through 1992 at the rate of \$225 per month through September 1987 and \$250 per month thereafter. The contract price of \$54,000 was \$3,000 more than the most recent appraisal of \$51,000. However, upon receipt of the survey prepared in anticipation of closing following Regental approval, it was discovered that the tract contained 13,754.77 square feet rather than 12,000 square feet as reflected in the records for the Josephine Clardy Fox Fund. When asked to amend the contract to \$58,450 to reflect the appraised value of \$4.25 per square foot, the buyer declined. Since the contract price equals \$3.93 per square foot, it is recommended that the contract be disapproved by the U. T. Board of Regents because the price is less than the appraised value.

## **Finance and Audit Committee**

FINANCE AND AUDIT COMMITTEE  
Committee Chairman Roden

Date: August 13, 1987  
Time: Following the meeting of the Executive Committee  
Place: Regents' Meeting Room, Ninth Floor, Ashbel Smith Hall

	<u>Page</u> <u>F&amp;A</u>
1. U. T. System: <u>Docket No. 35 of the Office of the Chancellor</u>	2
2. U. T. System: Systemwide Automobile Liability Insurance Policy - Renewal of Policy	2
3. U. T. System: Recommendation for Adoption of a Continuing Resolution to Establish Interim Budget and Payroll Procedures Pending the Preparation of 1987-88 Operating Budgets	3
4. U. T. System: Permanent University Fund (PUF) Bond Proceeds Capital Improvement Program - Advance Allocation of Equipment Reserves for U. T. Arlington	4
5. U. T. System and U. T. Cancer Center: Recommendation that the Source of the Temporary Fund Advance for Acquisition of the Houston Main Building (formerly Prudential Building) Become the Permanent Funding Source	5
6. U. T. Austin: Consideration of Legislative Authorization for the Use of Available Fund Resources to Match Private Gifts for Scholarships	6

1. U. T. System: Docket No. 35 of the Office of the Chancellor.--

#### RECOMMENDATION

It is recommended that Docket No. 35 of the Office of the Chancellor be approved.

It is requested that the Committee confirm that authority to execute contracts, documents, or instruments approved therein has been delegated to the officer or official executing same.

2. U. T. System: Systemwide Automobile Liability Insurance Policy - Renewal of Policy.--

#### RECOMMENDATION

The Office of the Chancellor recommends authorization be given to renew The University of Texas Systemwide Automobile Liability Insurance Policy with the Cigna Insurance Company of Philadelphia, Pennsylvania, for an additional one-year period beginning September 1, 1987 through August 31, 1988, with a renewal premium not exceeding \$191,987. This policy and the premium charged therefore is subject to the rates and premium discount prescribed by the State Board of Insurance, the loss experience modifier as published by the State Insurance Service Office and the dividend rate as filed with the State Board of Insurance. This policy is approved each year by the State Board of Insurance and the Attorney General's Office.

#### BACKGROUND INFORMATION

In accordance with Chapter 101 of the Civil Practices and Remedies Code and Article 6252.19a of Vernon's Texas Civil Statutes, the University is authorized to purchase Motor Vehicle Liability Insurance for officers' and employees' use and operation of University-owned and operated vehicles. Such coverage has been provided since 1970.

A continuing review of this market indicates no significant advantage to the University in seeking new proposals for this insurance coverage.

The University in cooperation with the Cigna Company has instituted several new safe-driving procedures/requirements affecting University employees that have significantly reduced the accident loss record for the University. To date, the safe-driving efforts have resulted in a significant reduction of our loss history in excess of 60%. Continued cooperation between the University and the Cigna Company should further the loss reduction and consequently the cost to the University for the insurance coverage.

Premiums are applied to each institution in accordance with the vehicle inventory of that institution. Dividends received are apportioned to each institution according to the premium paid. Coverage provided by this policy is:

\$100,000/\$300,000 for bodily injury  
\$150,000 for property damage

This policy is a continuation of the policy originally ratified by the U. T. Board of Regents in October 1986. The 1986-87 premium is \$242,237.

3. U. T. System: Recommendation for Adoption of a Continuing Resolution to Establish Interim Budget and Payroll Procedures Pending the Preparation of 1987-88 Operating Budgets.--

RECOMMENDATION

Inasmuch as the 70th Legislature has not produced an appropriations bill in sufficient time to allow the component institutions to prepare 1987-88 operating budgets for consideration by the U. T. Board of Regents at its August 1987 meeting, the following budget and payroll procedures are recommended effective September 1, 1987:

- a. Payrolls will be rolled over into September 1987 at 1986-87 rates. Twelve month rates will be as of August 31, 1987, and nine month (academic) rates will be as of May 31, 1987.
- b. In the 1987-88 Operating Budgets, the effective date for budgetary appointments will continue to be September 1, 1987. Payroll adjustments to convert the September 1987 stipend paid to the 1987-88 budget rates may be done by a supplemental payroll or adjusted with the October 1987 payroll.
- c. The payroll provisions stated above will apply to all Fund Sources and to all Fund Groups.
- d. Other objects of expenditure for the Educational and General Operating Budgets will be entered in the September 1987 accounts at 1987 levels, with appropriate adjustments to be made following approval of the 1987-88 Operating Budget in October 1987.
- e. For Auxiliary Enterprises, Contracts and Grants, Designated Funds, etc., the expenditure levels for "operating expenses" other than salaries will be based on budgeted revenues anticipated in 1987-88 and/or Contracts and Grants expected to be in effect during 1987-88.

REVISED AGENDA ITEM

and

SUPPLEMENTAL INFORMATION

FINANCE AND AUDIT COMMITTEE

Page F&A - 3

3. U. T. System: Recommendation for Adoption of a Continuing Resolution to Establish Interim Budget and Payroll Procedures Pending the Preparation of 1987-88 Operating Budgets, and Recommendation to Approve 1987-88 Budget Policies and Limitations.--

REVISED RECOMMENDATION

The Office of the Chancellor recommends that the original recommendation as set forth in the Material Supporting the Agenda related to a continuing budgetary resolution be withdrawn. In its place the Office of the Chancellor recommends that the U. T. Board of Regents:

Approve the 1987-88 Budget Policies and Limitations for General Operating Budgets, Auxiliary Enterprises, Contracts and Grants, Restricted Current Funds, Designated Funds, and Service and Revolving Funds Activities, as set forth on Pages F&A 3a - 3c.

BACKGROUND INFORMATION

The approval of these budget policies and the related transfers and allocations set forth in Item 8 will permit a more timely execution of the budgetary process and provide a mechanism by which the 1987-88 budgets may be approved to be effective on September 1, 1987, without the payroll complications, increased processing costs and budgetary uncertainties associated with a continuing resolution. The details of this revised procedure and of the budget policies will be discussed with the Board in the Briefing Session prior to the meeting.

The University of Texas System

1987-88 Budget Policies and Limitations

for General Operating Budgets,  
Auxiliary Enterprises, Contracts  
and Grants, Restricted Current Funds,  
Designated Funds, and Service and  
Revolving Funds Activities.

In preparing the draft of the Fiscal 1988 operating budget, the Chief Administrative Officer of each component institution should adhere to the following guidelines and policies as detailed below. Overall budget totals, including reasonable reserves, must be limited to the funds available for the year from:

- ° General Revenue Appropriations
  - ° Estimates of Local Income
  - ° Limited Use of Institutional Unappropriated Balances
1. The recommendations for salary increases for personnel are subject to the current regulations and directives included in the General Appropriations Bill. This bill states in part:

"Sec. 22 SALARY PROVISIONS. c. It is expressly provided that institutional administrators may grant merit salary increases to employees whose job performance and productivity is consistently above that normally expected or required.

d. Salary Increases for faculty in the general academic universities and technical institutes; professional positions in the Texas A&M University Services; and faculty and professional positions in the health science centers and other medical education programs shall be awarded on the basis of merit and performance in accepted activities including teaching, research, and service."

2. General Salary Policy -

Selective merit salary increases may be provided for the faculty, administrative/professional staff and classified staff subject to available resources. This policy applies to all fund sources.

(a) Faculty Salary Policy - Merit increases or advances in rank are to be on the basis of teaching effectiveness, research, and public service. Recognizing the expectations of the legislative leadership and the intent of the faculty compensation policies enacted in H.B. 2181, the institutions should provide average merit faculty salary increases of 10% for filled and continuing positions of the tenure or tenure track ranks. The faculty salary goal is to equal the average of that provided by similar institutions nationwide having a similar role and mission. Faculty salary increases are the highest priority.

(b) Administrative and Professional Salary Policy - Merit salary increases for administrative/professional staff are to be based on evaluation of performance in areas appropriate to work assignments, and, subject to availability of funds, should approximate average increases available for classified personnel but not exceed those available for faculty.

General Salary Policy - (Continued)

(c) Classified Personnel Salary Policy - Merit salary increases for classified personnel in accordance with the Personnel Pay Plan policies approved by the U. T. Board of Regents may be given only to individuals who will have been employed by the institution for at least six months as of August 31, 1987, and should be given in full step increments in accordance with the institutional pay plan.

3. New faculty positions are to be based on conservative estimates of enrollment increases. Total faculty staffing should be reviewed in terms of planned increases in work load.
4. New Administrative/Professional positions are to be requested only when justified by increased work loads and from funds available after merit salary increases are granted.
5. New classified positions are to be requested only when justified by increased work loads.
6. Maintenance, Operation, and Equipment items can be increased only as justified by expanded work loads, inflation, or newly developing programs.
7. Travel funds are to be shown as separate line items.
8. Transfers and Allocations -

To provide the resourcing necessary for the general academic institutions to implement these budget policies there is transferred from Interest on Permanent University Fund Variable Rate Notes the amount of \$9 million and from Permanent University Fund Bond Proceeds the amount of \$2.5 million for a total of \$11.5 million to be allocated as follows:

U. T. Arlington	\$ 2,500,000
U. T. Austin	2,000,000
U. T. Dallas	1,500,000
U. T. El Paso	2,000,000
U. T. Permian Basin	500,000
U. T. San Antonio	2,000,000
U. T. Tyler	500,000
U. T. System - Contingency for Future Allocation to the Gen- eral Academic Institutions	<u>500,000</u>
	<u>\$11,500,000</u>

Vouchering and appropriate documentation of the institutional expenditure of their allocations will be processed through the U. T. System Office of the Comptroller.

1987-88 OPERATING BUDGET CALENDAR  
(Revised)

August 1987	U. T. Board of Regents' Approval of Policies and Continuing Resolution document
August 10, 1987	<u>Five</u> draft copies (bound) of Budgets due to System Administration (including 5 copies of supplemental data)
August 17-28, 1987	Budget Hearings with System Administration
September 4, 1987	<u>Fifteen</u> copies of Budgets (bound) due to System Administration (with 5 copies of adjusted supplemental data as applicable)
September 20, 1987	Executive Committee Letter - Budget Summaries
September 28, 1987	Budgets mailed to the U. T. Board of Regents
October 8-9, 1987	U. T. Board of Regents' Budget Meeting
October 16, 1987	<u>Forty-five</u> copies of Budgets (unbound) due to System Administration for binding

### BACKGROUND INFORMATION

The above items outline the procedures planned at this time to meet transition problems in the 1987-88 fiscal year caused by the delayed appropriations bill. When the bill is finally approved, the appropriate instructions relating to salaries and/or other items will be incorporated into a "1987-88 Operating Budget Policy" statement and forwarded to the U. T. Board of Regents via the Executive Committee Letter procedure.

4. U. T. System: Permanent University Fund (PUF) Bond Proceeds Capital Improvement Program - Advance Allocation of Equipment Reserves for U. T. Arlington.--

### RECOMMENDATION

The Office of the Chancellor recommends the redesignation of \$216,900 Capital Improvement Program funds allocated in January 1987 and the advance allocation of \$414,738 from the unallocated Capital Improvement Program reserve for equipment purchases (total of \$631,638) to purchase a DEC VAX 8700 computer as a replacement for the existing obsolete DEC 2060 at U. T. Arlington. Approval of the redesignation and advanced allocation at this time will enable U. T. Arlington to save an estimated \$145,000 on an equipment purchase anticipated for funding in fiscal year 1987-88. This advance allocation request is necessitated by the delay in the legislative budget process.

This item requires the concurrence of the Academic Affairs Committee.

### BACKGROUND INFORMATION

At the January 14, 1987 meeting, the U. T. Board of Regents approved an advance allocation to U. T. Arlington of \$353,900 for the purchase of a transmission electron microscope, an energy dispersive X-ray analyser, and a scanning tunneling electron microscope. The purchase of the transmission electron microscope at a cost of \$237,000 was contingent upon receipt of \$100,000 from the Defense Advanced Research Projects Agency (DARPA), an amount which has since been received. The purchase of the scanning tunneling microscope was contingent upon successful recruitment of an experienced scanning tunneling microscope scientist. The University has not yet been successful in that recruitment and, consequently, has an immediate need for only \$137,000 to be matched by the DARPA funds for the transmission electron microscope. The balance of \$216,900 is, therefore, available to be reallocated to meet more urgent needs.

The University has been negotiating with Digital Equipment Company (DEC) to replace their obsolete DEC 2060 computer. As a result of these negotiations, the University entered into a contract to purchase a new DEC 8700 computer and related equipment for \$631,638 contingent upon funds becoming available as part of the Capital Improvement Program equipment allocation.

When the contract was negotiated, it was anticipated that the FY 1987-88 PUF equipment allocation would be made at the August 1987 meeting of the U. T. Board of Regents. However, delays in the legislative budget process have pushed these considerations to the October 1987 U. T. Board of Regents' meeting. The contract can be canceled at no cost prior to August 20, 1987. However, the University estimates that a later contract for the same equipment would cost at least \$145,000 more, of which \$66,000 is attributable to a published price increase for the DEC 8700; \$34,000 is attributable to the higher cost of maintaining the old DEC 2060; and the balance is attributable to the loss of negotiated trade-in value on the old DEC 2060. The University proposes to use \$216,900 previously authorized for the electron microscope laboratory and an additional \$414,738 advance allocation from the Capital Improvement Program equipment reserve to execute this computer contract before August 20, 1987.

Acquisition of the replacement computer is the University's highest priority project for PUF equipment funding. Funding for the scanning tunneling electron microscope and the energy dispersive X-ray analyser will be reconsidered when the equipment reserve for FY 1987-88 is allocated among all component institutions. Funds now available in the Capital Improvement Program equipment reserve for allocation amount to \$9,246,100. The requested advance does not exceed the dollar amount anticipated to be available to U. T. Arlington.

5. U. T. System and U. T. Cancer Center: Recommendation that the Source of the Temporary Fund Advance for Acquisition of the Houston Main Building (formerly Prudential Building) Become the Permanent Funding Source.--

#### RECOMMENDATION

The Office of the Chancellor recommends that the temporary fund advance of \$12,000,000 made by the U. T. Cancer Center from institutional funds for the acquisition of the Houston Main Building (formerly Prudential Building) be made the permanent funding source for the property and the appropriation from Permanent University Fund (PUF) Bond Proceeds be reversed.

#### BACKGROUND INFORMATION

In 1974, The University of Texas Cancer Foundation, Incorporated, purchased the Houston Main Building (formerly Prudential Building) from the Prudential Insurance Company of America. At its July 1974 meeting, the U. T. Board of Regents authorized the purchase of the land and improvements from the Cancer Foundation, subject to an \$18,000,000 Note and Deed of Trust Lien. The Cancer Foundation deeded subject property to the U. T. Board of Regents on July 25, 1974. From 1974 to 1977 the Prudential Insurance Company leased a part of the building until their new facility was completed.

The U. T. Board of Regents authorized payment of the note at its February 1977 meeting by the appropriation of \$18,000,000 from Permanent University Fund (PUF) Bond Proceeds. Included in the appropriation was the authority for temporary fund advances as necessary.

On February 14, 1977, the U. T. System Administration disbursed \$6,000,000 from PUF Bond Proceeds and U. T. Cancer Center disbursed \$12,000,000 from institutional funds to the Prudential Insurance Company in exchange for the release of the lien on the property.

The \$12,000,000 advance made by the U. T. Cancer Center has been on the records of U. T. System Administration as a payable and U. T. Cancer Center as a receivable since 1977. The State Auditor has recommended in the Management Letter for fiscal year 1986 that this long-standing receivable/payable be resolved; thus the recommendation of reversing the appropriation from PUF Bond Proceeds and making the temporary funding source permanent.

6. U. T. Austin: Consideration of Legislative Authorization for the Use of Available Fund Resources to Match Private Gifts for Scholarships.--

Regent Barshop will report on this matter at the meeting.

## Academic Affairs Committee

ACADEMIC AFFAIRS COMMITTEE  
Committee Chairman Baldwin

Date: August 13, 1987  
Time: Following the meeting of the Finance and Audit Committee  
Place: Regents' Meeting Room, Ninth Floor, Ashbel Smith Hall

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1. U. T. Arlington: Recommendation for Approval to Accept Gifts from Fort Worth Chamber Foundation, Inc., Fort Worth, Texas, Consisting of Real Property (Including Land and a Research Building Complete with Furnishings and Equipment) and Cash to Create an Endowment, All for the Establishment and Support of the Automation and Robotics Research Institute (ARRI) (formerly the Advanced Robotics Research Institute).--

#### RECOMMENDATION

The Office of the Chancellor concurs with the recommendation of President Nedderman that the U. T. Board of Regents:

- a. Authorize the Executive Vice Chancellor for Academic Affairs to accept a gift on behalf of the U. T. Board of Regents of an 18-acre tract of land and a completed building, including furnishings and equipment, donated by the Fort Worth Chamber Foundation, Inc., Fort Worth, Texas, to be used as the facility for the Automation and Robotics Research Institute (ARRI) at U. T. Arlington, after approval by the Office of General Counsel of all gift instruments and after certification by the Office of Facilities Planning and Construction that the facilities are completed according to specifications and are ready for beneficial occupancy.
- b. Authorize the Executive Vice Chancellor for Academic Affairs to accept on behalf of the U. T. Board of Regents a gift from the Fort Worth Chamber Foundation, Inc., of all cash received from donors on behalf of the ARRI which is on hand as of the date of acceptance of the completed facility (approximately \$750,000), as a partial payment of its pledge to solicit gifts and to donate \$2,000,000 to the U. T. Board of Regents to establish two endowment funds for the support of the ARRI at U. T. Arlington. (Recommendations regarding establishment of endowed academic positions will be made at a future date when remaining pledges are transferred.)

#### BACKGROUND INFORMATION

On October 12, 1984, the U. T. Board of Regents entered into a Letter of Understanding with David R. Newell and Kenneth B. Newell, Fort Worth, Texas, on behalf of Newell & Newell, Ltd., a Texas limited partnership, and the Fort Worth Chamber Foundation, Inc., a Texas nonprofit corporation, for the purpose of establishing and providing the facilities for an Automation and Robotics Research Institute (ARRI) (formerly Advanced Robotics Research Institute) in Fort Worth, Texas, to be staffed and operated by U. T. Arlington as an educational research facility of its College of Engineering. An Amendment to this Letter of Understanding was agreed to by the parties on June 18, 1986.

Pursuant to the terms of the Letter of Understanding, as amended, Newell & Newell, Ltd., has donated an 18-acre site tract (valued at \$5 million) located in RiverBend Business Park in northeast Fort Worth and is constructing (at cost) a 48,000 square-foot building to house the Institute; U. T. Arlington is planning research projects and is arranging for the staffing and operation of the Institute; and the Foundation has solicited donations and is providing the funding for construction, furnishing and equipping the facility. In addition, a significant portion of the necessary robotics and computer equipment has been donated by participating manufacturers. The total cost of the facility, complete with furnishings and equipment, is approximately \$3 million, not including the land donated by Newell & Newell, Ltd., to the Foundation.

Upon completion of construction, the Fort Worth Chamber Foundation, Inc. will donate the 18-acre tract and the completed building located thereon, including furnishings and equipment to the U. T. Board of Regents to house ARRI at U. T. Arlington. At that time, the Foundation will also donate to the U. T. Board of Regents all cash donations which the Foundation has solicited and received from donors on behalf of the ARRI, in partial fulfillment of the Foundation's pledge to donate \$2,000,000 in cash to establish two endowment funds for the support of the ARRI. This Foundation has agreed to continue collection of outstanding pledges and has promised that the U. T. Board of Regents will receive the full amount pledged within 60 days after December 31, 1990.

The building is substantially completed as of this date and is expected to be ready for occupancy on or before September 1, 1987.

Advance authorization to accept the gift of the land and building is requested in order that title to the realty may be deeded to the U. T. Board of Regents as promptly as possible after the building is ready for occupancy, so as to allow U. T. Arlington to begin start-up operations and to pay for certain necessary items, such as utilities.

2. U. T. Austin: Request for Permission for Individual to Serve as a Member of the Policy Board of the Hazardous Waste Research Center.--

#### RECOMMENDATION

The Office of the Chancellor concurs with President Cunningham's request for approval of the appointment of Dr. Raymond Loehr, Hussein M. Alharthy Centennial Chair holder in Civil Engineering in the College of Engineering at U. T. Austin, to the Policy Board of the Hazardous Waste Research Center established by the 70th Legislature at Lamar University at Beaumont, Texas, under the authority of the Board of Regents of the Lamar University System.

## BACKGROUND INFORMATION

The Hazardous Waste Research Center was established by the 70th Legislature (Senate Bill 39) to provide coordination for the hazardous waste research activities of a consortium of Texas universities which initially includes U. T. Austin; Texas Engineering Experiment Station, a component of The Texas A&M University System; University of Houston-University Park; and Lamar University at Beaumont.

The Center will provide coordination of the activities of the consortium universities and is to carry out a program of research, evaluation, testing, development, and demonstration of alternative or innovative technologies to be used in minimization, destruction, or handling of hazardous wastes.

The legislation establishing the Center creates a Policy Board to determine the policies for program research, evaluation, testing, development, demonstration, intellectual property rights, and peer review. The governing board of each institution of higher education belonging to the consortium is to appoint an individual to serve as a member of the Policy Board. It is U. T. Austin's appointment that is the subject of this recommendation. Additionally, the legislation calls for an advisory council consisting of four appointees by each member institution, two of whom shall be from private industry. President Cunningham will make the U. T. Austin appointments at a later date.

Dr. Loehr joined the U. T. Austin Department of Civil Engineering in January 1985 and is internationally recognized for his research in environmental engineering. His research deals with land disposal of industrial hazardous waste and assimilation of the waste by biota in soils.

3. U. T. Austin: Proposed Appointments to Endowed Academic Positions in the College of Business Administration and the Graduate School of Business Effective September 1, 1987.--

## RECOMMENDATION

The Office of the Chancellor concurs with President Cunningham's recommendation to approve the following appointments to endowed academic positions in U. T. Austin's College of Business Administration and the Graduate School of Business effective September 1, 1987.

<u>Name of Proposed Appointee</u>	<u>Endowed Academic Position</u>
Dr. Patrick L. Brockett, Professor, Department of Finance	Paul V. Montgomery Centennial Memorial Professorship in Actuarial Science, established August 1983; initial appointment
Dr. John D. Martin, Professor, Department of Finance	First RepublicBank Corporation Centennial Professorship in Business Administration, established August 1982; proposed redesignation August 1987; initial appointment

## BACKGROUND INFORMATION

Dr. Brockett joined the U. T. Austin faculty in 1981 and currently serves as the Director of the Actuarial Science Program in the Department of Finance. He has authored or coauthored over forty journal articles, published one book and has received national and international recognition in fields of probability, statistics, stochastic processes, actuarial science, and risk management and insurance. Dr. Brockett is an excellent teacher and won the College of Business Foundation Advisory Council Award for Research Excellence in 1984. He has served on 23 completed Ph.D. committees and has chaired three master's reports and one Ph.D. dissertation.

Dr. Martin, a faculty member at U. T. Austin since 1977, is widely recognized for his work in portfolio risk and performance analysis, as well as the analysis of financial leases. He has authored or coauthored seven books and over forty refereed journal articles. Dr. Martin is an excellent teacher and developed Finance 394.5, one of the most popular electives in the M.B.A. program. He is a member of the editorial boards of twelve business research journals and his work has been reprinted in investment and corporate finance literature.

Redesignation of the RepublicBank Corporation Centennial Professorship in Commercial Banking & Trust is provided for in Item 4, Page L&I - 8.

4. U. T. Austin: Proposed Appointment to the Ruth Knight Millikan Centennial Professorship in the College of Education Effective September 1, 1987.--

## RECOMMENDATION

The Office of the Chancellor concurs with President Cunningham's recommendation that Dr. Lorrin Kennamer, Dean of the College of Education and Professor in the Departments of Curriculum and Instruction and Geography, be appointed as the initial holder of the Ruth Knight Millikan Centennial Professorship in the College of Education at U. T. Austin effective September 1, 1987.

## BACKGROUND INFORMATION

Dr. Kennamer joined the U. T. Austin faculty in 1956 and served as Dean of the College of Education from 1970 until his retirement from that position this year. He is the author or coauthor of several textbooks and over thirty articles and manuals. Dr. Kennamer is active in numerous professional organizations, including the College Advisory Committee, Texas Association of School Administrators, and the National Advisory Committee of The Council of Chief State School Officers. He is an excellent teacher and administrator and has received numerous awards which include the Teaching Excellence Award at U. T. Austin and the Edward S. Noyes Award for Outstanding Service from The College Board.

The Ruth Knight Millikan Centennial Professorship was established by the U. T. Board of Regents in February 1984.

5. U. T. Austin: Proposed Appointments to Endowed Academic Positions in the College of Engineering Effective September 1, 1987.--

RECOMMENDATION

The Office of the Chancellor concurs with President Cunningham's recommendation to approve the following appointments to endowed academic positions in the U. T. Austin College of Engineering effective as indicated. Professors will vacate any currently held endowed positions on the effective date of the new appointment unless otherwise indicated.

<u>Name of Proposed Appointee</u>	<u>Endowed Academic Position</u>
Dr. Joseph A. Yura, Warren S. Bellows Centennial Professor in Civil Engineering	Hussein M. Alharthy Centennial Professorship in Civil Engineering, established June 1983; for the 1987-88 Fall Semester only
Dr. Karl Johan Astrom, Professor, Department of Automatic Control, Lund Institute of Technology/ University of Lund, Sweden	Dula D. Cockrell Centennial Chair in Engineering, established August 1982; for October 16 - 31, 1987 only
Dr. Willis A. Adcock, Senior Lecturer, Department of Electrical and Computer Engineering	Sixth Cockrell Family Regents Chair in Engineering established February 1985; initial appointment
	<u>Note:</u> Dr. Adcock was incorrectly appointed to the Third Cockrell Family Regents Chair in Engineering in the <u>Material Supporting the Agenda and Minutes for the June 11, 1987 meeting of the Board</u> and this appointment is to correct the record.
Dr. John D. Borcharding, Professor, Department of Civil Engineering	Josey Centennial Professorship in Energy Resources, established February 1983; initial holder

BACKGROUND INFORMATION

Dr. Yura, a faculty member at U. T. Austin since 1966, is internationally recognized as one of the leading authorities in the area of steel structural design, particularly welded and bolted connections and has been a consultant in problem solving relating to structural failures in industrial, commercial, and office building design throughout the United States and overseas. Dr. Yura is frequently invited to present special one-day seminars throughout the country by the American Institute of Steel Construction and the American Iron and Steel Institute and is active in professional and

technical societies. He has received numerous teaching awards including the Texas Excellence Teaching Award in Engineering, the Student Engineering Council Teaching Award, the General Dynamics Teaching Excellence Award, and the Cactus Teaching Award. Dr. Yura will retain his appointment to the Warren S. Bellows Centennial Professorship in Civil Engineering during his one semester appointment to this professorship.

Dr. Astrom's appointment as Visiting Professor at U. T. Austin has been approved for the period October 16-31, 1987 only. He has been a distinguished professor at the University of Lund for more than 20 years and is internationally recognized for his research contributions in the areas of stochastic control, system identification, adaptive control, and computer control. Dr. Astrom has written three books and more than 50 scholarly articles and holds two patents. He has held visiting faculty appointments at Brown University, University of Chicago, Washington University, University of Southern California, Imperial College in London, University of Manchester, University of Warwick, and ETH in Zurich. Dr. Astrom has been a member of the Swedish Academy of Engineering Sciences since 1972 and a member of the Royal Physiographical Society since 1967 and was elected a Fellow of the Institute of Electrical Electronic Engineers (IEEE) in 1979.

Dr. Adcock was appointed Professor at U. T. Austin effective June 1, 1987. He served as Senior Lecturer in the Department of Electrical and Computer Engineering since January 1986 and is an internationally recognized expert in the field of semiconductor manufacturing. He joined Texas Instruments in 1953 and headed the group that built the first silicon transistor. Dr. Adcock later managed the TI Semiconductor Division's Research and Engineering Department, was appointed Principal Fellow at Texas Instruments in 1978, and served as Vice President at TI from 1982 to 1986. Dr. Adcock is the author or coauthor of fourteen papers and holder or co-holder of thirteen patents. He was elected to the National Academy of Engineering in 1974 and is a Fellow of the Institute of Electrical and Electronics Engineers and the American Association for the Advancement of Science.

Dr. Borcharding, a faculty member at U. T. Austin since 1972, is internationally recognized for his expertise in the area of human resources and productivity applied to construction projects. He has written over 23 refereed journal publications and approximately 70 other publications and reports. Dr. Borcharding has lectured extensively in Australia, South Africa, and other countries and has received many awards, including the Walter L. Huber Civil Engineering Research Prize from the American Society of Civil Engineers in 1978. He has chaired committees for the American Society of Civil Engineers at both the state and national levels, in addition to chairing the Construction Committee for the American Society of Engineering Education. Dr. Borcharding is an outstanding teacher and has played a key role in developing the curriculum and content of courses in the emerging construction program at U. T. Austin. For the record, Dr. C. Michael Walton was initially

appointed to the Josey Centennial Professorship in Energy Resources at the June 1987 U. T. Board of Regents' meeting, but has relinquished that appointment to accept an appointment to the Bess Harris Jones Centennial Professorship in Natural Resource Policy Studies in the Lyndon B. Johnson School of Public Affairs as presented on Page AAC - 16.

6. U. T. Austin: Proposed Appointments to Endowed Academic Positions in the School of Law Effective as Indicated.--

RECOMMENDATION

The Office of the Chancellor concurs with President Cunningham's recommendation to approve the following appointments to endowed academic positions in U. T. Austin's School of Law effective as indicated. Professors will vacate any currently held endowed positions on the effective date of the new appointment unless otherwise indicated.

<u>Name of Proposed Appointee</u>	<u>Endowed Academic Position</u>
Mr. Stanley M. Johanson, Bryant Smith Chair in Law	Fannie Coplin Regents Chair, established June 1983; redesignated June 1985; ini- tial appointment
Mr. Douglas Laycock, Fulbright & Jaworski Professor in Law	A. Dalton Cross Professor- ship at Law, established April 1985; initial appoint- ment
Mr. Russell J. Weintraub, The John Connally Chair in Law	James R. Dougherty Chair for Faculty Excellence, established June 1975; for the 1987-88 academic year only
Mr. Robert W. Hamilton, Benno C. Schmidt Chair of Business Law	Minerva House Drysdale Regents Chair, established June 1983; redesignated June 1985; initial appoint- ment
Ms. Zipporah B. Wiseman, Professor, School of Law, Northeastern University, Boston, Massachusetts	Kraft W. Eidman Centen- nial Visiting Professor- ship in Law, established August 1983 for the 1987-88 academic year only; ini- tial appointment
Mr. William C. Powers, Jr., Judge Benjamin Harrison Powell Professor in Law	The Fondren Foundation Centennial Chair for Faculty Excellence, estab- lished August 1983; for the 1987-88 academic year only

Name of Proposed Appointee

Endowed Academic Position

Mr. Alan S. Rau, Liddell, Sapp & Zivley Professor in Banking, Financial, Commercial and Corporate Law

Fulbright & Jaworski Professorship in Law, established December 1969; and Reappointment to the Liddell, Sapp & Zivley Professorship in Banking, Financial, Commercial and Corporate Law, established June 1978; proposed redesignation August 1987; appointed for the 1987-88 academic year only

Dr. Basil S. Markesinis, Denning Professor of Comparative Law, Queen Mary College, University of London, England

The Florence Thelma Hall Visiting Centennial Professorship in Law, established June 1982; for the 1987-88 Fall Semester only

Mr. Michael E. Tigar, The Thomas W. Gregory Professor

Joseph D. Jamail Centennial Chair in Law, established August 1982; redesignated June 1986; for the 1987-88 academic year only; initial appointment

Mr. Alan E. Boyle, Faculty of Laws, Queen Mary College, University of London, England

Leroy Jeffers Centennial Visiting Professorship in Law, established June 1983; for the 1987-88 Spring Semester only; initial appointment

Mr. Harold H. Bruff, Thompson & Knight Centennial Professor in Law

John S. Redditt Professorship in State and Local Government, established October 1976

Mr. David A. Anderson, Vinson & Elkins Professor in Law

Thompson & Knight Centennial Professorship in Law, established August 1983

Mr. David M. Rabban, Professor of Law

Vinson & Elkins Professorship in Law, established May 1968; redesignated February 1985

BACKGROUND INFORMATION

Professor Johanson has been a faculty member at U. T. Austin since 1963 and is an internationally recognized legal authority on estate planning and wills and estates. He has authored or coauthored numerous law school casebooks and legal articles, has received four teaching excellence awards, and frequently speaks at continuing legal education conferences. Professor Johanson is a member of several professional and administrative boards, and has held visiting faculty appointments at various

universities, including UCLA, the University of North Carolina, the University of Washington, the University of Utah, Florida State University, Indiana University, Georgetown University, and the Illinois Institute of Technology.

Professor Laycock, a faculty member at U. T. Austin since 1981, has taught courses on constitutional law, discrimination, remedies, religious freedom, civil procedure, and commercial law and has authored more than thirty legal commentaries and briefs. He served as the Associate Dean for Academic Affairs at U. T. Austin's School of Law during 1985-86. Professor Laycock is a member of the Executive Committee of the Association of American Law Schools Section on Remedies and a member of the American Law Institute.

Professor Weintraub joined the U. T. Austin faculty in 1965 and is nationally recognized for his casebook materials and other legal contributions in the area of conflicts of laws. He has authored more than thirty publications and is frequently invited to serve as visiting professor. Professor Weintraub is an excellent teacher and has been the recipient of numerous awards, including the Hague Lecturer on Private International Law at the Hague Academy of International Law, Netherlands, and the Teaching Excellence Award at U. T. Austin.

Professor Hamilton, a faculty member at U. T. Austin since 1964, is a superb classroom teacher and an internationally recognized legal scholar in the area of corporations and corporation law. He is the author or coauthor of numerous books and articles and is a member of the American Law Institute and has served with distinction on numerous U. T. Austin, American Bar Association, American Association of Law Schools committees. Professor Hamilton has held visiting faculty appointments at the Washington University School of Law, the University of Arizona College of Law, and the University of Minnesota Law School.

Professor Wiseman's appointment as Visiting Professor at U. T. Austin has been approved effective September 1, 1987. She has been a faculty member at Northeastern University since 1973 and is nationally recognized for her work in the field of commercial law, consumer law, and civil rights. Professor Wiseman has held the appointment of the Braucher Visiting Professor at Harvard University Law School and is a member of the American Bar Association Ad Hoc Subcommittee on the Scope of the Uniform Commercial Code; the Steering Committee of the Lawyers Committee for Civil Rights Under Law, Boston Bar Association; and the Board of Directors of the Women's Resource Center, New England Medical Center and Tufts University School of Medicine.

Professor Powers, a faculty member at U. T. Austin since 1977, is a nationally recognized scholar in the field of jurisprudence. He is a graduate of the Harvard University Law School and served as the treasurer and managing editor of the Harvard Law Review. Professor Powers previously taught at the University of Washington and has held visiting faculty appointments at various universities, including the University of Michigan and Southern Methodist University. He has authored one book and approximately fifteen articles, reviews, notes and other legal publications and is an excellent teacher in the fields of jurisprudence, torts, civil procedure, and conflicts of law. He has actively served in administrative capacities in the U. T. Austin School of Law, including Associate Dean and Director of the Summer School. Professor Powers will retain his appointment to the Judge Benjamin Harrison Powell Professorship in Law during his one-year appointment to this Chair.

Professor Rau joined the U. T. Austin faculty in 1971 and is nationally recognized for his expertise in the areas of contracts, contract negotiations and drafting, alternative dispute resolution, copyrights and unfair competition, and business torts. He is a graduate of Harvard University Law School and former editor of the Harvard Law Review and was an associate with the Paris law firm of Coudert Freres, before joining the U. T. Austin School of Law. Professor Rau was awarded a Fulbright grant to teach at the China University of Political Science and Law in Beijing in 1985-86. He is an outstanding classroom instructor and has authored or coauthored a number of scholarly articles and one textbook. Professor Rau was appointed to the Liddell, Sapp & Zivley Professorship in Banking, Financial, Commercial and Corporate Law in August 1986 for the 1986-87 academic year only. See Page L&I - 11 for redesignation of the Liddell, Sapp, Zivley, & LaBoon Professorship in Banking, Financial, Commercial and Corporate Law.

Professor Markesinis' appointment as Visiting Professor at U. T. Austin has been approved for the Fall Semester 1987 only, effective September 1, 1987. He is an internationally recognized teacher and scholar on comparative law and has held appointments as Assistant Professor at University of Athens, Fellow of Trinity College and Lecturer at Cambridge, Visiting Professor at Cornell Law School, Professeur aux Universites de Paris I (Pantheon-Sorbonne) et Paris II, Visiting Professor at U. T. Austin, and Visiting Professor-Elect at Michigan Law School. Dr. Markesinis is the author or coauthor of nine books and numerous law review articles, case notes, and book reviews.

Professor Tigar, a faculty member at U. T. Austin since 1983, is one of the nation's preeminent trial lawyers. He was in private law practice for more than seventeen years prior to joining the U. T. Austin faculty, specializing in criminal procedure, criminal law, civil procedure, and federal jurisdiction. He is currently serving as co-chair of the Committee on Teaching Litigation, Section of Litigation, American Bar Association, and co-chair of the International Committee, National Lawyers Guild. Professor Tigar is frequently invited to lecture at national bar programs and legal conferences and has authored more than thirty publications. Professor Tigar will retain his appointment to The Thomas W. Gregory Professorship during his one-year appointment to this Chair.

Professor Boyle's appointment as Visiting Professor at U. T. Austin has been approved for the 1987-88 Spring Semester only, effective January 16, 1988. Professor Boyle, a faculty member at Queen Mary College, University of London, since 1978, is internationally recognized for his scholarly contributions in the areas of environmental law and law of the sea. He held an adjunct faculty appointment at the University of Notre Dame London Law Centre in 1986 and has served as the Assistant Editor of the European Human Rights Reports since 1980. Professor Boyle is the author of numerous articles in his fields of expertise; his most recent work, published in 1987 in English and Russian, is "Protecting the Marine Environment of Antarctica."

Professor Bruff, a faculty member at U. T. Austin since 1983, is a nationally recognized scholar in the fields of constitutional and administrative law. He is the author or coauthor of one casebook and numerous articles and has held faculty appointments at Arizona State University, the University of Minnesota, the University of North Carolina, the University of Virginia, and the University of California at Los Angeles.

Professor Bruff has testified before several U. S. Congressional committees, including the U. S. House of Representatives' Committee on Rules and has served as a senior attorney in the Office of Legal Counsel, U. S. Department of Justice.

Professor Anderson joined the U. T. Austin faculty in 1972 and is nationally recognized for his work in the fields of property law, land use planning, torts, and mass communications law. He is coauthor of three books on the State of Texas Constitution and has authored more than one dozen articles in his areas of expertise. Professor Anderson is an effective teacher and was previously a Senior Fellow at Columbia University's Gannett Center for Media Services. He has served as a consultant to or member of numerous State Bar of Texas and Texas Advisory Commission on Intergovernmental Relations committees.

Professor Rabban, a faculty member at U. T. Austin since 1983, is nationally recognized for his historical work on the First Amendment. He is a superb classroom teacher as well as a prolific scholar. He was in private practice of labor law in New York City and later served as Associate Counsel and the Counsel of the American Association of University Professors prior to joining U. T. Austin. Professor Rabban has held visiting appointments at the University of Michigan Law School and the American Bar Association.

7. U. T. Austin: Proposed Appointments to Endowed Academic Positions in the College of Liberal Arts Effective September 1, 1987.--

#### RECOMMENDATION

The Office of the Chancellor concurs with President Cunningham's recommendation to approve the following appointments to endowed academic positions in the College of Liberal Arts at U. T. Austin effective September 1, 1987.

<u>Name of Proposed Appointee</u>	<u>Endowed Academic Position</u>
Dr. Wayne A. Rebhorn, Jr., Professor, Department of English	Celanese Centennial Professorship, established August 1982; initial appointment
Dr. Niles M. Hansen, Professor, Department of Economics	Leroy G. Denman, Jr. Regents Professorship in Economics, established August 1985; initial appointment
Dr. Don B. Graham, Professor, Department of English	J. Frank Dobie Regents Professorship in American and English Literature, established June 1985; initial appointment
Dr. Warwick P. Wadlington, Professor, Department of English	Joan Negley Kelleher Centennial Professorship in Rhetoric and Composition, established August 1982; initial appointment

## BACKGROUND INFORMATION

Dr. Reborn, a faculty member at U. T. Austin since 1968, is internationally recognized for his study of the Renaissance. He is an excellent teacher and has served administratively as the adviser and chairman of comparative literature within the Department of English. He has authored two books and numerous articles and reviews and is frequently invited to guest lecture across the country.

Dr. Hansen joined the U. T. Austin faculty in 1963 and is an internationally recognized regional economist. He has published nine books, edited three others, written over 100 articles, and presented numerous invited papers. Dr. Hansen has made a continuing and valuable contribution as classroom teacher, graduate adviser, and Chairman of the Graduate Studies Committee for the Department of Economics. He has been lecturing abroad during the 1986-87 academic year as a Fulbright Distinguished Fellow.

Dr. Graham, a faculty member at U. T. Austin since 1976, is most recognized for his knowledge of Texas and the Southwest which includes literature and film, exploring the entire subject of myth and truth. He has published three books, edited four others, written over fifty articles, and presented numerous invited papers and scholarly lectures across the country. He is an excellent teacher and researcher.

Dr. Wadlington joined the U. T. Austin faculty in 1967 and is an excellent teacher in both the graduate and undergraduate levels. He has won several teaching awards including the President's Associates Teaching Excellence Award and the Bromberg Award for Excellence in Teaching. He has established himself as a major critic in American literature and has published two books and numerous articles and papers.

8. U. T. Austin: Proposed Appointments to Endowed Academic Positions in the Lyndon B. Johnson School of Public Affairs Effective September 1, 1987.--

## RECOMMENDATION

The Office of the Chancellor concurs with President Cunningham's recommendation to approve the following appointments to endowed academic positions in the U. T. Austin Lyndon B. Johnson School of Public Affairs effective September 1, 1987. Professors will vacate any currently held endowed positions on the effective date of the new appointment unless otherwise indicated.

<u>Name of Proposed Appointee</u>	<u>Endowed Academic Position</u>
Mr. Robert S. Strauss	Lloyd M. Bentsen, Jr., Chair in Government/ Business Relations, established February 1980; for the 1987-88 Fall Semester only

Name of Proposed Appointee

Endowed Academic Position

Dr. C. Michael Walton,  
Professor, Department  
of Civil Engineering

Bess Harris Jones Cen-  
tennial Professorship in  
Natural Resource Policy  
Studies, established  
February 1983

Mr. Brian Urquhart,  
Scholar-in-Residence,  
The Ford Foundation,  
New York, New York

Distinguished Visiting Tom  
Slick Professorship of  
World Peace, established  
July 1972; for the 1987-88  
Spring Semester only

BACKGROUND INFORMATION

Mr. Strauss' appointment as Visiting Professor at U. T. Austin has been approved for the 1987-88 academic Fall Semester only. He currently serves as a director of Archer-Daniels-Midland, Lone Star Industries, Music Corporation of America, Pepsico, and Xerox Corporation. Mr. Strauss served as Chairman of the Democratic National Committee from 1973 to 1976 and, in 1977, entered the Cabinet of President Carter as Special Trade Representative. He has held the rank of Ambassador and was President Carter's personal representative to the 1979 Middle East peace negotiations. He was the 1981 recipient of the Presidential Medal of Freedom, the nation's highest civilian award.

Dr. Walton, a faculty member at U. T. Austin since 1971, is nationally recognized for his expertise in the field of transportation engineering systems and planning. He has authored or coauthored over fifty technical papers, reports, and reviews in refereed and other professional journals and is frequently invited to present papers at professional societies throughout the United States. Dr. Walton currently is chairman of the Awards Committee and of the Executive Committee of the Urban Transportation Division of the American Society of Civil Engineers (ASCE). Dr. Walton was appointed to the J. Neils Thompson Centennial Teaching Fellowship in the U. T. Austin College of Engineering for 1982-83 and has served as Associate Director of U. T. Austin's Center for Transportation Research since 1980. Since 1968, he has been principal or co-principal investigator on more than 45 research projects totaling about \$3.5 million.

Mr. Urquhart's appointment as Visiting Professor has been approved effective January 16, 1988. Mr. Urquhart served until 1986 as Undersecretary of the United Nations for Special Political Affairs and is an internationally famous diplomat best known for his direction of the U. N. peacekeeping forces. He was responsible for directing U. N. forces on thirteen different occasions in various areas, including the Congo, Cyprus, the India-Pakistan border, and part of the Middle East and has worked closely with five separate Secretary Generals. Mr. Urquhart received the International Peace Academy's Distinguished Peacekeeper Award in 1985 and, since his retirement, has served as Scholar-in-Residence at The Ford Foundation writing lectures and consulting with the staff on ways of strengthening the United Nations and other international and regional organizations.

9. U. T. Austin: Proposed Appointments to Endowed Academic Positions in the College of Natural Sciences Effective September 1, 1987.--

RECOMMENDATION

The Office of the Chancellor concurs with President Cunningham's recommendation to approve the following appointments to endowed academic positions in U. T. Austin's College of Natural Sciences effective September 1, 1987. Professors will vacate any currently held endowed positions on the effective date of the new appointment unless otherwise indicated.

<u>Name of Proposed Appointee</u>	<u>Endowed Academic Position</u>
Dr. Krznsztof R. Apt, Senior Research Scientist in Computer Science, CNRS, Paris University VII, France	Professorship in Computer Sciences, established February 1984; initial appointment
Dr. David J. Saltman, Associate Professor, Department of Mathematics	Joe B. and Louise Cook Professorship in Mathematics, established August 1983
Dr. William T. Guy, Professor, Department of Mathematics	Marian Harris Gilliam Centennial Professorship in Mathematics or Physics, established February 1983; for the 1987-88 academic year only
Dr. Cameron M. Gordon, Joe B. and Louise Cook Professor in Mathematics	Mildred Caldwell and Baine Perkins Kerr Centennial Professorship in Mathematics, established June 1982
Dr. William R. Jeffery, Professor, Department of Zoology	Johann Friedrich Miescher Regents Professorship in Molecular Biology, established February 1983; redesignated August 1985; initial appointment
Dr. Yuichiro Hiraizumi, Professor, Department of Zoology	T. S. Painter Centennial Professorship in Genetics, established June 1984
Dr. Haskell P. Rosenthal, Professor, Department of Mathematics	John T. Stuart III Centennial Professorship in Mathematics, established December 1983; initial appointment

## BACKGROUND INFORMATION

Dr. Apt's appointment as Professor at U. T. Austin has been approved effective September 1, 1987. Dr. Apt is internationally recognized for his scholarly contributions in several computer science areas, including theory, artificial intelligence, systems, and programming. Prior to joining CNRS in 1981, he held a faculty appointment at Erasmus University, Rotterdam, The Netherlands, and research scientist appointments at the IBM Research Center in Yorktown Heights, New York, and the Mathematical Centre in Amsterdam, The Netherlands. He is the author or coauthor of over 40 scholarly publications and has chaired numerous international research meetings. To clarify the record, Dr. Apt is being appointed to the unnamed professorship in the Department of Computer Sciences that was funded by The West Foundation and Mr. William B. Blakemore II.

Dr. Saltman will be promoted to Professor, Department of Mathematics, U. T. Austin, effective September 1, 1987. He joined the faculty in 1982 and is internationally recognized for his contributions in the area of algebraic theory. He has authored more than twenty research publications and annually is invited to present colloquia and seminars at universities and mathematics conferences. Dr. Saltman was one of seven United States mathematicians honored by being invited to present a one-hour address at the 93rd Annual Meeting of the American Mathematical Society in January 1987 and has also been named the Algebra Editor of the prestigious Transactions of the American Mathematical Society. His previous faculty appointments include positions at Yale University and the University of Chicago. Dr. Saltman is an enthusiastic and energetic teacher who actively participates in the administration and development of the U. T. Austin Department of Mathematics.

Dr. Guy joined the U. T. Austin faculty in 1951 and is highly regarded as a teacher of engineering mathematics. He developed the Engineering Honors version of the Department of Mathematics introductory calculus course and has taught this course since its inception. Dr. Guy, whose research interests include Laplace transformations and applied mathematics, has received numerous teaching awards, including the Phi Eta Sigma and Alpha Lambda Delta Outstanding Teacher Award, the National Sciences Council Teaching Excellence Award, and the Students' Association Award for Teaching Excellence. He has served as chairman of the Department of Mathematics and as a member of various U. T. Austin and departmental committees throughout his tenure. Eighty-two master's degree students and 16 doctoral degree students have received their degrees under Dr. Guy's supervision.

Dr. Gordon, a faculty member at U. T. Austin since 1977, is internationally recognized as a leader in the field of manifold topology. He has authored more than thirty research articles, and is actively sought as an invited speaker at research conferences. Dr. Gordon has received both an Alfred P. Sloan Foundation Research Fellowship and a Science Research Council Postdoctoral Research Fellowship. He is an excellent classroom teacher and graduate student supervisor and serves as a consulting editor for the Proceedings of the Edinburgh Mathematical Society, and also referees research papers proposed for publication in more than twenty of the world's leading mathematics journals.

Dr. Jeffery joined the U. T. Austin faculty in 1977 and is internationally recognized for his research in the molecular biology of development. He has authored or coauthored more than 66 research publications and is one of the most sought-after molecular biology lecturers in the world. Dr. Jeffery serves on the editorial board of several scientific journals and is an excellent classroom teacher and supervisor of doctoral dissertation and master's thesis committees. He received the Outstanding Graduate Teaching Award at U. T. Austin in 1984.

Dr. Hiraizumi joined the U. T. Austin faculty in 1969 and is internationally recognized for his research in classical *Drosophila* genetics. He has authored or coauthored more than 70 scholarly publications, many of which are considered to be classics. Dr. Hiraizumi is an excellent classroom teacher and an active supervisor of graduate students and postdoctoral fellows and was the recipient of the U. T. Austin College of Natural Sciences Teaching Excellence Award in 1986.

Dr. Rosenthal, a faculty member at U. T. Austin since 1978, is internationally recognized as one of the foremost contributors to the field of functional analysis. He has authored over sixty published research articles and is annually invited to present major addresses and seminar talks at international meetings. In addition to his leadership role in research, Dr. Rosenthal has contributed substantially to the U. T. Austin Department of Mathematics instructional program by effectively teaching a range of courses and by supervising a significant number of graduate students. He formerly held faculty appointments at several universities, including the University of Minnesota, the University of California, Berkeley, and the University of Illinois.

10. U. T. Austin: Proposed Appointment to the Jacques P. Servier Regents Professorship in Pharmacy in the College of Pharmacy Effective September 1, 1987.--

#### RECOMMENDATION

The Office of the Chancellor concurs with President Cunningham's recommendation that Dr. Jaime N. Delgado, Professor of Pharmacy, be appointed as the initial holder of the Jacques P. Servier Regents Professorship in Pharmacy in the College of Pharmacy at U. T. Austin effective September 1, 1987.

#### BACKGROUND INFORMATION

Dr. Delgado, a faculty member at U. T. Austin since 1959, is recognized widely for his contributions to medicinal chemistry and pharmaceutical education. In 1987, he was appointed to the National Association of Boards of Pharmacy Committee that is responsible for the national examination for licensure of pharmacists. Dr. Delgado has authored or coauthored more than twenty research publications, including chapters of several distinguished pharmacy textbooks. His teaching contributions within the U. T. Austin College of Pharmacy have earned him four teaching excellence awards and he has been instrumental

in the development of the College of Pharmacy graduate program into one of national repute. His administrative contributions include service both as area coordinator of medicinal chemistry and as graduate advisor. Dr. Delgado currently serves as a visiting professor to the Monterrey Institute of Technology, Mexico, and the University of Nuevo Leon, Mexico.

The Jacques P. Servier Regents Professorship in Pharmacy was established by the U. T. Board of Regents in June 1984 as The Pharmaceutical Foundation Regents Professorship in Pharmacy and was redesignated in April 1985.

11. U. T. Austin: Proposed Appointment to the Edward Larocque Tinker Chair in Latin American Studies Effective January 16, 1988 for the Spring Semester 1987-88 Only.--

#### RECOMMENDATION

The Office of the Chancellor concurs with President Cunningham's recommendation that Dr. Fernando A. Novais, Graduate Professor, School of Liberal Arts, University of Sao Paulo, Brazil, be appointed to the Edward Larocque Tinker Chair in Latin American Studies effective January 16, 1988 for the 1987-88 Spring Semester only. Dr. Novais will be a Visiting Professor in the Department of History at U. T. Austin during this period.

#### BACKGROUND INFORMATION

Dr. Novais, a faculty member in the School of Liberal Arts at the University of Sao Paulo since 1961, is widely recognized in Europe and the United States as Brazil's leading historian of the eighteenth century. He has sponsored an entirely new direction of research by graduate students which is slowly recasting and deepening understanding of Brazil's economic and social history in that period. Dr. Novais has authored three books and more than fifteen scholarly articles and is an excellent teacher and lecturer. Dr. Novais previously held a visiting faculty appointment at U. T. Austin in 1978.

The Edward Larocque Tinker Chair in Latin American Studies was established by the U. T. Board of Regents in September 1973 to support visiting professors in Latin American Studies.

12. U. T. Austin: Request for Exception to Part One, Chapter III, Section 31, Subsection 31.1 of the Regents' Rules and Regulations (Retirement and Modified Service) and Proposed Appointment to the C. L. and Henriette F. Cline Centennial Visiting Professorship in the Humanities in the College of Liberal Arts for the 1987-88 Fall Semester Only.--

#### RECOMMENDATION

The Office of the Chancellor concurs with President Cunningham's request for an exception to Part One, Chapter III, Section 31, Subsection 31.1 of the Regents' Rules and Regulations, relating to retirement and modified service, to permit the full-time appointment beyond the mandatory retirement age of Lord Robert Blake, retired Provost, Oxford University, to the C. L. and Henriette F. Cline Centennial Visiting Professorship in the Humanities in the College of Liberal Arts at U. T. Austin for the 1987-88 Fall Semester only.

#### BACKGROUND INFORMATION

Lord Blake's appointment as Visiting Professor at U. T. Austin has tentatively been approved for the 1987-88 Fall Semester only, pending approval of an exception to the Regents' Rules and Regulations as set forth above.

Lord Blake is one of the most distinguished historians of English politics and has had an enormous influence upon an entire generation of students as Provost of The Queen's College, Oxford, England, from 1968 - 1987. His books in the area of nineteenth-century British political history remain the definitive studies of their subjects.

The C. L. and Henriette F. Cline Centennial Visiting Professorship in the Humanities in the College of Liberal Arts was established by the U. T. Board of Regents initially as a fellowship in June 1983 and redesignated as a visiting professorship in February 1985.

13. U. T. Austin: Request for Exception to Part One, Chapter III, Section 31, Subsection 31.1 of the Regents' Rules and Regulations (Retirement and Modified Service).--

#### RECOMMENDATION

The Office of the Chancellor concurs with President Cunningham's request for an exception to Part One, Chapter III, Section 31, Subsection 31.1 of the Regents' Rules and Regulations, relating to retirement and modified service, to permit the full-time employment beyond the mandatory retirement age of Dr. William W. Cooper, Acting Chairman of the Department of General Business at U. T. Austin, for the 1987-88 academic year only.

## BACKGROUND INFORMATION

Dr. William W. Cooper, who is 73, was appointed on a half-time basis (modified service) as Acting Chairman of the Department of General Business for the 1986-87 academic year only while a search for a new Chairman was extended. During the Spring Semester 1987, the U. T. Board of Regents by exception of its Rules and Regulations, which limit employment past age 70 to modified service, approved Dr. Cooper's employment on a full-time basis as Acting Chairman of the Department of General Business while a search for a new Chairman was extended. The extended search has not been successful and President Cunningham requests an exception to the Regents' Rules and Regulations to continue Dr. Cooper as Acting Chairman for the 1987-88 academic year.

Dr. Cooper, Professor of General Business, Accounting, and Management and the Nadya Kozmetsky Scott Centennial Fellow, joined the U. T. Austin Graduate School of Business in 1980. Prior to 1980, Dr. Cooper had served with distinction as a faculty member and administrator at Carnegie-Mellon University and Harvard University.

14. U. T. Austin: Recommendation to Name Room in Townes Hall in the School of Law (Regents' Rules and Regulations, Part One, Chapter VIII, Section 1, Subsection 1.2, Naming of Facilities Other Than Buildings).--

## RECOMMENDATION

The Office of the Chancellor concurs with President Cunningham's recommendation to name Room 3.142 in Townes Hall in the School of Law at U. T. Austin the Professor A. W. Walker Room. This recommendation is in accordance with the Regents' Rules and Regulations, Part One, Chapter VIII, Section 1, Subsection 1.2, relating to the naming of facilities other than buildings.

## BACKGROUND INFORMATION

The proposed classroom name is in memory of A. W. Walker, a distinguished attorney and respected former professor of the U. T. Austin School of Law. Two chairs, the A. W. Walker Centennial Chair in Law and the A. W. Walker Centennial Chair, were previously established within the School of Law in his honor.

15. U. T. Austin: Recommendation to Name the Area Known as Little Campus (Regents' Rules and Regulations, Part One, Chapter VIII, Section 1, Subsection 1.2, Naming of Facilities Other Than Buildings).--

#### RECOMMENDATION

The Office of the Chancellor concurs with President Cunningham's recommendation to name the area at the southwest corner of IH-35 and Martin Luther King Boulevard at U. T. Austin commonly known as "Little Campus," and which encompasses John W. Hargis Hall and the Arno Nowotny Building, the Heman Sweatt Campus. This recommendation is in accordance with the Regents' Rules and Regulations, Part One, Chapter VIII, Section 1, Subsection 1.2, relating to the naming of facilities other than buildings.

#### BACKGROUND INFORMATION

For a number of years there has been growing sentiment that U. T. Austin pay appropriate tribute to the contributions made by Mr. Heman Sweatt, the individual who challenged discriminatory admission policies which existed against Black Americans at universities in Texas and the South prior to 1950. This recommendation was endorsed by the University Council as appropriate recognition of the courage and accomplishments of Mr. Sweatt.

In 1946, Heman Sweatt filed suit against The University of Texas for denying him admission to the Law School. In 1950, in the landmark Sweatt v. Painter decision, the United States Supreme Court ruled in Sweatt's favor and he became the first Black American to enter U. T. Austin. This historic case opened the doors of U. T. Austin to future generations of Black Texans and paved the way for equal educational opportunity for Black American students throughout Texas and other states.

Mr. Sweatt, deceased October 3, 1982, received an undergraduate degree from Wiley College, Marshall, Texas, and attended the University of Michigan. After receiving a Master's in Social Work from Atlanta University, he served in the Urban League's Southern Regional Office and on the faculty of Atlanta University.

16. U. T. Dallas: Development Board - Proposed Nominee Thereto (NO PUBLICITY UNTIL ACCEPTANCE IS RECEIVED).--

#### RECOMMENDATION

The Office of the Chancellor concurs with the recommendation of President Rutford for approval of the nomination of Mr. David Tacke, President and Chief Executive Officer of E-Systems, Dallas, Texas, to the U. T. Dallas Development Board for a three-year term expiring in 1990.

BACKGROUND INFORMATION

The above nomination is to an extended term as a replacement for Mr. Gilbert Cuellar who declined appointment to a term which expired in 1988.

In accordance with usual procedures, no publicity will be given to this nomination until acceptance is received and reported for the record at a subsequent meeting of the U. T. Board of Regents.

17. U. T. Dallas: Recommendation to Approve Changes in Parking Fees Effective with the Fall Semester 1987 (Catalog Change).--

RECOMMENDATION

The Office of the Chancellor concurs with President Rutford's recommendation that the U. T. Board of Regents approve increases in the U. T. Dallas parking fees and the establishment of a new student parking fee option as shown below effective with the Fall Semester 1987.

<u>Type Permit</u>	<u>1986-87 Current Cost</u>	<u>1987-88 Proposed Cost</u>
<u>Faculty/Staff Decals*</u>		
Green/Red (remote)	\$ 48.00	\$ 48.00
Gold (close-in)	83.00	83.00
Orange (most desirable)	148.00	148.00
<u>Student Decals**</u>		
Annual Permit (3 semesters)	40.50	40.50
Two Semester Permit	24.50	35.00
Single Semester Permit	14.00	20.00
Gold Decal (annual close-in parking option)	n/a	83.00
<u>Other Fees</u>		
Second and Third Decals Violations	5.00	5.00
	5.00	5.00

\*Rates listed include annual decal rate plus \$18 annual surcharge.

\*\*Rates listed include decal rates plus surcharge for annual permit (\$18), and prorated surcharge for one semester (\$6), and two semester (\$12) permits.

The surcharge is a fee for all lot users (faculty, staff, and students) and is dedicated to parking lot construction and maintenance. Annual fees and the annual surcharge are levied on a proportional scale for shorter time periods. Proposed rates for student decals for one and two semesters reflect proration of the surcharge.

### BACKGROUND INFORMATION

U. T. Dallas parking fees approved in April 1986 allowed students to purchase parking decals on an annual rate or on a prorated per semester basis. The addition of the per semester purchase option led to an unanticipated loss of revenue. In order to adequately cover costs of parking lot operation, security and maintenance, an increase in the student two semester and one semester rates is proposed. No increase is recommended in faculty and student parking annual rates and no change is recommended in the surcharge dedicated to parking lot construction and maintenance. The addition of a Gold Decal student parking permit option is to provide students an opportunity for limited close-in parking.

The Parking and Security Committee at U. T. Dallas, a University-wide committee composed of faculty, staff, and students, has approved these increases, in accordance with appropriate provisions of the Texas Education Code.

Upon Regental approval, the Minute Order will reflect that the next appropriate Catalog published at U. T. Dallas will be amended to conform to this action.

18. U. T. El Paso: Recommendation to Name Room in Quinn Hall (Regents' Rules and Regulations, Part One, Chapter VIII, Section 1, Subsection 1.2, Naming of Facilities Other Than Buildings).--

### RECOMMENDATION

The Office of the Chancellor concurs with President Monroe's recommendation to name Room 212 in Quinn Hall at U. T. El Paso the William S. Strain Memorial Lecture Hall. This recommendation is in accordance with the Regents' Rules and Regulations, Part One, Chapter VIII, Section 1, Subsection 1.2, relating to the naming of facilities other than buildings.

### BACKGROUND INFORMATION

The proposed room name is being made in memory of Dr. William S. Strain, Professor Emeritus of Geological Sciences, who died November 26, 1986, ending his nearly 50 years of formal association with U. T. El Paso. He joined U. T. El Paso in 1937 as an instructor in Geology and Museum Director and was appointed Professor Emeritus upon his retirement in 1974. Dr. Strain was a gifted teacher and received U. T. El Paso's first Outstanding Teacher Award in 1965 and served as Chairman of the Department of Geological Sciences from 1971-1973.

19. U. T. El Paso: Proposed Memorandum of Agreement with The Technological Institute of Ciudad Juarez, Chihuahua, Mexico, and Request for Authorization to Execute Agreement.--

#### RECOMMENDATION

The Office of the Chancellor concurs with Interim President Natalicio's recommendation that the U. T. Board of Regents approve the memorandum of agreement as set out on Pages AAC 27 - 28 by and between U. T. El Paso and The Technological Institute of Ciudad Juarez, Chihuahua, Mexico. It is further requested that the Executive Vice Chancellor for Academic Affairs be authorized to execute, on behalf of the U. T. Board of Regents, this or a substantially equivalent agreement after its execution by the facility representative and by the President of U. T. El Paso with the understanding that any and all specific agreements arising from this general agreement are to be submitted for prior administrative review and subsequent approval as required by the Regents' Rules and Regulations.

#### BACKGROUND INFORMATION

The general agreement is designed to promote academic and research cooperation between U. T. El Paso and The Technological Institute of Ciudad Juarez, Chihuahua, Mexico. The goals of the agreement are:

- a. cooperation in fields of mutual interest which include, but are not limited to, the physical and biological sciences, engineering, and administration
- b. exchange of faculty and researchers for defined periods of time
- c. team teaching of seminars, professional development or teaching methods courses, and specialized teaching training courses
- d. exchange of faculty, administrators, and students
- e. sharing of cultural and social experiences
- f. exchange of pedagogical equipment and materials
- g. reciprocal awarding of scholarships
- h. exchange of statistical, technical, and educational data
- i. cooperation in research related to problems common to both institutions and the border; and
- j. other programs that would be mutually beneficial.

The agreement is similar to agreements approved by the U. T. Board of Regents at its June 1987 meeting with The Institute of Technology and Higher Education of Monterrey, Mexico, and The Technical Institute of Chihuahua, Mexico.

## MEMORANDUM OF AGREEMENT

The Board of Regents of The University of Texas System on behalf of The University of Texas at El Paso, a component institution of The University of Texas System, an agency of the State of Texas, United States of America, and El Instituto Tecnológico de Ciudad Juárez, Mexico enter into the following agreement on the date of execution of this MEMORANDUM OF AGREEMENT, as indicated below:

WHEREAS the two educational institutions are culturally and geographically linked and both institutions are concerned with scientific, and technical research, and

WHEREAS the academic resources of these institutions represent opportunities for cooperative and complementary exchange in a spirit of international cooperation.

IT IS MUTUALLY AGREED AS FOLLOWS:

### Section 1. Goals

It is to the mutual benefit of each institution that an effort toward the realization of these opportunities be initiated, and therefore that the following general goals be established:

- (a) cooperation in fields of mutual interest which include, but are not limited to the physical and biological sciences, engineering, and administration;
- (b) exchange of faculty and researchers for defined periods of time;
- (c) team teaching of seminars, professional development or teaching methods courses, and specialized teaching training courses;
- (d) exchange of faculty, administrators, and students;
- (e) sharing of cultural and social experiences;
- (f) exchange of pedagogical equipment and materials;
- (g) reciprocal awarding of scholarships;
- (h) exchange of statistical, technical, and educational data;
- (i) cooperation in research related to problems common to both institutions and the border; and
- (j) other programs that would be mutually beneficial.

### Section 2. Planning

Both institutions agree:

- (a) to assign to an administrative entity of each respective University the responsibility for the biennial renewal of this agreement or the negotiation of changes or additional agreements on the development of projects in specific areas of mutual interest, as appropriate and feasible; and
- (b) to plan ways to make available, to the extent possible, resources of the respective institutions for projects under the specific terms of future agreements.

### Section 3. Future Agreements

- (a) Future agreements concerning any program agreed to by the two parties shall provide details concerning the specific commitments being made by each party and shall not become effective until they have been put in writing and executed by the duly authorized representatives of the two parties, and approved in writing by the Office of the Chancellor of The University of Texas System.
- (b) Such agreements may be cancelled by either party by giving written notice to the other of its intention to terminate the program.

EXECUTION

Executed on the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_,  
in duplicate originals.

ATTEST:

El Instituto Tecnológico de  
Ciudad Juárez, Mexico

By: \_\_\_\_\_

Title: \_\_\_\_\_

The Board of Regents of The  
University of Texas System  
on behalf of The University  
of Texas at El Paso

Recommend for Approval:

\_\_\_\_\_  
Diana Natalicio  
Interim President

FORM APPROVED:

CONTENT APPROVED:

  
\_\_\_\_\_  
Office of General Counsel  
The University of Texas System

\_\_\_\_\_  
James P. Duncan  
Executive Vice Chancellor  
for Academic Affairs

20. U. T. Permian Basin: Proposed Amendments to Constitution of the Student Body and the Student Senate (Previously Referred to as Constitution of the Student Association and Student Senate).--

#### RECOMMENDATION

The Office of the Chancellor concurs with President Leach's recommendation that approval be given to amend the Constitution of the Student Body and the Student Senate (previously referred to as Constitution of the Student Association and Student Senate) at U. T. Permian Basin as set out on Pages AAC 30 - 38.

#### BACKGROUND INFORMATION

The proposed constitution conforms to the basic structure of the constitution approved by the U. T. Board of Regents in October 1976. In general, the changes proposed reflect the development of the institution and provide additional detail regarding Student Senate authority, responsibilities and procedures.

The proposed constitution changes the number of Student Senate representatives, alters Student Senate election procedures, and adds additional duties and qualifications for Student Senate officers and the Executive Board. The proposed constitution also outlines more specific Senate meeting requirements, recommends new administrative procedures regarding faculty advising, Senate votes, rules of order, and removal of Senators from office. In addition, the proposed revisions reorganize the Senate's standing committees and revise procedures for introducing and ratifying student proposals, referendums, and amendments.

The proposed constitution was endorsed by the U. T. Permian Basin Student Senate on February 25, 1987, and has been reviewed and approved by the Office of General Counsel and the Office of Academic Affairs.

PROPOSED CONSTITUTION OF THE STUDENT [ASSOCIATION] BODY  
AND THE STUDENT SENATE

The University of Texas of the Permian Basin

STATEMENT OF PURPOSE

It is the purpose of the Student Senate of The University of Texas of the Permian Basin to represent the student body and to provide a voice in student dealings with individuals and agencies outside of that body. This includes, but is not limited to, the following:

1. Providing an official student organization to receive student questions and to serve as a forum for the presentation of student interest and problems.
2. Providing an official voice through which student opinion may be expressed.
3. Providing a means for responsible student participation.
4. Advising the administration of student opinions of proposed university programs.

ARTICLE I  
STUDENT GOVERNMENT

Section 1. Membership

- a. The Student Body [Association] shall consist of all students enrolled at The University of Texas of the Permian Basin.
- b. The Student Senate shall consist of two (2) [five (5)] representatives from each of the regularly constituted divisions [colleges] and as many at large candidates as there are regularly constituted divisions.
  - (1) Senators will be elected by the student constituencies of the individual divisions on Tuesday and Wednesday of the last complete week in September [colleges within the first two weeks of the Fall semester].
  - (2) At large Senators will be elected at the same time as the division representatives. At large Senators shall not run within their respective divisions. They will be elected by the entire student body [Senators shall serve through the summer of the year following their election].
  - (3) Senators will serve through the summer of the year following their election [If a vacancy occurs, a representative will be chosen by the respective college within two weeks].

- (4) If a vacancy occurs in the Student Senate it shall be filled by the person receiving the next highest vote total from that division in the Student Senate elections. If this person declines, the next person with the most votes will take the position. This procedure will be followed until the position is filled. If the seat is not filled, it becomes the responsibility of the entire Senate to fill the vacancy, by secret ballot, from a list of candidates submitted by the Senator of the division from which the vacancy exists. If both Senators must be replaced then the entire Student Senate shall choose people to fill the vacancies. Vacancies occurring with at Large Senators will be filled by a vote of the entire Student Senate. No position shall be vacant for more than three (3) weeks [~~All senators must be in good academic standing. That is, no senator shall have a cumulative grade point average less than 2.0. Scholastic probation shall constitute cause for immediate removal from office.~~].
- (5) All Senators must be in good academic standing, having a cumulative grade point average no less than 2.0 on a 4.0 = "A" scale per semester [~~Senators may not hold office in their respective college councils.~~].
- (6) Write-in candidates shall be considered valid candidates provided they meet all qualifications for Student Senators.

## Section 2. Executive Board

- a. The Executive Board of the Student Senate shall consist of the [a] President, Vice-President, Secretary, Treasurer and the Chairpersons of the Standing Committees [~~Parliamentarian~~].
- b. The duties of the Executive Board shall include meeting as a group prior to the regular Student Senate Meeting to set the agenda.

## Section 3. Election of [Executive] Officers

- a. The President, [~~and~~] Vice-President, Secretary, and Treasurer shall be elected from the Student Body [~~Senate by Senators~~] at least four (4) weeks prior to the final day of classes of the spring semester [~~within the first two weeks of March, taking office immediately,~~]. They will take office on the final day of the spring semester and [shall] serve for one (1) year.

- b. Qualifications: Candidates must be a student carrying nine (9) semester hours or more enrolled at The University of Texas of the Permian Basin and have a grade point average of at least 2.5 on a 4.0 = "A" scale per semester [~~The Secretary and Treasurer shall be elected from the Student Senate by Senators within one week following election of the Student Senators, taking office immediately, and shall serve for one (1) year].~~
- c. Applications shall be submitted to the Director of Student Life for verification at least one (1) month prior to the election [~~The Parliamentarian shall be appointed by the President of the Senate and confirmed by a two thirds vote of the Senate. Term of appointment shall conform to that of the President].~~
- d. The candidate receiving a majority of the total votes cast shall be declared the winner. If a candidate does not receive the required number of votes a run off election will be held within two (2) weeks between the two candidates with the largest percentage of votes cast.

ARTICLE II  
POWERS AND FUNCTIONS

Section 1. Powers and Responsibilities of the President

The President shall:

- a. Serve as the official representative of the Student Body [~~Association~~] and the Student Senate.
- b. Preside at all meetings of the Student Senate [~~; as well as meetings of the Student Association].~~
- c. Preside at all meetings of the Student Body [~~Exercise the option of voting only in the case of a tie vote].~~
- d. Appoint a Parliamentarian to be approved by the Student Senate by majority vote of the Senate. The term of the parliamentarian is to conform to that of the President.
- e. Appoint committees that the President deems necessary to the business of the Student Senate.
- f. Exercise the option of voting in case of a tie.

Section 2. Powers and Responsibilities of the Vice President

The Vice President shall:

- a. Perform the duties of the President in the case of absence or disability, including exercising [~~exercise of~~] the option to vote [~~only~~] in case of a tie vote.
- b. Assist the President in the execution of duties.

- c. Should the office of President become vacant, shall call a Senate meeting within two (2) weeks for the purpose of electing a new Vice President [~~President~~].
- d. Exercise the option of voting on any proposal of the Student Senate.

### Section 3. Powers and Responsibilities of the Secretary

#### The Secretary shall:

- a. Maintain a record of all proceedings of the Student Senate as well as the Student Body [~~Association~~].
- b. Be responsible for all correspondence with other universities and organizations.
- c. Post in designated locations the minutes of each Senate meeting.
- d. Distribute a copy of the minutes of the Senate meetings to each Senator, [college dean and] to the office of all academic [university] administrators, and to the Student Senate faculty advisor within seventy-two (72) hours of the meeting.
- e. Exercise the option of voting on any proposal of the Student Senate.

### Section 4. Powers and Responsibilities of the Treasurer

#### The Treasurer shall:

- a. Report orally at each meeting of the Student Senate on the financial status of that organization.
- b. Shall be responsible for the financial transactions of the Student [~~Association~~] Senate.
- c. Exercise the option of voting [to-vote] on any proposal of the Student Senate.

### Section 5. Powers and Responsibilities of the Parliamentarian

#### The Parliamentarian shall:

- a. Advise the President of the Student Senate of basic parliamentary procedures.
- b. Shall assist the President and Vice-President in their duties whenever necessary.
- c. At the request of the President, rule on any question of parliamentary procedure.

ARTICLE III  
MEETINGS

Section 1. Student Senate [~~Association~~]

The Student Senate will meet at least twice a month. The President may call the Senate into emergency session when he has notified two-thirds (2/3) of the Senate membership, and has a two-thirds (2/3) quorum present for the meeting [~~Association meeting will be called when deemed necessary by the President or Senate~~].

Section 2. Executive Board [~~Student Senate~~]

The Executive Board meeting will be prior to each meeting of the Student Senate. The President may call the Executive Board into emergency session when less than one week is available to prepare for a Senate meeting [~~Student Senate meeting will be held at least twice a month. In case of an emergency, the President may call the Senate into emergency session~~].

ARTICLE IV  
COMMITTEES [~~REFERENDUM AND RECALL~~]

Section 1. Standing Committees [~~Proposals~~]

Standing Committees of the Student Senate shall be Public Relations, Student Affairs, and Community Affairs [~~Any member of the Student Association may present a proposal to the Senator from his respective college. That Senator is then obligated to take this proposal before the Student Senate~~].

Section 2. Appointment of Chairpersons [~~Removal from Office~~]

Chairpersons of these committees shall be appointed by the President of the Student Senate and confirmed by a majority of the Student Senate [~~a. Any Senator serving under this Constitution may be removed from office for due cause by a two thirds vote of the total voting membership of the electing college.~~

~~b. Any Executive Officer serving under this Constitution may be removed from office for due cause by a two thirds vote of the total voting membership of the Student Senate~~].

Section 3. Executive Board

These Chairpersons shall be members of the executive board.

Section 4. Limitations

No member of the Student Senate shall serve on more than two (2) standing committees.

Section 5. Minimum Committee Membership

No standing committee shall be composed of less than four (4) members.

ARTICLE V  
PUBLIC RELATIONS COMMITTEE

Section 1. Duties and Responsibilities [~~Faculty Advisor~~]

The Public Relations Committee shall be responsible for publicizing the student elections and community activities within the school [~~One (1) faculty advisor will be elected by a majority vote for the Student Senate to serve a term of one (1) year unless an extension is desired by a majority of the Student Senate~~].

Section 2. Composition

The Public Relations Committee shall be comprised of a chairperson from the Student Senate and committee members appointed by the chairperson.

ARTICLE VI  
STUDENT AFFAIRS COMMITTEE [~~RATIFICATION AND AMENDMENT~~]

Section 1. Duties and Responsibilities [~~Student Senate Initiated Amendment~~]

The Student Affairs Committee shall be responsible for investigating and improving the general welfare of the student body [~~Any member of the Student Senate may propose amendments to this constitution. The proposed amendment must lie on the table for thirty days, after which the Student Senate must vote on the proposed amendment. If three fourths of the total membership of the Student Senate favor the amendment, it must be submitted to the Student Body for approval or disapproval~~].

Section 2. Composition [~~Student Body Initiated Amendment~~]

The committee shall be comprised of a chairperson from the Student Senate and committee members appointed by the chairperson [~~If ten percent (10%) of the Student Body petition the Student Senate to amend the Constitution, the Student Senate must call an election within thirty (30) days for approval or disapproval of said amendment~~].

~~[Section 3. Ratification~~

~~a.---Amendments to this Constitution shall become effective after ratification by two-thirds of the Student Body voting on said amendments in an election, after certification by the Chairman of the Election committee that such amendments have been duly ratified.---The change shall not become effective until transmitted to and acted upon by the chief student personnel officer, the President of the University, and the Deputy Chancellor and approved by the Board of Regents.~~

~~b. The Board of Regents have power to amend or repeal any portion of the Constitution and laws of this Student Association when, in the judgment of the Board of Regents, the interest of the University shall require it.~~

~~c. The chief student personnel officer has the power, when in his judgment the interest of the University requires it, to amend or repeal any provision of the Constitution or laws of the particular association, but his actions shall be in force only until the next meeting of the Board of Regents when Section 3.b above shall become applicable.~~

~~Section 4. Permanent Copy~~

~~Such Amendment shall be attached to the permanent copy of this Constitution preserved in the records of the Student Senate.~~

~~Section 5. Deletion and Substitution~~

~~Amendments by deletion and substitution are allowed.~~

~~Section 6. Ex Post Facto~~

~~No proposed amendment or act of the Student Senate shall violate the rules of ex post facto, concerning present individuals or organizations so named in this Constitution.~~

~~Section 7.~~

~~All provisions of this Article shall be conducted in accordance with all other provisions set forth in this Constitution.~~

ARTICLE VII  
COMMUNITY AFFAIRS COMMITTEE

Section 1. Duties and Responsibilities

The Community Affairs Committee shall be responsible for investigating and improving community relations with the local community.

Section 2. Composition

The committee shall be comprised of a chairperson from the Student Senate and committee members appointed by the chairperson.

ARTICLE VIII  
ADMINISTRATION

Section 1. Faculty Advisor

One faculty advisor will be selected by the Student Senate to serve a term of one year, beginning with the last day of the spring semester. The faculty advisor may serve consecutive terms with the Student Senate. The faculty advisor may be removed by a two-thirds (2/3) vote of the total voting membership of the Student Senate.

ARTICLE IX  
VOTING

Section 1. Voting shall be conducted by the accepted parliamentary procedure.

ARTICLE X  
RULES OF ORDER

Section 1. Robert's Rules of Order shall be accepted as the parliamentary procedure.

ARTICLE XI  
REMOVAL FROM OFFICE

Section 1. Any member of the Student Senate shall be removed from office by not meeting the qualifications of their respective office.

Section 2. Any Senator that misses four (4) regular meetings may be removed by two-thirds (2/3) vote of the Student Senate.

Section 3. The Senator has the right of appeal to the Director of Student Life. The appeal process must be completed within three (3) weeks of removal from office.

ARTICLE XII  
STUDENT PROPOSALS AND REFERENDUMS

Section 1. Proposals:

Any member of the Student Body may present a proposal to a Student Senator. The Senator is then required to take this proposal before the Student Senate.

Section 2. Referendum:

Any referendum issue presented to the Student Senate, which is accompanied by a petition bearing the signatures and identification numbers of ten percent (10%) of the Student Body, must be placed on the ballot of the next student election.

ARTICLE XIII  
RATIFICATION AND AMENDMENT

Section 1. Student Senate-Initiated Amendment

Any member of the Student Senate may propose amendments to this Constitution. The proposed amendment must lie on the table for thirty (30) days, after which the Student Senate must vote on the proposed amendment. If three-fourths (3/4) of the total membership of the Student Senate favor the amendment, it must be submitted to the Student Body for approval or disapproval of said amendment.

## Section 2. Student Body-Initiated Amendment

If ten percent (10%) of the Student Body petition the Student Senate to amend the Constitution the Student Senate must call an election within thirty (30) days for approval or disapproval of said amendment.

## Section 3. Ratification

- a. Amendments to this Constitution shall become effective after ratification by two-thirds (2/3) of the Student Body voting on said amendments in an election, after certification by the Chairman of the Election Committee that such amendments have been duly ratified. The change shall not become effective until transmitted to and acted upon by the chief student personnel officer, the President of the University, and the Executive Vice Chancellor for Academic Affairs and approved by the Board of Regents.
- b. The Board of Regents has power to amend or repeal any portion of the Constitution and laws of this Student Body when, in the judgment of the Board of Regents, the interest of the University shall require it. The Board of Regents shall notify the University and the Student Senate of any changes in this Constitution.
- c. The chief student personnel officer has the power, when in his judgment the interest of the University requires it, to amend or repeal any provision of the Constitution or laws of the particular association, but his actions shall be in force only until the next meeting of the Board of Regents when Section 3.b. above shall become applicable.

## Section 4. Permanent Copy

Such Amendments shall be attached to the permanent copy of this Constitution preserved in the records of the Student Senate.

## Section 5. Deletion and Substitution

Amendments by deletion and substitution are allowed.

## Section 6. Ex-Post Facto

No proposed amendment or act of the Student Senate shall violate the rules of ex-post facto, concerning present individuals or organizations so named in this Constitution.

## Section 7. Construction

All provisions of this Article shall be construed in accordance with all other provisions set forth in this Constitution.

21. U. T. San Antonio: Recommendation to Establish a Requirement that Residence Hall Students Maintain Hospitalization Insurance Effective Fall Semester 1987 (Catalog Change).--

#### RECOMMENDATION

The Office of the Chancellor concurs in the recommendation of President Wagener that the U. T. Board of Regents:

- a. Approve a requirement that students maintain hospitalization insurance while living in the residence hall
- b. Authorize U. T. San Antonio to include this requirement in the residence hall contract effective for the Fall Semester 1987.

#### BACKGROUND INFORMATION

Emergency student health care is available to U. T. San Antonio students during the hours of 7:30 a.m. to 10:00 p.m. Monday through Friday in the Student Health Center. Nursing staff is available to provide emergency care during designated hours of operation. Because on-campus emergency health care is not available after closing hours or on the weekend, it is necessary for students to secure health care off campus during these time periods. Access to emergency medical care is particularly important for resident students who are on the campus at night and on the weekends.

It is essential that residence hall students requiring hospitalization or emergency medical care at off-campus facilities be able to show proof of medical insurance in order to prevent unnecessary delays in securing needed care. In cases of extreme emergency, residence hall staff may be required to provide information concerning medical insurance to medical professionals on behalf of the resident.

If this recommendation is approved, the Minute Order will reflect that this requirement will be included in the next residence hall contract approved by U. T. San Antonio as well as in the next catalog.

22. U. T. Tyler: Request for Approval of Special Private Fund Development Campaign (Regents' Rules and Regulations, Part One, Chapter VII, Section 2, Subsection 2.44) for Construction of a Facility Including Naming of Facilities Other Than Buildings (Regents' Rules and Regulations, Part One, Chapter VIII, Section 1, Subsection 1.2).--

#### RECOMMENDATION

The Office of the Chancellor concurs with President Hamm's request for approval of a special private fund development campaign to raise funds for construction of a liberal arts and performance complex, pursuant to the Regents' Rules and Regulations, Part One, Chapter VII, Section 2, Subsection 2.44.

The campaign goal is \$5 million, and it is anticipated that certain facilities other than buildings within the complex will be named for donors, or individuals named by donors, making significant contributions through the fund development campaign. Receipt of specific gifts and recommended facility names will be subject to subsequent U. T. Board of Regents approval, pursuant to the Regents' Rules and Regulations, Part One, Chapter VIII, Section 1, Subsection 1.2.

#### BACKGROUND INFORMATION

In October 1985, the U. T. Board of Regents approved, as a part of the Capital Improvement Program, a liberal arts complex at U. T. Tyler. This complex is to provide teaching, performance, and related support space for speech, journalism, music, drama and art. The University currently has no space specifically designed to house these activities. Consequently, musical instrument practice disrupts the activities of nearby classrooms; the Public Lecture Series must be held in the cafeteria at times when it can be closed; and plays, concerts or recitals can only be held in makeshift facilities. Other public events, including commencement, must be held in borrowed facilities several miles from the campus.

The first phase of the proposed complex will include an auditorium and recital hall as well as classrooms, laboratories, and faculty offices. That first phase is estimated to cost \$15 million, of which \$10 million is to come from PUF Bond Proceeds and \$5 million is to come from other sources.

## Health Affairs Committee

HEALTH AFFAIRS COMMITTEE  
Committee Chairman Yzaguirre

Date: August 13, 1987  
Time: Following the meeting of the Academic Affairs Committee  
Place: Regents' Meeting Room, Ninth Floor, Ashbel Smith Hall

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1. U. T. System: Proposed Approval of Standard Memorandum of Affiliation for Use with Veterans Administration Medical Centers.--

#### RECOMMENDATION

The Office of the Chancellor recommends that the U. T. Board of Regents approve the use of VA Form 10-0094 dated September 1985, as set out on Page HAC - 3, as a standard form for the components of the U. T. System to affiliate with Veterans Administration facilities. If this recommendation is approved, such affiliations shall be reported to the U. T. Board of Regents through appropriate institutional dockets as is the current procedure when the Standard Affiliation Agreement Form No. 100 is used with other facilities.

This item requires the concurrence of the Academic Affairs Committee.

#### BACKGROUND INFORMATION

The Veterans Administration (VA) has promulgated a standard memorandum of affiliation form, VA Form 10-0094, the most recent version of which is dated September 1985. The VA will not allow the use of any other form in its affiliations with academic institutions. However, under current U. T. System procedures, because the VA form is different than the standard form previously approved by the U. T. Board of Regents, each affiliation with the VA must be approved by the U. T. Board of Regents as an agenda item. The approval of the VA form as an alternative standard affiliation agreement will allow such agreements to be routinely approved through institutional dockets.

MEMORANDUM OF AFFILIATION

BETWEEN

THE VETERANS ADMINISTRATION MEDICAL CENTER, \_\_\_\_\_  
(City, State, Zip)

AND

\_\_\_\_\_  
(Educational Affiliate, City, State, Zip)

It is mutually agreed by \_\_\_\_\_ and the Veterans Administration Medical  
(Affiliate)  
Center \_\_\_\_\_ that educational experiences will be provided at the VA facility for students in the following pro-  
grams(s): (City, State)

Program Name

Academic Degree Anticipated

The faculty of the \_\_\_\_\_ will assume responsibility, in coordi-  
(Affiliate)  
nation with the VA staff, for the assignment of students. There will be coordinated planning by the VA facility and the faculty members. While in the VA facility, students will be subject to VA rules and regulations.

The facility will retain full responsibility for the care of patients and will maintain administrative and professional supervi-  
sion of students insofar as their presence affects the operation of the facility and/or the direct and indirect care of patients. The  
facility is responsible for the supervision of the education of undergraduate and graduate students and residents.

Students will receive an orientation to the facility. Faculty members and facility staff supervisors will evaluate the student's  
performance in mutual consultation and according to the guidelines outlined in the approved curriculum.

The \_\_\_\_\_ complies with Title VI of the Civil Rights Act of 1964,  
(Affiliate)  
Title IX of the Education Amendments of 1972, section 504 of the Rehabilitation Act of 1973, and Title II of the Older  
Americans Amendments of 1975, and all related regulations, and assures that it does not, and will not, discriminate against  
any person on the basis of race, color, sex, creed, national origin, age or handicap under any program or activity receiving  
Federal financial assistance.

Nothing in the agreement is intended to be contrary to State or Federal laws. In the event of conflict between terms of this  
agreement and any applicable State or Federal law, that State or Federal law will supersede the terms of this agreement. In the  
event of conflict between State and Federal laws, Federal laws will govern.

Protection of faculty members and students of the affiliated institution from personal liability when furnishing professional  
services covered by this agreement while at the VA health care facility will be that which is provided under the Federal Tort  
Claims Act, as implemented by 38 U.S.C. 4116.

Periodic reviews of programs and policies will be conducted under the auspices of the Office of Academic Affairs.

This Memorandum of Affiliation may be terminated by either party on written notice to the other \_\_\_\_\_ in advance  
of the next training experience. (Time period)

Date signed \_\_\_\_\_  
Name (type): \_\_\_\_\_ Title \_\_\_\_\_  
Name of Affiliate: \_\_\_\_\_

Date signed \_\_\_\_\_  
Name (type): \_\_\_\_\_ Facility Director  
VA Medical Center

2. U. T. Health Science Center - Dallas: Proposed Affiliation Agreement with the Clinical Center, National Institutes of Health, Bethesda, Maryland.--

#### RECOMMENDATION

The Office of the Chancellor concurs with the recommendation by President Wildenthal that approval be given to the affiliation agreement set out on Pages HAC 5 - 8 between the U. T. Health Science Center - Dallas and the Clinical Center, National Institutes of Health, Bethesda, Maryland.

#### BACKGROUND INFORMATION

This agreement allows students to integrate academic theory with training and instruction in the medical and surgical departments of the Clinical Center, National Institutes of Health, Bethesda, Maryland.

This agreement has been reviewed and approved by the Office of General Counsel.

## AGREEMENT

THIS AGREEMENT, made under authority of Section 327A of the Public Health Service Act (42 U.S. Code Section 254a), is by and between the Clinical Center, National Institutes of Health, Bethesda, Maryland (hereinafter called the Clinical Center) and

University of Texas  
Health Science Center at Dallas  
Southwestern Medical School

(hereinafter called the School).

The School wishes to affiliate with the Clinical Center in order to obtain suitable elective clinical experiences for its students

Because it has a particular capability to provide the requisite clinical instruction under informed and experienced direction, the Clinical Center seeks to affiliate with the School.

This affiliation represents a method to integrate the student's academic theory and knowledge with experience gained through training and instruction in a hospital's medical and surgical departments. It is therefore agreed to be of mutual interest and advantage that selected students of the School be provided quality clinical experiences in the Clinical Center.

### RESPONSIBILITIES

#### 1. The School shall:

- A. Make known to third- and fourth-year students (or, in the case of schools with six-year curricula, the students in their clinical years) the availability of electives at the Clinical Center.
- B. Upon request of the student, provide the Clinical Center with a transcript of the student's academic record and a letter of approval from the Office of the Dean.
- C. Send only those students who will benefit from the assignment, and who are, to the School's knowledge, qualified at the time of reporting for their training.
- D. Make arrangements to have the student covered under the School's professional liability insurance or an individual insurance policy which covers the activity of the student while at the Clinical Center.
- E. Have the privilege of visiting the Clinical Center before, during, and/or after the instruction period for the purpose of evaluating the student's progress.

2. The Clinical Center shall:

- A. Within the stated philosophies, missions, and objectives of the Clinical Center and the School, provide the highest possible quality clinical experience for the students consistent with their level of training and experience.
- B. Offer, at specified times of the year, in-depth instruction in clinical subspecialties as described in the current Catalog of the Clinical Elective Program for Medical and Dental Students at the National Institutes of Health.
- C. Provide a Clinical Electives Program Office to serve as a contact point for the students during the application process and as a source of information and assistance to those students who are in attendance at the Clinical Center.
- D. Provide the physical facilities, supplies, and equipment necessary for the clinical experiences.
- E. Provide the School with a written evaluation of the student's learning experience at the completion of the training period.
- F. Orient the student concerning all applicable rules and regulations with which the student is expected to comply. Special emphasis will be given to the Privacy Act of 1974, particularly as it relates to the patient's right to privacy and the confidentiality of all records relating to patient care.
- G. Provide emergency medical care to the student only for injury sustained in the course of training or duties, under the U.S. Employees' Compensation Act (REC). Routine medical care or follow-up treatment is the sole responsibility of the student, and with the exception of paragraph 3.G., will not be provided by the Clinical Center.
- H. Require the School to withdraw a student from the assignment when his/her performance is unsatisfactory or when his/her behavior is disruptive or detrimental to the operation of the Clinical Center.

3. It is mutually understood between the School and the Clinical Center that the student shall:

- A. Be responsible for satisfying all elements of the application process as delineated in the current edition of the Catalog of the Clinical Electives Program for Medical and Dental Students at the National Institutes of Health.
- B. Comply with all rules and regulations of the Clinical Center. Failure to comply will constitute grounds for terminating the assignment.
- C. Keep confidential any information entrusted to him/her by a patient unless the nondisclosure would be harmful to the patient's treatment; in which case, the information must be given to the patient's attending physician.

- D. Be invited and encouraged to take part in educational activities of the Clinical Center, including such events as grand rounds, symposia, and conferences. The student shall have access to journals, books, and periodicals in the Clinical Center library.
- E. Be excused from work on all Federal holidays.
- F. Unless otherwise specified, have the responsibility for personal transportation to and from the Clinical Center and for all other personal expenses, including housing. A stipend will not be provided. The student will be permitted to use the cafeterias at the Clinical Center or elsewhere at the National Institutes of Health.
- G. Provide written evidence, prior to reporting to the Clinical Center, of: (1) a negative Mantoux test (intermediate strength PPD) done within the past three months, or a chest x-ray report made within twelve months for those with a positive Mantoux test; and (2) a diphtheria-tetanus booster injection within the past ten years. Those who cannot provide such evidence will have the procedure(s) done upon arrival at the Clinical Center.

#### GENERAL AGREEMENTS

- A. There will be no discrimination on the basis of race, religion, sex, color, age, handicap, or national origin in the acceptance of students in this program.
- B. The autonomy of the School and the Clinical Center will be observed at all times.
- C. It is understood and agreed that the parties hereto may revise or modify this Agreement by mutually-agreed, written amendments.
- D. This Agreement shall be in force when it is signed by appropriate representatives of the School and the Clinical Center. On January first of the following year and of each succeeding year it shall be deemed to be renewed for an additional one-year term unless either party to this Agreement notifies the other of its intention not to renew. This notification shall be made in writing no less than sixty days before the renewal date. If an agreement is terminated, any student from the School who is in training on the date of termination shall be allowed to complete his/her training as if the Agreement were still in effect.
- E. It is recognized that activities at the Clinical Center, a biomedical research facility at the National Institutes of Health, are subject to Federal laws and regulations. The Director, Clinical Center, has the authority to assure that all applicable Federal requirements are observed, and assumes full responsibility for all activities under his/her jurisdiction.

F. By signing this Agreement, the student agrees to abide by all rules and regulations of the Clinical Center and to all elements of this Agreement.

EXECUTION

Executed in duplicate originals.

SIGNATURES:

The Clinical Center  
National Institutes of Health  
Bethesda, Maryland

The University of Texas  
Health Science Center at Dallas  
Southwestern Medical School

by [Signature] 4/14/87  
Director Date  
The Clinical Center

by [Signature] 4/28/87  
President Date

APPROVED AS TO CONTENT:

by [Signature] 4/15/87  
Executive Officer Date  
The Clinical Center

by [Signature]  
Executive Vice Chancellor  
for Health Affairs

APPROVED AS TO FORM:

by [Signature] 4/14/87  
Associate Director Date  
for Quality Assurance  
and Medical Education  
The Clinical Center

by [Signature]  
John L. Darrouzet, Attorney  
Office of General Counsel

CERTIFICATE OF APPROVAL

I hereby certify that the foregoing Agreement was approved by the Board of Regents of The University of Texas System on the \_\_\_\_\_ day of \_\_\_\_\_, 1987, and that the person whose signature appears above is authorized to execute such agreement on behalf of the Board.

\_\_\_\_\_  
Executive Secretary, Board of Regents  
The University of Texas System

3. U. T. Medical Branch - Galveston: Proposed Appointment to the Frances Eastland Connally Professorship in Gynecological Oncology Effective August 13, 1987.--

RECOMMENDATION

The Office of the Chancellor concurs with the recommendation by President Levin to appoint Edward V. Hannigan, M.D., as initial holder of the Frances Eastland Connally Professorship in Gynecological Oncology at the U. T. Medical Branch - Galveston effective August 13, 1987.

BACKGROUND INFORMATION

Edward V. Hannigan, M.D., received his medical degree from the U. T. Medical Branch - Galveston in 1970. Since 1977, Dr. Hannigan has been a medical school faculty member and is currently Director, Division of Gynecologic Oncology, at the U. T. Medical Branch - Galveston. Dr. Hannigan has proven his organizational and leadership abilities as an academic educator, a caring physician, and a master teacher. It is most appropriate that Dr. Hannigan, a truly distinguished oncologist and physician, hold this appointment.

4. U. T. Medical Branch - Galveston: Recommendation to Approve and Authorize Execution of Letter of Understanding; Accept "Hospital House" and Land; Authorize Negotiation and Execution of a Lease for the Facility; Accept and Acknowledge a Gift Establishing the UTMB Hospital House Endowment (Internal) and Authorize Execution of the Endowment Agreement; and Acknowledge the Establishment of an External Endowment and Authorize the Execution of an Agreement Governing the Endowment.--

RECOMMENDATION

The Office of the Chancellor and President Levin report that The Sealy & Smith Foundation for the John Sealy Hospital and Help Us Give Support, Inc. (HUGS), a nonprofit corporation based in Galveston, Texas, have committed to establish a new housing facility near the U. T. Medical Branch - Galveston. The "Hospital House" facility will be leased to and operated by HUGS as an endorsed Ronald McDonald House to provide short-term housing for pediatric patients and their families who have traveled distances for outpatient treatment and for families during inpatient care.

To encourage and facilitate these joint efforts by The Sealy & Smith Foundation for the John Sealy Hospital and HUGS, the Office of the Chancellor and President Levin recommend that the U. T. Board of Regents:

- a. Approve and authorize the Executive Vice Chancellor for Health Affairs, following approval by the Office of General Counsel, to execute a Letter of Understanding among

SUPPLEMENTAL INFORMATION

HEALTH AFFAIRS COMMITTEE

Page HAC - 9

4. U. T. Medical Branch - Galveston: Recommendation to Approve and Authorize Execution of Letter of Understanding; Accept "Hospital House" and Land; Authorize Negotiation and Execution of a Lease for the Facility; Accept and Acknowledge a Gift Establishing the UTMB Hospital House Endowment (Internal) and Authorize Execution of the Endowment Agreement; and Acknowledge the Establishment of an External Endowment and Authorize the Execution of an Agreement Governing the Endowment.--

The attached letter dated July 10, 1987, was inadvertently omitted from the Material Supporting the Agenda for the August meeting.

It sets forth further terms and conditions related to the agreement between the U. T. Medical Branch - Galveston and the HUGS organization related to the Ronald McDonald House of Galveston, with specific reference to Recommendation C as set forth on Page HAC - 10 of the MSA.

The University of Texas at Arlington  
The University of Texas at Austin  
The University of Texas at Dallas  
The University of Texas at El Paso  
The University of Texas of the Permian Basin  
The University of Texas at San Antonio  
The University of Texas at Tyler



The University of Texas Health Science Center at Dallas  
The University of Texas Medical Branch at Galveston  
The University of Texas Health Science Center at Houston  
The University of Texas System Cancer Center  
The University of Texas Health Science Center at San Antonio  
The University of Texas Health Center at Tyler  
The University of Texas Institute of Texan Cultures at San Antonio

## THE UNIVERSITY OF TEXAS SYSTEM

*Office of General Counsel*

201 WEST 7TH STREET AUSTIN, TEXAS 78701

TELEPHONE (512) 499-4462

July 10, 1987

Patricia H. Burrall  
*Attorney*

Mr. Buddy Herz  
Greer, Foutch, Herz, & Adams  
One Moody Plaza  
14th Floor  
Galveston, Texas 77550

RE: Lease at 14th and Mechanic Streets, Galveston, Texas

Dear Buddy:

Enclosed is a re-draft of the Letter of Understanding, amended to include the Foundation's revisions and the lease structure to satisfy HUGS' and McDonald's licensing requirements. It now includes reference to "Ronald McDonald House of Galveston" as the initial operating name.

Though it may be premature to execute the lease before the building is finished and deeded over, we need to confirm agreement upon the following essential terms at the outset:

The University will lease the land and improvements to HUGS in consideration of the benefit to be conferred by HUGS to pediatric patients of the UTMB-Galveston Child Health Center, for an initial term of 2 years, the lease to be automatically renewed from year to year for such time as HUGS, at its sole option, continues to manage and operate the premises as a pediatric support facility, whether called the Ronald McDonald House of Galveston, or otherwise. The lease shall automatically terminate upon (1) thirty-days' notice by HUGS that HUGS no longer wishes to operate the premises as a pediatric support facility, or (2) notice by the University that the facility is being inadequately managed or utilized, and sixty days' opportunity for HUGS to cure.

The management and operation of the premises shall be solely at HUGS direction and expense, except those property maintenance costs expressly agreed to in the lease. In no event shall HUGS and the University be represented to be joint venturers, the relationship being merely that of lessor and lessee.

Mr. Buddy Herz  
July 10, 1987  
Page Two

Subject to the expenditure ceiling herein, The University will maintain the structure and the yard, specifically including all replacement parts and labor costs to maintain in good repair the plumbing and electrical systems, heating and cooling, exterior and interior paint, roof, windows, mirrors and glass, floor and floor tiles, damage to ceilings and doors, trash collection, maintenance replacement of appliances, and yard maintenance, but excluding, without limitation, lock changes, extermination, general housekeeping, and replacement costs of entire systems.

The University as beneficiary will maintain all risk casualty insurance for full value on the improvements. This insurance will not include insurance coverage of contents, which coverage will be maintained by HUGS.

HUGS will include the University as a named additional insured on the insurance policies required by McDonald's Inc., to be maintained by HUGS as a licensing prerequisite. HUGS will require that copies of the policies and all amendments, or certificates of such insurance, be sent to the University prior to the opening of the facility and be kept current thereafter.

HUGS shall indemnify, defend, and hold harmless the University and its Regents, officers, employees and agents, from and against any and all liabilities, judgments, settlements, losses, damages and expenses, including court costs and reasonable attorney fees, incurred or suffered by these parties, which arise out of the lease or in connection with the operation of the premises and facility.

The University's total obligation for all expenditures whatsoever under the lease shall never exceed the annual income paid out from the UTMB Hospital House Endowment (the "Endowment") established by the Sealy & Smith Foundation and any quasi-endowment established by income reserve from the Endowment.

To the extent any annual income pay-out from the Endowment exceeds the University's annual maintenance expenses as agreed under the lease, the excess will be held in a quasi-endowment and applied as directed by the Sealy & Smith Endowment Agreement for the UTMB Hospital House Endowment.

Mr. Buddy Herz  
July 10, 1987  
Page Three

All utilities will be in HUGS name, or its operating name and paid for by HUGS.

HUGS will permit no liens of any kind to be placed on the leasehold, the property, or the improvements; HUGS will not permit waste of the property, reasonable wear and tear excepted.

HUGS will not sub-let or assign the lease without the University's prior written consent.

In the event of major casualty to the improvements, the decision to re-build will be solely in the University's discretion.

Any proposed improvements to the property must have the University's prior written approval.

The University and HUGS will cooperate to prevent the imposition of taxes on the property, but if any become due, HUGS will pay all taxes.

The University will have no obligation to provide security to the premises. If any is provided, it will be solely to protect the University's interests in the property and cannot be relied upon by HUGS nor represented by HUGS to be available to or provided to the facility for the benefit of the management or the visitors.

If these terms are satisfactory to HUGS, please obtain HUGS' counter-signature on this letter and return a copy for submission on the Regents' agenda for the August meeting.

Sincerely,

  
Patricia H. Burrall

Agreed as above:

By: B. J. Herz  
B. J. Herz, President  
Help Us Give Support, Inc.  
Date: July 14, 1987

The Sealy & Smith Foundation for the John Sealy Hospital, HUGS, and the U. T. Board of Regents in substantially the form set out on Pages HAC 12 - 16

- b. Authorize the Executive Vice Chancellor for Health Affairs to accept from The Sealy & Smith Foundation for the John Sealy Hospital the pediatric support facility and the land on which it is located, upon completion of construction
- c. Authorize the Executive Vice Chancellor for Health Affairs, the U. T. Medical Branch - Galveston Administration and the Office of General Counsel to negotiate and execute a lease of the new facility to HUGS, consistent with the terms agreed upon by letter set out on Pages HAC 12 - 16
- d. Authorize the Executive Vice Chancellor for Asset Management to accept and acknowledge with gratitude a gift of \$600,000 from The Sealy & Smith Foundation for the John Sealy Hospital, Galveston, Texas, to establish the UTMB Hospital House Endowment with the income to be directed toward the support and maintenance of the facility, and authorize the Executive Vice Chancellor for Asset Management to negotiate and execute an Endowment Agreement on terms consistent with the Letter of Understanding, following approval by the Office of General Counsel
- e. Acknowledge with gratitude that HUGS has committed to establish an external endowment for the operation of the facility, to be funded initially with at least \$350,000 in cash and \$450,000 in pledges, to be augmented by annual fund raising; and authorize the Executive Vice Chancellor for Asset Management to negotiate and execute an Endowment Agreement on terms consistent with the Letter of Understanding, following approval by the Office of General Counsel.

#### BACKGROUND INFORMATION

A nonprofit group, Help Us Give Support, Inc. (HUGS), was organized in 1982 to raise funds for the construction and operation of a Ronald McDonald House to benefit families of pediatric patients of the U. T. Medical Branch - Galveston Child Health Center and other hospitals in Galveston, providing a homelike facility for overnight stay in close proximity to the hospitals. Families often travel several hundred miles to take a child to Galveston repeatedly during months of continuing outpatient care after the initial hospital stay. The Ronald McDonald House concept has been used nationwide to address the needs of parents who cannot afford hotel costs during the periods when their child is receiving treatment.

HUGS has purchased land on the southwest corner of 14th and Mechanic Streets in Galveston as the site for the facility and has engaged architects to design a two-story, Victorian style house with 20 bedrooms, a living room, communal dining room, meditation room, family room, kitchen, laundry facilities, two lounge areas, two outdoor patios, playgrounds, underground parking facilities, a central office and on-site manager's quarters. The building is expected to be completed in the early spring of 1988, at a construction cost of approximately \$1 million.

HUGS has committed \$800,000 (consisting of at least \$350,000 in cash and the remainder in pledges) as an initial external endowment to be augmented by annual fund raising, to support the operation and maintenance of a pediatric support facility. The Sealy & Smith Foundation has committed at least \$1.6 million to support the construction and maintenance of the facility, \$600,000 of which is a grant for the benefit of U. T. Medical Branch - Galveston for the establishment of a permanent internal endowment, the UTMB Hospital House Endowment, under the control of the U. T. Board of Regents. Payout from the UTMB Hospital House Endowment is to be used primarily for the maintenance expenses of the pediatric support facility, including casualty insurance. If the facility ceases to be used as a pediatric care support facility, the Endowment and all income therefrom shall revert to The Sealy & Smith Foundation.

Upon completion of construction, the facility and the underlying land will be deeded to the U. T. Board of Regents by The Sealy & Smith Foundation, free and clear of liens and encumbrances, but subject to reversion if the property ceases to be used as a pediatric care support facility. If the facility is destroyed by casualty and the University decides not to rebuild, the casualty insurance proceeds will be paid over to the Foundation when the land reverts.

It is proposed that the U. T. Board of Regents lease the facility to HUGS at nominal rent for an initial two-year term which shall automatically renew from year to year until HUGS decides that it no longer wishes to manage and operate, at its own expense, the pediatric support facility. Upon termination of the lease, the U. T. Board of Regents may elect to continue operating the facility for pediatric support and receive the income from the HUGS external endowment, or elect not to do so, triggering reversion (to The Sealy & Smith Foundation) of the land, improvements and the UTMB Hospital House Endowment.

## LETTER OF UNDERSTANDING

THIS LETTER OF UNDERSTANDING is entered into by and among the Board of Regents of The University of Texas System (the "University") for and on behalf of The University of Texas Medical Branch - Galveston, and Help Give Us Support, Inc., a Texas nonprofit corporation ("HUGS"), and The Sealy & Smith Foundation for The John Sealy Hospital, a charitable corporation organized under the laws of the State of Texas (the "Foundation").

### I. Mutual Goals

The parties to this Agreement are in accord that a facility in close proximity to U. T. Medical Branch - Galveston Child Health Center providing a homelike atmosphere for overnight stay for the benefit of pediatric patients and their families, who often travel several hundred miles to take their children for repeated treatment during months of continuing outpatient care after the initial hospital stay, would be a significant benefit in providing necessary medical care and attention and parental support during continuing outpatient treatment. Toward this end, the parties to this agreement desire to encourage the establishment of such a pediatric support facility.

In 1982, HUGS initiated fundraising efforts for a pediatric support facility and subsequently obtained Ronald McDonald House endorsement and financial support, purchased land on the southwest corner of 14th and Mechanic Streets in Galveston as a site for the Ronald McDonald House, and engaged architects to design a two-story, Victorian-style house with 20 bedrooms, living room, communal dining room, meditation room, family room, kitchen, laundry facilities, two lounge areas, two outdoor patios, playgrounds, underground parking facilities, a central office, and on-site manager's quarters. The building is expected to be completed in the early spring of 1988, at a construction cost of approximately \$1 million dollars and donated by the Foundation to the University for the use and benefit of the John Sealy Hospital and its related hospitals. The University has agreed to lease the facility to HUGS, which will manage and operate it for pediatric support.

## II. Commitments of Help Us Give Support, Inc.

HUGS' campaign has raised approximately \$900,000 to-date toward the construction and operation of the Hospital House, and HUGS has committed to:

(1) Convey free and clear fee title to the site at 14th and Mechanic Streets, Galveston, Texas, to The Sealy & Smith Foundation; and

(2) Cooperate with the Foundation and the University in planning and supervising the construction of a first quality facility; and

(3) Lease the facility from the University and operate it as a pediatric support facility at HUGS expense, to be known initially as the "Ronald McDonald House of Galveston"; and

(4) Establish an external endowment consisting of \$800,000 or more in cash and pledges, at least \$350,000 of which will be cash. The external endowment will be held in trust for the benefit of the pediatric support facility, the income from which is to be used for the operating and maintenance expenses of the facility for so long as it is used as a pediatric support facility, to be paid out to HUGS for so long as HUGS operates the facility and thereafter to the University if the University opts to operate the facility as a pediatric support facility. HUGS has also committed to carry out an annual fundraising drive to augment the external endowment.

## III. Commitments of The Sealy & Smith Foundation

The Foundation has committed to:

(1) Construct the Hospital House at a maximum cost of \$1.0 million dollars and at no cost to the University on the site donated to the Foundation by HUGS, and to plan and supervise the construction of the Hospital House in cooperation with HUGS and the University; and

(2) Donate to the University upon completion of construction, the facility and the underlying real property, in fee simple free and clear of any liens or encumbrances, subject to reversion of the property and improvements if the facility ceases to be used as a pediatric care support facility; and

(3) Provide a grant to the University of \$600,000 for the establishment of a permanent endowment, the UTMB Hospital

House Endowment, under the control of the Board of Regents, all income to be used for the operating and maintenance expenses of the pediatric support facility. If the facility ceases to be operated as a pediatric care support facility, the endowment and all income therefrom shall revert to the Foundation.

(4) The Foundation's commitment is subject to the execution of a satisfactory agreement between the Foundation and HUGS.

#### IV. Commitments of The University of Texas System

The administrations of The University of Texas Medical Branch - Galveston and The University of Texas System will use their best efforts to:

(1) Cooperate with HUGS and the Foundation in supervising the construction of the pediatric support facility; and

(2) Lease the facility to HUGS in consideration of the benefit conferred for treatment of pediatric patients at the UTMB - Galveston Child Health Center, for operation solely at HUGS' direction and expense, except that the University shall maintain the structure and grounds at an annual cost not to exceed the payout from the UTMB Hospital House Endowment; and

(3) Use the payouts from the HUGS' Hospital House external endowment, and the UTMB Hospital House Endowment in accordance with the terms of those endowments; and

(4) If HUGS decides to discontinue operating the pediatric support facility, thus terminating the lease, the University will provide notice to HUGS and the Foundation if the University decides not to operate the facility as a pediatric support facility.

#### V. Conditions of Performance

All parties to this Letter of Understanding condition performance of the commitments made herein on requisite approvals, if any, by the Texas Higher Education Coordinating Board, and the Legislature of the State of Texas, and on condition that the donations, grants and endowments by HUGS and the Foundation, and the income and any proceeds thereof, shall not become a part of the Permanent University Fund, the Available University Fund, or the general funds of the State of Texas, and that no purchaser or grantee of any of the donated real estate shall be obliged to be concerned with the use or application made of any funds or other property paid or delivered by him or it to the Board of Regents of The University of Texas System for any of said real estate.

The Board of Regents of The University of Texas System further conditions its performance on the prior establishment of the endowments and donation of the property free and clear of any liens or any obligation except as expressly provided herein; on the commitments that all costs, including maintenance and operation, of the facility will be provided for by HUGS and the Foundation endowments or by third parties and that the University will have no obligation for payment of any expenses whatsoever except those expenses paid for by the UTMB Hospital House Endowment; on the University's participation in the planning and supervision of construction of the facility, including the right of prior approval of those plans by The University of Texas System Office of Facilities Planning and Construction, or other designate.

Without limiting the foregoing, Help Us Give Support, Inc. and The Sealy & Smith Foundation expressly understand, recognize and agree that the Board of Regents of The University of Texas System will not have any obligation to accept the gifts outlined above until and unless the conditions of the University's performance are met.

Executed by the parties hereto, to be effective as of May 17, 1987.

ATTEST:

HELP US GIVE SUPPORT, INC.

By: \_\_\_\_\_  
Secretary

By: \_\_\_\_\_  
President

ATTEST:

THE SEALY & SMITH FOUNDATION  
for THE JOHN SEALY HOSPITAL

By: \_\_\_\_\_  
Secretary

By: \_\_\_\_\_  
Ballinger Mills, President

ATTEST:

BOARD OF REGENTS  
THE UNIVERSITY OF TEXAS SYSTEM

By: \_\_\_\_\_  
Arthur H. Dilly  
Executive Secretary

By: \_\_\_\_\_  
Charles B. Mullins, M.D.  
Executive Vice Chancellor  
for Health Affairs

Approved as to Form:

Approved as to Content:

\_\_\_\_\_  
Patricia H. Burrall  
University Attorney

\_\_\_\_\_  
E. J. Pederson  
Executive Vice President for  
Administration and Business  
Affairs, The University of  
Texas Medical Branch -  
Galveston

5. U. T. Health Science Center - Houston: Proposed Appointment to the Allan King Professorship in Public Health Effective September 1, 1987.--

RECOMMENDATION

The Office of the Chancellor concurs with the recommendation by President Bulger to appoint R. Palmer Beasley, M.D., as initial holder of the Allan King Professorship in Public Health at the U. T. Health Science Center - Houston effective September 1, 1987. This appointment is contingent upon establishment of the Professorship as proposed in Item 28 , Page L&I - 22.

BACKGROUND INFORMATION

R. Palmer Beasley, M.D., received his medical degree from Harvard Medical School, Boston, Massachusetts, in 1962, and is currently Professor of Medicine and Head of the Division of Communicable Disease Epidemiology at the University of California at San Francisco, San Francisco, California. On September 1, 1987, Dr. Beasley will join the U. T. Public Health School - Houston as Dean and Professor of Public Health. An expert epidemiologist, he has written numerous articles on the epidemiology and prevention of Hepatitis B. Dr. Beasley, an outstanding researcher and physician, is exceptionally qualified to hold this appointment.

6. U. T. Health Science Center - Houston: Proposed Affiliation Agreement with The Veterans Administration Medical Center, Houston, Texas.--

RECOMMENDATION

The Office of the Chancellor concurs with the recommendation by President Bulger that approval be given to the affiliation agreement set out on Pages HAC 18 - 23 between the U. T. Health Science Center - Houston and The Veterans Administration Medical Center, Houston, Texas.

BACKGROUND INFORMATION

The primary purpose of this affiliation agreement is to provide educational and training opportunities for students enrolled at the U. T. Dental Branch - Houston.

This agreement has been reviewed and approved by the Office of General Counsel.

MEMORANDUM OF AGREEMENT (AFFILIATION)

B E T W E E N

THE VETERANS ADMINISTRATION MEDICAL CENTER, HOUSTON, TEXAS,

and

THE UNIVERSITY OF TEXAS HEALTH SCIENCE CENTER - HOUSTON

This Agreement, when approved by the United States Veterans Administration and The University of Texas Health Science Center, Houston, shall authorize the Houston Veterans Administration Medical Center to affiliate with the Dental Branch at Houston for the purpose of education and training. The Dental Branch accepts responsibility with the Veterans Administration Medical Center for the education and training programs conducted with the Veterans Administration Medical Center. The Veterans Administration Medical Center will retain full responsibility for the care of patients and will maintain administrative and professional supervision of students insofar as their presence affects the operation of the facility and/or the direct and indirect care of patients. The faculty is responsible for the supervision of the education of undergraduate and graduate students and residents at the University of Texas Dental Branch.

Students will receive an orientation to the facility. Faculty members and facility staff supervisors will evaluate the student's performance in mutual consultation and according to the guidelines outlined in the approved curriculum.

Responsibilities shall be divided as follows:

1. The University of Texas Health Science Center at Houston, Dental Branch:

a. Will be represented on the Dean's Committee by the Dean of the Dental Branch (or his designee).

b. Will nominate to the Veterans Administration Medical Center Director on an annual basis a staff of consulting and attending specialists in the number and with the qualifications agreed upon by the Dean's Committee and the Veterans Administration.

c. Will participate, through the Director and the staff of consulting and attending specialists, in the supervision of the integrated education and training programs of the Veterans Administration and such programs as are operated jointly by the Veterans Administration and the schools affiliated with the Veterans Administration health care facility. VA staff members who are also faculty members will be responsible for student and house staff supervision for educational purposes, but can delegate responsibility to nonfaculty VA staff members under unusual circumstances.

d. Will share the responsibility with the Veterans Administration Medical Center for the nomination of all dentists for residency or other graduate education and training programs in the numbers and with the qualifications agreed upon by the Dean's Committee and the Veterans Administration.

2. The Veterans Administration:

a. Will operate and administer the Veterans Administration Medical Center.

b. Will appoint qualified physicians and dentists to full-time and regular part-time staff of the Medical Center. Nominations to the Medical Center Director by the Dean's Committee for full-time and regular part-time positions shall be welcomed. The regularly appointed staff, including Chiefs of Services, shall be fully responsible to their immediate superiors in the Veterans Administration.

c. Will consider for appointment the attending and consulting staff and the dentist trainees nominated by the Dental Branch and recommended by the Dean's Committee.

d. Will cooperate with The University of Texas Dental Branch in the conduct of appropriate programs of education, training, and research.

3. The Director, Veterans Administration Medical Center:

a. Will be fully responsible for the operation of the Veterans Administration Medical Center.

b. Will cooperate with the Dean's Committee in the conduct of education and training programs and in evaluation of all participating individuals and groups.

4. The VA Chief of Staff:

a. Will be responsible to the Director for the professional health care operations of the facility.

b. Will cooperate with the Dean's Committee and the affiliated educational institutions in the direction and conduct of the education and training programs.

5. Chiefs of Service:

a. Will be responsible to their superiors in the Veterans Administration for the conduct of their service.

b. Will, in cooperation with consulting and attending staff, supervise the education and training programs within their respective services.

6. The Attending Staff:

a. Will be responsible to the Chief, Dental Service.

b. Will accept responsibility for the proper care and treatment of patients in their charge upon delegation by the Medical Center Director or his designee.

c. Will provide adequate training to house staff assigned to their service.

d. Will hold faculty appointment in The University of Texas Dental Branch or will be outstanding members of the profession with equivalent professional qualifications acceptable to the Veterans Administration.

7. Consultants:

a. Will be members of the faculty, above the rank of instructor, in The University of Texas Dental Branch, or equivalent professional qualifications acceptable to the Veterans Administration, and subject to VA regulations concerning consultants.

b. Will, as representatives of The University of Texas Dental Branch, participate in and take responsibility for the education and training programs of the Veterans Administration Medical Center, subject to VA policy and regulations.

c. Will afford to the Medical Center Director, Chief of Staff, and the Chief, Dental Service, the benefit of their professional advice and counsel.

TERMS OF AGREEMENT:

1. The University of Texas Dental Branch complies with Title VI of the Civil Rights Act of 1964, Title IX of the Education Amendments of 1972, section 504 of the Rehabilitation Act of 1973, and Title II of the Older Americans Amendments of 1975, and all related regulations, and assures that it does not, and will not discriminate against any person on the basis of race, color, sex, creed, national origin, age or handicap under any program or activity receiving Federal financial assistance.

2. Nothing in the agreement is intended to be contrary to State or Federal laws. In the event of conflict between terms of this agreement and any applicable State or Federal law, that State or Federal law will supersede the terms of this agreement. In the event of conflict between State and Federal laws, Federal laws will govern.

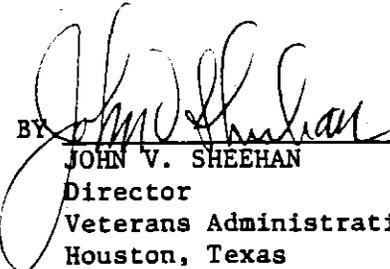
3. Protection of faculty members and students of the affiliated institution from personal liability when furnishing professional services covered by this agreement while at the VA health care facility will be that which is provided under the Federal Tort Claims Act, as implemented by 38 U.S.C. 4116.

4. Periodic reviews of programs and policies will be conducted under the auspices of the Office of Academic Affairs.

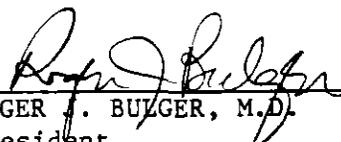
5. This Memorandum of Affiliation may be terminated by either party on written notice to the other six (6) months in advance of the next training experience.

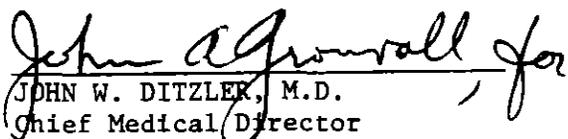
EXECUTED THIS 5th day of June, 1986.

VETERANS ADMINISTRATION MEDICAL CENTER

BY   
JOHN V. SHEEHAN  
Director  
Veterans Administration Medical Center  
Houston, Texas

THE UNIVERSITY OF TEXAS HEALTH SCIENCE CENTER - HOUSTON

BY   
ROGER J. BULGER, M.D.  
President  
The University of Texas  
Health Science Center - Houston

APPROVED BY  for DATE 7-22-86  
JOHN W. DITZLER, M.D.  
Chief Medical Director

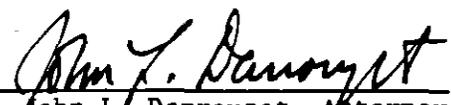
ATTEST:

BOARD OF REGENTS OF THE  
UNIVERSITY OF TEXAS SYSTEM

By \_\_\_\_\_  
Arthur Dilly  
Executive Secretary

By   
Charles B. Mullins, M.D.  
Executive Vice Chancellor  
for Health Affairs

APPROVED AS TO FORM:

By   
John L. Darrouzet, Attorney  
Office of General Counsel

7. U. T. Health Science Center - San Antonio: Proposed Appointment to the Hugh Roy Cullen Professorship in Nursing Effective August 13, 1987.--

#### RECOMMENDATION

The Office of the Chancellor concurs with the recommendation by President Howe to appoint Wealtha McGurn, Ph.D., as initial holder of the Hugh Roy Cullen Professorship in Nursing at the U. T. Health Science Center - San Antonio effective August 13, 1987.

#### BACKGROUND INFORMATION

Dr. Wealtha McGurn was recently appointed Director of Nursing Research at the U. T. Nursing School - San Antonio. Dr. McGurn has published numerous articles and has completed 17 research projects. Her textbook on cardiac nursing, published in 1982, continues to be widely used. Dr. McGurn is cited by faculty and students as an innovative and articulate faculty member. She is an effective teacher for undergraduate and graduate students and serves on many curriculum and evaluation committees. Dr. McGurn is highly qualified for this honor and will use the endowment to further nursing research.

The Hugh Roy Cullen Professorship in Nursing was established by the U. T. Board of Regents in February 1987.

## **Buildings and Grounds Committee**

BUILDINGS AND GROUNDS COMMITTEE  
Committee Chairman Hay

Date: August 13, 1987  
Time: Following the meeting of the Health Affairs Committee  
Place: Regents' Meeting Room, Ninth Floor, Ashbel Smith Hall

	<u>Page</u> <u>B&amp;G</u>
1. U. T. Board of Regents: Proposed Amendment to the Regents' <u>Rules and Regulations</u> , Part Two, Chapter VIII, Section 2	2
2. U. T. Arlington - Domestic Water Supply System: Request for Project Analysis; Appointment of Project Engineer; and Appropriation Therefor	2
3. U. T. Austin - Recreational Sports Facilities - Phase I (Project No. 102-596): Presentation of Preliminary Plans; Request for Authorization to Prepare Final Plans; and Additional Appropriation Therefor	3
4. U. T. San Antonio - U. T. Institute of Texan Cultures - San Antonio - Renovation of Public Areas, Second Segment: Request for Project Authorization; Submission to Coordinating Board; Appointment of Project Architect to Prepare Final Plans; and Appropriation Therefor	4
5. U. T. Medical Branch - Galveston - Administration Annex II Renovation (Project No. 601-615): Request for Approval of Final Plans; and Authorization to Advertise for Bids and for Executive Committee to Award Contracts	6
6. U. T. Health Science Center - San Antonio - Expansion of Clinical Science Teaching Space (Project No. 402-609): Request for Approval of Final Plans; Authorization to Advertise for Bids and for Executive Committee to Award Contracts; and Additional Appropriation Therefor	7

1. U. T. Board of Regents: Proposed Amendment to the Regents' Rules and Regulations, Part Two, Chapter VIII, Section 2.--

#### RECOMMENDATION

The Office of the Chancellor recommends the following amendment to Part Two, Chapter VIII, Section 2 of the Regents' Rules and Regulations:

Amend Section 2 to read as follows:

- Sec. 2. Minor New Building Construction; Minor Repairs and Remodeling; and Construction of Improvements Other Than Buildings Involving Less than \$300,000 per Project.--Minor new building construction, minor repairs and remodeling of the physical plant and construction of improvements other than buildings that involve a total expenditure of \$300,000 or less per project may be handled at the component institution. Necessary funds must have been approved through the proper procedure. In each case, the project must have been approved by the director of physical plant, chief business officer, [~~and~~] the chief administrative officer of the institution involved, the Executive Director for Finance and Administration and the Office of the Chancellor.

#### BACKGROUND INFORMATION

This amendment is being made to more appropriately clarify the expectations for review and approval at U. T. System Administration after approval at the campus level.

2. U. T. Arlington - Domestic Water Supply System: Request for Project Analysis; Appointment of Project Engineer; and Appropriation Therefor.--

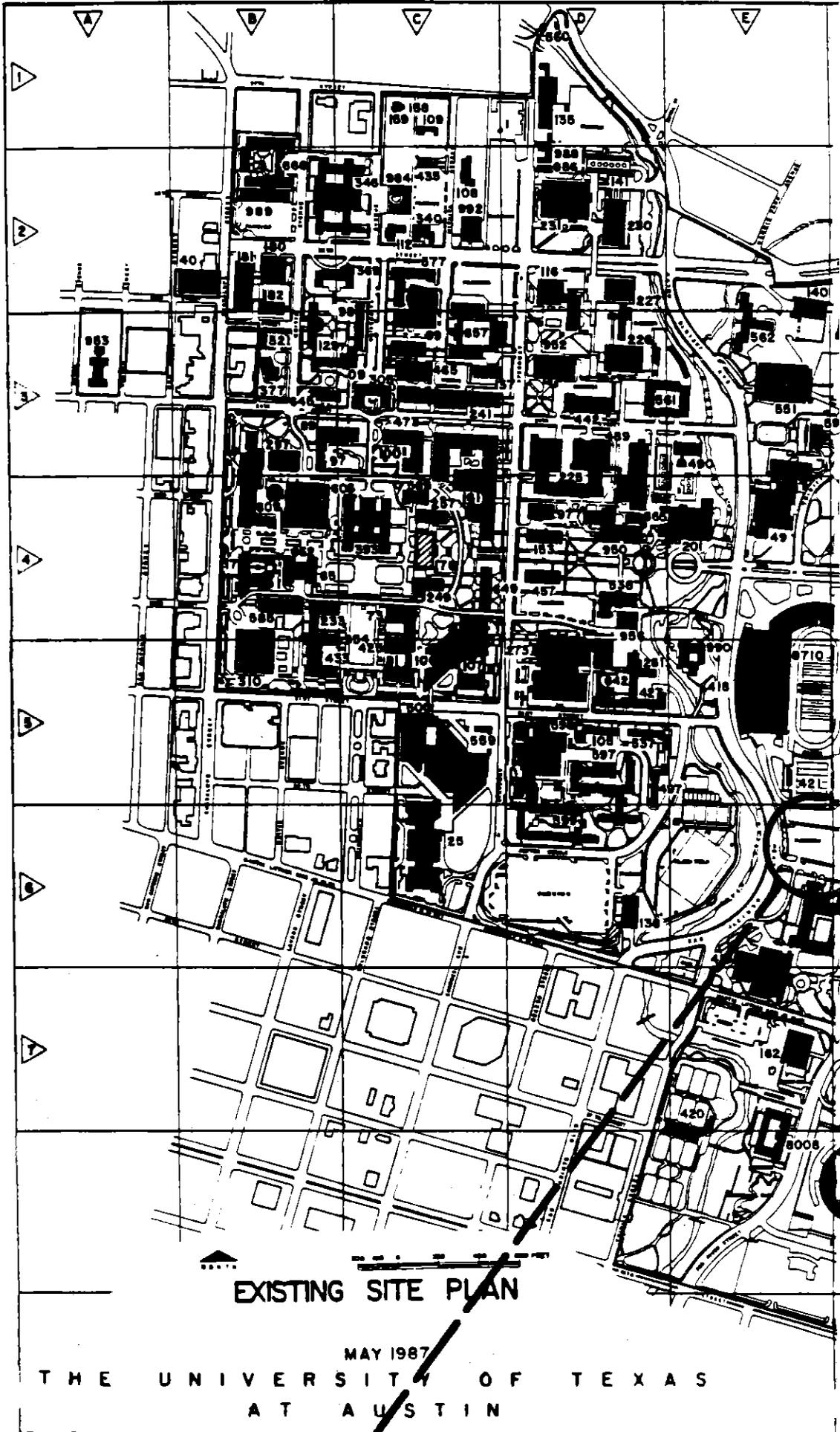
#### RECOMMENDATION

The Office of the Chancellor concurs with the recommendation of President Nedderman that the U. T. Board of Regents:

- a. Authorize a project analysis for improvements to the domestic water supply system on the U. T. Arlington campus
- b. Appoint Friberg Associates, Fort Worth, Texas, as Project Engineer to prepare the project analysis and a detailed cost estimate of recommended improvements
- c. Appropriate \$38,060 from U. T. Arlington Unexpended Plant Funds for preparation of the project analysis.

BUILDING INDEX

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- 40 WALTER NEWS MALL
- 49 ART BUILDING AND MUSEUM
- 65 BATTLE MALL
- 73 BATTY MALL
- 81 BENEDECT MALL
- 89 BIOLOGICAL LABORATORIES
- 97 BIOLOGICAL GREENHOUSE
- 98 BLANTON DORMITORY
- 99 BURNING MALL
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- 106 GRADUATE SCHOOL OF BUSINESS BLDG.
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- 108 ADMINISTRATION BUILDING
- 108 2613 WICHITA - PERSONNEL BUILDING
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- 112 2601 UNIVERSITY AVENUE
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- 118 510 RICHARDSON MALL
- 119 JOE C. THOMPSON CONFERENCE CENTER
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- 130 FINE ARTS LIBRARY AND ADMINISTRATION BUILDING
- 131 MUSIC BUILDING AND RECITAL MALL
- 132 PERFORMING ARTS CENTER (CONCERT HALL)
- 133 DANCE WORKSHOPS
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- 137 CENTRAL COOLING STATION NO. 1
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- 180 JESSE H. JONES COMMUNICATION CENTER - BUILDING A
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- 233 PAULIN MALL
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- 538 RUSSELL A. STEINER MALL
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- \*\* PHYSICAL PLANT FACILITIES



EXISTING SITE PLAN

MAY 1987

THE UNIVERSITY OF TEXAS  
AT AUSTIN

RECREATIONAL  
SPORTS FACILITIES

## BACKGROUND INFORMATION

A comprehensive engineering study of the total campus domestic water supply system is needed to consolidate meters, insure correct routing and pipe sizes, and to correct water pressure and flow problems to some campus buildings. Factors contributing to this need include:

- a. U. T. Arlington's expansion onto once privately owned lots with the installation of meters at the nearest available domestic water main
- b. Consolidation of water meters to reduce costs. Over sixty water meters now exist on campus.
- c. Requests by the City of Arlington for U. T. Arlington to assume ownership and maintenance responsibility for water lines in campus expansion areas
- d. Water pressure variance, particularly noticeable in some campus buildings without pumps, to pressurize water to upper floors
- e. The need to relocate City-owned and University-owned water mains due to the planned widening and lowering of Cooper Street.

U. T. Arlington Administration requests that Friberg Associates, Fort Worth, Texas, be appointed as Project Engineer to prepare the study of the domestic water supply system. Friberg Associates has served as Project Engineer or consultant on many projects at U. T. Arlington and is most familiar with the water supply system.

3. U. T. Austin - Recreational Sports Facilities - Phase I (Project No. 102-596): Presentation of Preliminary Plans; Request for Authorization to Prepare Final Plans; and Additional Appropriation Therefor.--

## RECOMMENDATION

The Office of the Chancellor concurs with the recommendation of President Cunningham that the U. T. Board of Regents:

- a. Approve the preliminary plans and specifications for the Recreational Sports Facilities - Phase I at U. T. Austin at an estimated total project cost of \$12,460,000 (not including cost of Project Analysis)

- b. Authorize the Project Architect to prepare final plans and specifications to be presented to the U. T. Board of Regents at a future meeting
- c. Appropriate \$260,000 from Auxiliary Enterprise Balance for fees and administrative expenses through completion of final plans. Previous appropriations have been \$270,000 from the same source.

This item requires the concurrence of the Finance and Audit Committee.

#### BACKGROUND INFORMATION

In accordance with authorization of the U. T. Board of Regents in October 1986, preliminary plans and a detailed cost estimate for the Recreational Sports Facilities - Phase I at U. T. Austin have been prepared by the Project Architect, F & S Partners, Incorporated, Dallas, Texas.

This project is the first phase of a proposed long-range program that will be accomplished in four phases to provide the recreational sports needs of the students, faculty and staff at U. T. Austin. This phase will provide a facility of approximately 120,000 gross square feet containing basketball, free weight, stationary weight, aerobics and handball courts. The estimated construction cost is \$10,135,000 resulting in a unit cost of \$84.46 per gross square foot. The estimated total project cost is \$12,460,000.

This project is not part of the Capital Improvement Program. The assessment of a \$20.00 per semester recreational sports fee was authorized by the 69th Legislature and approved by referendum of the student body. The fee is not to be levied until construction has been completed and the facility is available for use by the students. Revenue bonds are to be issued against the recreational sports fee to provide funding for the building project. It is contemplated that revenue bonds will be issued after final plans have been completed and after construction bids have been taken. The appropriations for fees from Auxiliary Enterprise Balances are made with the understanding that subject appropriations will be refunded from the bond proceeds when available.

- 4. U. T. San Antonio - U. T. Institute of Texan Cultures - San Antonio - Renovation of Public Areas, Second Segment: Request for Project Authorization; Submission to Coordinating Board; Appointment of Project Architect to Prepare Final Plans; and Appropriation Therefor.--

#### RECOMMENDATION

The Office of the Chancellor concurs with the recommendation of President Wagener that the U. T. Board of Regents:

- a. Authorize the project for the second segment of Renovation of Public Areas at the U. T. Institute of Texan Cultures - San Antonio at an estimated total project cost of \$679,000

- b. Authorize submission of the project to the Coordinating Board, Texas College and University System
- c. Appoint a Project Architect from the list set forth on Pages B&G 5 - 6 to prepare final plans and specifications and a detailed cost estimate to be presented to the U. T. Board of Regents at a future meeting
- d. Appropriate \$679,000 from Permanent University Fund Bond Proceeds for total project funding.

#### BACKGROUND INFORMATION

In October 1985, the U. T. Board of Regents approved as part of the Capital Improvement Program projects totaling \$2,130,000 at the U. T. Institute of Texan Cultures - San Antonio. In February 1986, the first segment of this work was authorized at an estimated total project cost of \$250,000 to improve security, clean exterior surfaces, improve accessibility for handicapped persons and replace a greenhouse.

The second segment of the renovation work will include conversion of an apartment area into conference and classroom space and renovation of other areas within the building which are inadequate to meet program needs of the U. T. Institute of Texan Cultures - San Antonio including the storage of a rapidly growing collection of photographic archives.

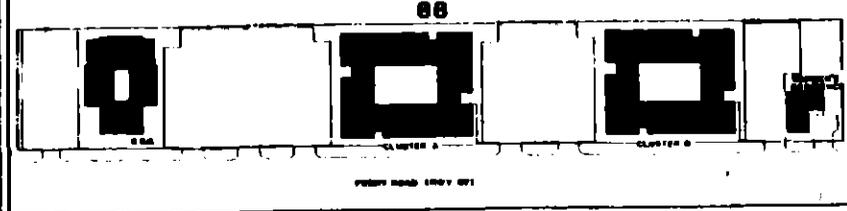
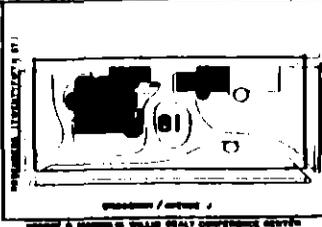
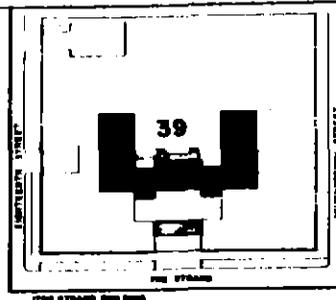
With the first two segments funded at \$250,000 and \$679,000, respectively, the unallocated project funds will amount to \$1,201,000. These remaining funds will be used in order of priority to (1) replace projection screens and equipment, (2) replace carpet, (3) replace the roof, (4) enlarge the parking area and (5) install catering support equipment. Each of these tasks was included in the original project definition. Savings from any given task or segment of the project may be used to cover excess costs in another segment or task. However, total project cost and scope remain unchanged from that approved in October 1985.

#### List of Firms for Consideration:

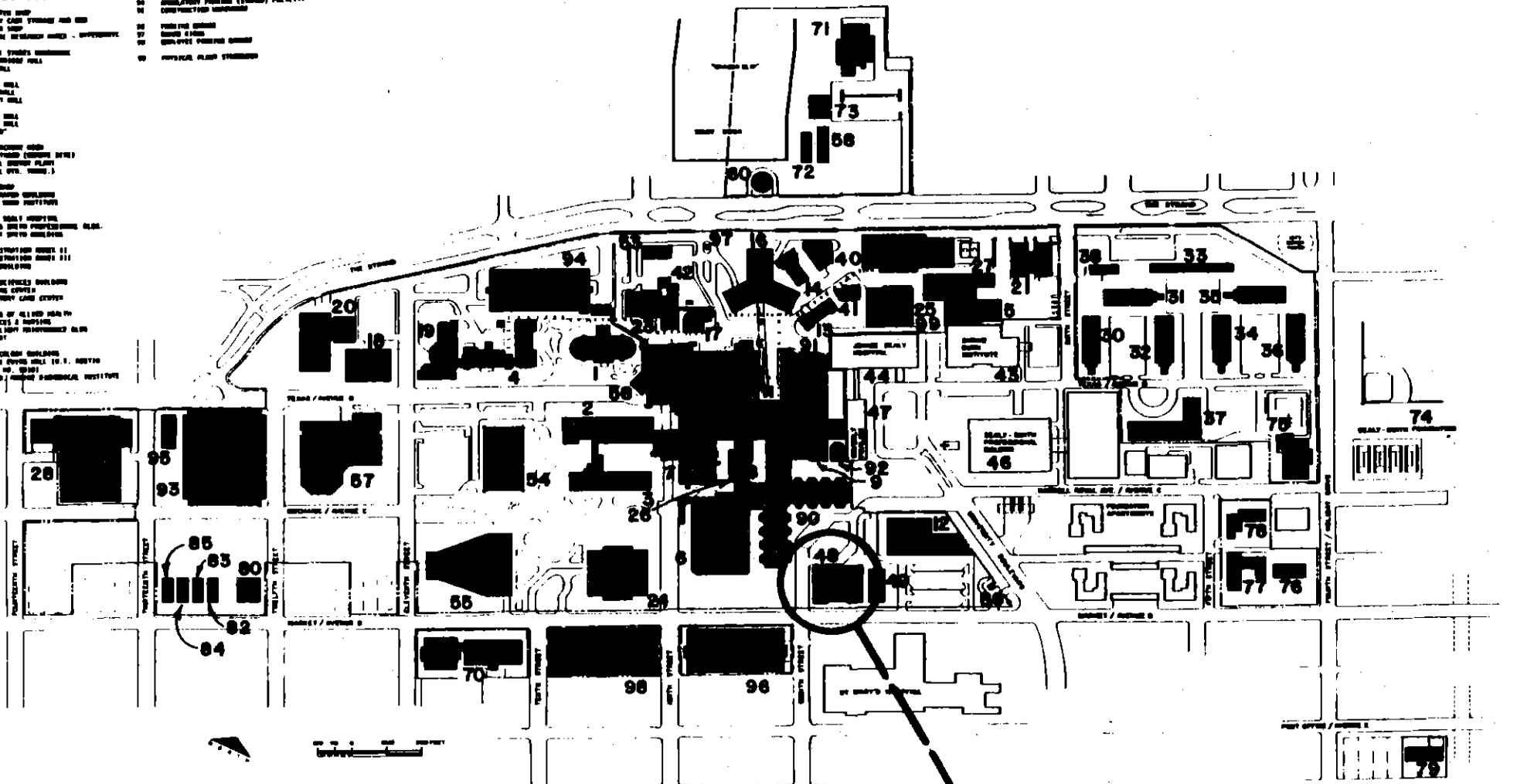
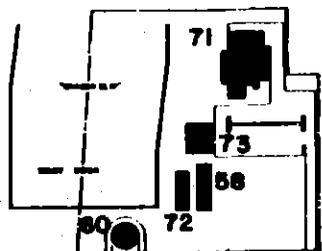
<u>Project Architect</u>	<u>Representative Projects</u>
Phelps Garza Bomberger San Antonio, TX	Basic Science 5th Level, Dental School (Joint Venture) U. T. Health Science Center - San Antonio Medical Center Hospital, Clinical Addition and MRI, San Antonio, TX Nursing Home Care Unit, V.A. Administration, San Antonio, TX Brenham State School, Texas MH/MR, Brenham, TX

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| 25 | ADMIN. BLDG. (1000 BLDG.) | 97  | PHYS. BLDG. (1000 BLDG.)        |
| 26 | ADMIN. BLDG. (1000 BLDG.) | 98  | PHYS. BLDG. (1000 BLDG.)        |
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| 28 | ADMIN. BLDG. (1000 BLDG.) | 100 | PHYS. BLDG. (1000 BLDG.)        |



**REMOTE SITES**



THE UNIVERSITY OF TEXAS MEDICAL BRANCH AT GALVESTON

**ADMINISTRATION ANNEX II**

EXISTING SITE PLAN  
MAY 1987

List of Firms for Consideration:

<u>Project Architect</u>	<u>Representative Projects</u>
Cerna Raba & Partners San Antonio, TX	San Antonio Convention Center Expansion University of Mexico, San Antonio, TX Hilton Palacio del Rio, San Antonio, TX History Building, Southwest Texas State University, San Marcos, TX
O'Neill Conrad Oppelt San Antonio, TX	University Center, U. T. San Antonio Health and P.E. Center, Pan American University, Edinburg, TX Farmers Branch Public Library, Farmers Branch, TX Computer Center, Kelly Air Force Base, TX
Andrew Perez San Antonio, TX (formerly with O'Neill Perez)	Bonham Elementary School Renovation, San Antonio I.S.D. Various Renovation Projects, New Braunfels I.S.D. Renovations, Fort Hood Corp of Engineers Planning Projects, City of San Antonio
5. <u>U. T. Medical Branch - Galveston - Administration Annex II Renovation (Project No. 601-615): Request for Approval of Final Plans; and Authorization to Advertise for Bids and for Executive Committee to Award Contracts.--</u>	

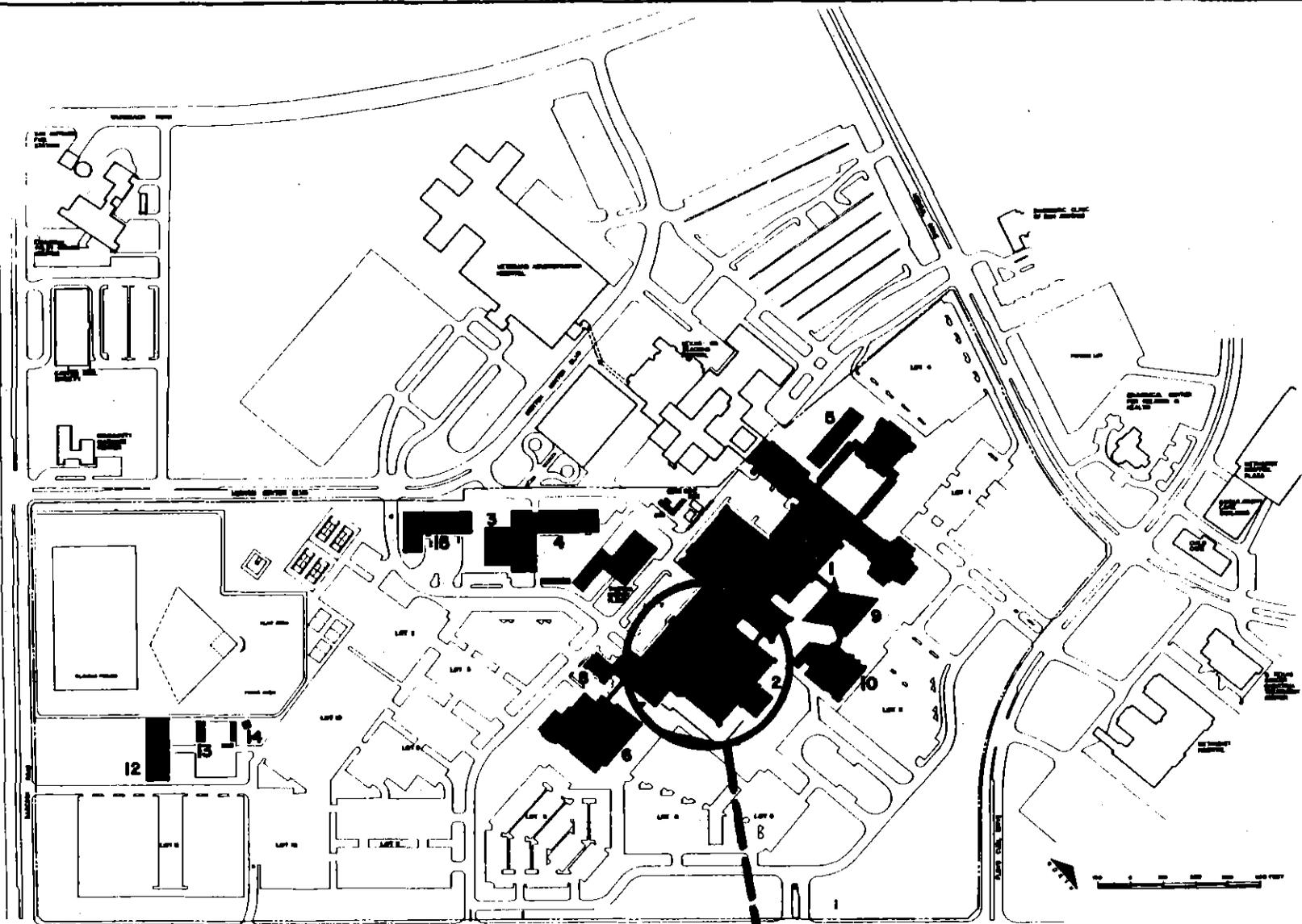
RECOMMENDATION

The Office of the Chancellor concurs with the recommendation of President Levin that the U. T. Board of Regents:

- a. Approve the final plans and specifications for the Administration Annex II Renovation at the U. T. Medical Branch - Galveston at an estimated total project cost of \$3,000,000
- b. Authorize the Office of Facilities Planning and Construction to advertise for bids upon completion of final review
- c. Authorize the Executive Committee to award all contracts associated with this project within the authorized total project cost.

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**EXPANSION OF CLINICAL  
SCIENCE TEACHING SPACE**

THE UNIVERSITY OF TEXAS HEALTH SCIENCE CENTER  
AT SAN ANTONIO

EXISTING SITE PLAN  
MAY 1987

## BACKGROUND INFORMATION

In accordance with authorization of the U. T. Board of Regents in April 1986, final plans and specifications for the Administration Annex II Renovation at the U. T. Medical Branch - Galveston have been prepared by the Project Architect, Louis Lloyd Oliver and Tibor Beerman, Galveston, Texas.

This project consists of remodeling the former School of Allied Health Sciences Building for utilization as expansion space for the U. T. Medical Branch - Galveston administrative offices. The building is a five-story, reinforced concrete and masonry structure containing 58,000 gross square feet of space which was constructed in 1955. The project will provide for the complete renovation of the building's architectural, mechanical, plumbing, and electrical systems. The estimated construction cost is \$2,625,000 resulting in a unit cost of \$45.26 per gross square feet.

The estimated total project cost is \$3,000,000. This amount was previously appropriated from U. T. Medical Branch - Galveston Unappropriated Balances.

This project was approved by the Coordinating Board, Texas College and University System in July 1986.

6. U. T. Health Science Center - San Antonio - Expansion of Clinical Science Teaching Space (Project No. 402-609): Request for Approval of Final Plans; Authorization to Advertise for Bids and for Executive Committee to Award Contracts; and Additional Appropriation Therefor.--

## RECOMMENDATION

The Office of the Chancellor concurs with the recommendation of President Howe that the U. T. Board of Regents:

- a. Approve final plans and specifications for the Expansion of Clinical Science Teaching Space at the U. T. Health Science Center - San Antonio at an estimated total project cost of \$15,500,000
- b. Authorize the Office of Facilities Planning and Construction to advertise for bids upon completion of final review
- c. Authorize the Executive Committee to award all contracts associated with this project within the authorized total project cost
- d. Appropriate \$14,600,000 from Permanent University Fund Bond Proceeds for total project funding. Previous appropriations have been \$900,000 from the same source.

## BACKGROUND INFORMATION

In accordance with authorization of the U. T. Board of Regents in December 1986, final plans and specifications for the Expansion of Clinical Science Teaching Space at the U. T. Health Science Center - San Antonio have been prepared by the Project Architect, Chumney and Associates (formerly Chumney Urrutia), San Antonio, Texas.

This expansion is a fifth-level addition to the U. T. Health Science Center - San Antonio facility, horizontally contiguous to other medical school departments. To avoid a long-term shutdown of Dental Clinic operations on level four, an interstitial chase will collect and distribute extensive laboratory utilities between the fourth and fifth floors. The project includes approximately 86,000 gross square feet of offices, research laboratories and teaching space; an equivalent of 29,000 gross square feet of interstitial chase; and 15,000 gross square feet of new penthouse construction for mechanical equipment. The estimated construction cost of the total program of 130,000 gross square feet is \$12,775,000 resulting in a unit price of \$98.30 per gross square foot.

The estimated total project cost is \$15,500,000 and within the scope of the Capital Improvement Program approved by the U. T. Board of Regents in October 1985.

This project was approved by the Coordinating Board, Texas College and University System in January 1987.

## Land and Investment Committee

LAND AND INVESTMENT COMMITTEE  
Committee Chairman Ratliff

Date: August 13, 1987  
Time: Following the meeting of the Buildings and  
Grounds Committee  
Place: Regents' Meeting Room, Ninth Floor, Ashbel Smith Hall

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U. T. BOARD OF REGENTS

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U. T. ARLINGTON

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I. PERMANENT UNIVERSITY FUND

Investment Matters

Report on Clearance of Monies to Permanent University Fund for May and June 1987 and Report on Oil and Gas Development as of June 30, 1987.--The following reports with respect to (a) certain monies cleared to the Permanent University Fund for May and June 1987, and (b) Oil and Gas Development as of June 30, 1987, are submitted by the Executive Vice Chancellor for Asset Management:

	<u>May 1987</u>	<u>June 1987</u>	<u>Cumulative Through June of this Fiscal Year (1986-1987)</u>	<u>Cumulative Through June of Preceding Fiscal Year (1985-1986)</u>	<u>Per Cent Change</u>
Permanent University Fund					
Royalty					
Oil	\$ 4,442,641.50	\$ 4,805,145.08	\$ 40,823,798.71	\$ 71,617,476.67	-43.00%
Gas	2,136,505.20	2,049,605.53	18,865,602.59	25,285,259.46	-25.39%
Sulphur	10,000.00	10,000.00	100,000.00	194,561.84	
Water	39,995.54	41,945.03	447,484.00	583,097.34	
Brine	4,086.56	928.76	26,339.08	73,175.24	
Trace Minerals	0.00	0.00	0.00	0.00	
Rental					
Oil and Gas Leases	11,654.41	73.97	457,049.96	806,739.97	
Other	334.00	8,180.00	14,078.28	10,666.00	
Sale of Sand, Gravel, Etc.	400.00	3,165.30	4,823.90	37,318.70	
Gain or (Loss) on Sale of Securities	9,610,456.09	17,540,978.38	187,722,894.50	140,576,055.08	
Sub-Total	<u>16,256,073.30</u>	<u>24,460,022.05</u>	<u>248,462,071.02</u>	<u>239,184,350.30</u>	<u>3.88%</u>
Bonuses					
Oil and Gas Lease Sales	0.00	0.00	3,007,941.58	5,942,458.05	
Amendments and Extensions to Mineral Leases	<u>0.00</u>	<u>0.00</u>	<u>(6,293.56)</u>	<u>196,916.66</u>	
Total Bonuses	<u>0.00</u>	<u>0.00</u>	<u>3,001,648.02</u>	<u>6,139,374.71</u>	
TOTAL CLEARANCES	<u>\$16,256,073.30</u>	<u>\$24,460,022.05</u>	<u>\$251,463,719.04</u>	<u>\$245,323,725.01</u>	<u>2.50%</u>

Oil and Gas Development - June 30, 1987  
Acreage Under Lease - 650,425

Number of Producing Acres - 556,598

Number of Producing Leases - 2,229

## II. TRUST AND SPECIAL FUNDS

### A. GIFTS, BEQUESTS AND ESTATES

1. U. T. System: Recommendation to Accept Gift to Establish the Neva McMurry Riedel Endowment.--

#### RECOMMENDATION

The Office of the Chancellor recommends the acceptance of a \$10,000 gift from Mr. and Mrs. Charles L. Wensley, Garland, Texas, to establish the Neva McMurry Riedel Endowment at the U. T. System for the benefit of U. T. Arlington and U. T. Austin.

Income earned from the endowment is to be paid to the Neva McMurry Riedel Scholarship Fund and will be used to award scholarships to students majoring in journalism at U. T. Arlington and U. T. Austin.

#### BACKGROUND INFORMATION

Merle McMurry (Mrs. Charles L.) Wensley received her B.J. degree from U. T. Austin in 1937.

2. U. T. Austin: Recommendation to Accept Transfer of Funds to Establish the Art Enrichment Fund in the College of Fine Arts.--

#### RECOMMENDATION

The Office of the Chancellor concurs with President Cunningham's recommendation to accept a \$13,631.64 transfer of previously reported gifts from current restricted funds to establish the Art Enrichment Fund in the College of Fine Arts at U. T. Austin.

Income earned from the endowment will be used to support salaries and general operational expenses needed to implement the Archer M. Huntington Art Gallery's Art Enrichment Program and any branch programs created.

#### BACKGROUND INFORMATION

The Archer M. Huntington Art Gallery's Art Enrichment Program was created ten years ago to involve Austin area elementary school children in education of the visual arts. It has become the national model for art education in public schools in the United States and abroad.

3. U. T. Austin: Recommendation to Accept Gift to Establish the Pauline Moss Crouch Scholarship in the College of Liberal Arts.--

#### RECOMMENDATION

The Office of the Chancellor concurs with President Cunningham's recommendation to accept a \$10,000 gift from Mrs. Pauline Moss Crouch, Houston, Texas, to establish the Pauline Moss Crouch Scholarship in the College of Liberal Arts at U. T. Austin.

Income earned from the endowment will be used to provide scholarships to deserving undergraduate students enrolled in the College of Liberal Arts.

#### BACKGROUND INFORMATION

Mrs. Pauline Moss Crouch retired from the Houston Independent School District after serving forty-six years as a teacher and administrator. She received her B.A. from U. T. Austin in 1919 and is a member of The Chancellor's Council.

4. U. T. Austin: RepublicBank Corporation Centennial Professorship in Commercial Banking & Trust in the College of Business Administration and the Graduate School of Business - Recommendation to Redesignate as the First RepublicBank Corporation Centennial Professorship in Business Administration and Amend the Professorship Charter.--

#### RECOMMENDATION

The Office of the Chancellor concurs with President Cunningham's recommendation to redesignate the RepublicBank Corporation Centennial Professorship in Commercial Banking & Trust in the College of Business Administration and the Graduate School of Business at U. T. Austin as the First RepublicBank Corporation Centennial Professorship in Business Administration.

It is further recommended that the professorship charter be amended to read as follows:

"The First RepublicBank Corporation Centennial Professorship in Business Administration can be used in any area of business administration if all eligible banking professors already hold endowments."

This recommendation is being made in accordance with the donor's request.

### BACKGROUND INFORMATION

The RepublicBank Corporation Centennial Professorship in Commercial Banking & Trust was established at the August 1982 meeting of the U. T. Board of Regents with a \$40,000 gift and \$60,000 pledge for a total of \$100,000 from RepublicBank Corporation, Dallas, Texas. RepublicBank Corporation merged with InterFirst Corporation on June 6, 1987.

See Item 3, Page AAC - 6 related to a proposed appointment to this Professorship.

5. U. T. Austin - Isabel McCutcheon Harte Centennial Professorship in Astronomy in the College of Natural Sciences: Recommendation to Accept Additional Pledge and Redesignate as the Isabel McCutcheon Harte Centennial Chair in Astronomy and Eligibility for Matching Funds Under The Regents' Endowed Teachers and Scholars Program.--

### RECOMMENDATION

The Office of the Chancellor concurs with President Cunningham's recommendation to accept a \$400,000 pledge, payable by August 31, 1989, from Mr. Houston H. Harte, Jr., San Antonio, Texas, and Mr. Edward Harte, Corpus Christi, Texas, for addition to the Isabel McCutcheon Harte Centennial Professorship in Astronomy in the College of Natural Sciences at U. T. Austin and redesignate as the Isabel McCutcheon Harte Centennial Chair in Astronomy.

It is further recommended that \$200,000 of the pledge be matched under The Regents' Endowed Teachers and Scholars Program and funds be used to increase the endowment to a total of \$700,000.

### BACKGROUND INFORMATION

The Isabel McCutcheon Harte Centennial Professorship in Astronomy was established at the December 1982 meeting of the U. T. Board of Regents with a \$100,000 gift from brothers, Houston and Edward Harte. Mr. Houston Harte is Chairman of the Board of Harte-Hanks Communications, Inc. in San Antonio and a member of the McDonald Observatory and Department of Astronomy Board of Visitors at U. T. Austin. Mr. Edward Harte is Publisher of the Corpus Christi Caller - Times newspaper. Both have continued to support several endowments at the University.

6. U. T. Austin: Recommendation to Accept Gifts and Pledges to Establish the Karl Kamrath Lectureship in Architecture in the School of Architecture and Eligibility for Matching Funds Under The Regents' Endowed Teachers and Scholars Program.--

#### RECOMMENDATION

The Office of the Chancellor concurs with President Cunningham's recommendation to accept \$29,935 in gifts and \$15,750 in pledges, payable prior to August 31, 1987, from various donors for a total endowment of \$45,685 to establish the Karl Kamrath Lectureship in Architecture in the School of Architecture at U. T. Austin.

It is further recommended that \$22,842.50 of the gifts and pledges be matched under The Regents' Endowed Teachers and Scholars Program and used to increase the endowment to a total of \$68,527.50.

#### BACKGROUND INFORMATION

Mr. Karl Kamrath, Houston, Texas, received his Bachelor of Architecture from U. T. Austin in 1934. He is a former member of the School of Architecture Foundation Advisory Council at U. T. Austin and is listed in Who's Who in America. Mr. Kamrath is currently with the Houston firm of MacKie and Kamrath Architects.

7. U. T. Austin: Recommendation to Accept Bequest to Establish the William E. Lake, Jr. Excellence Fund for Architecture in the School of Architecture.--

#### RECOMMENDATION

The Office of the Chancellor concurs with President Cunningham's recommendation to accept a \$130,000 bequest from the Estate of William E. Lake, Jr. to establish with \$100,000 the William E. Lake, Jr. Excellence Fund for Architecture in the School of Architecture at U. T. Austin with the balance of \$30,000 to be placed in the School of Architecture Excellence Fund.

Income earned from the endowment and \$30,000 of the bequest will be used at the discretion of the Dean of the School of Architecture to strengthen the School's academic excellence.

#### BACKGROUND INFORMATION

Mr. William E. Lake, Jr., deceased August 30, 1986, was employed with Northrop & Northrop, AIA in Houston at the time of his death. He received his Bachelor of Architecture from U. T. Austin in 1949.

8. U. T. Austin: Liddell, Sapp, Zivley & LaBoon Professorship in Banking, Financial, Commercial and Corporate Law in the School of Law - Recommendation to Redesignate as the Liddell, Sapp & Zivley Professorship in Banking, Financial, Commercial and Corporate Law.--

#### RECOMMENDATION

The Office of the Chancellor reports that The University of Texas Law School Foundation (an external foundation) has expressed the desire that the Liddell, Sapp, Zivley & LaBoon Professorship in Banking, Financial, Commercial and Corporate Law in the School of Law at U. T. Austin be redesignated as the Liddell, Sapp & Zivley Professorship in Banking, Financial, Commercial and Corporate Law. The Office of the Chancellor concurs with President Cunningham's recommendation that the endowment be redesignated in accordance with the donor's request.

#### BACKGROUND INFORMATION

The Liddell, Sapp, Zivley & Brown Professorship in Banking, Financial, Commercial and Corporate Law was established at the June 1978 meeting of the U. T. Board of Regents with a stock gift to The University of Texas Law School Foundation from Mr. Charles Sapp, Houston, Texas, which was accepted at the April 1978 meeting. At the April 1984 meeting, the U. T. Board of Regents approved redesignation as the Liddell, Sapp, Zivley, Brown & LaBoon Professorship in Banking, Financial, Commercial and Corporate Law and at the February 1985 meeting approved redesignation as the Liddell, Sapp, Zivley & LaBoon Professorship in Banking, Financial, Commercial and Corporate Law.

9. U. T. Austin: Recommendation to Accept Gifts to Establish the Jackson B. and Avis B. Reid Educational Psychology Fund in the College of Education.--

#### RECOMMENDATION

The Office of the Chancellor concurs with President Cunningham's recommendation to accept gifts in excess of \$11,000 from Dr. and Mrs. Jackson B. Reid, Austin, Texas, to establish the Jackson B. and Avis B. Reid Educational Psychology Fund in the Department of Educational Psychology, College of Education, at U. T. Austin.

Income earned from the endowment will be used to enhance the educational psychology program through the support of research, instruction, recruitment, and other beneficial activities.

### BACKGROUND INFORMATION

Dr. Jackson B. Reid is a retired professor and was Chairman of the Department of Educational Psychology at U. T. Austin from 1972 to 1984. He is a member of the U. T. Retired Faculty and Staff Association at U. T. Austin and The Chancellor's Council.

10. U. T. Austin: Recommendation to Accept Gift to Establish the Lorraine I. Stengl Endowment Fund in the College of Natural Sciences.--

### RECOMMENDATION

The Office of the Chancellor concurs with President Cunningham's recommendation to accept a \$25,000 gift from Dr. Lorraine I. Stengl, Wimberley, Texas, to establish the Lorraine I. Stengl Endowment Fund in the Department of Zoology, College of Natural Sciences, at U. T. Austin.

Income earned from the endowment will be used to provide support for travel expenses of students and faculty, faculty recruitment expenses, health insurance coverage for graduate students, and other emergency needs which may arise.

### BACKGROUND INFORMATION

Dr. Lorraine I. Stengl is a retired medical doctor who has been generous in her support of U. T. Austin. She currently serves on the Department of Zoology Visiting Committee and is a member of The Chancellor's Council.

11. U. T. Austin: Jack G. Taylor Regents Visiting Professorship in Business in the College of Business Administration and the Graduate School of Business - Recommendation to Accept Additional Gift and Redesignate as the Jack G. Taylor Regents Professorship in Business Administration and Eligibility for Matching Funds Under The Regents' Endowed Teachers and Scholars Program to Establish the Jack G. Taylor Regents Professorship in Fine Arts in the College of Fine Arts.--

### RECOMMENDATION

The Office of the Chancellor concurs with President Cunningham's recommendation to accept a \$100,000 gift from Mr. Jack G. Taylor, Austin, Texas, for addition to the Jack G. Taylor Regents Visiting Professorship in Business in the College of Business Administration and the Graduate School of Business at U. T. Austin for a total endowment of \$150,000 and to redesignate as the Jack G. Taylor Regents Professorship in Business Administration.

It is further recommended that the gift be matched under The Regents' Endowed Teachers and Scholars Program and funds used to establish the Jack G. Taylor Regents Professorship in Fine Arts in the College of Fine Arts.

#### BACKGROUND INFORMATION

The Jack G. Taylor Regents Visiting Professorship in Business was established at the August 1984 meeting of the U. T. Board of Regents with \$40,000 in undesignated matching funds from The Centennial Teachers and Scholars Program and \$10,000 from The Regents' Endowed Teachers and Scholars Program representing gifts to the Jack G. Taylor Centennial Visiting Professorship from Mr. Jack G. Taylor.

12. U. T. Austin: Texas Centennial Lectureship in Astronomy and Astrophysics in the College of Natural Sciences - Recommendation to Carry Forward Reserved Funds from The Regents' Endowed Teachers and Scholars Program.--

#### RECOMMENDATION

The Office of the Chancellor concurs with President Cunningham's recommendation that \$35,000 reserved for the biennium ending August 31, 1987, under The Regents' Endowed Teachers and Scholars Program to match the projected value of the sale of real estate donated for the Texas Centennial Lectureship in Astronomy and Astrophysics in the College of Natural Sciences at U. T. Austin be carried forward to the biennium ending August 31, 1989, and reserved for the same purpose.

#### BACKGROUND INFORMATION

The Texas Centennial Lectureship in Astronomy and Astrophysics was established at the June 1983 meeting of the U. T. Board of Regents with a gift of land and improvements appraised at approximately \$35,000 from Dr. and Mrs. Gerard de Vaucouleurs, Austin, Texas. Matching funds from The Centennial Teachers and Scholars Program were reserved and designated to double the endowment. The matching funds were carried forward to The Regents' Endowed Teachers and Scholars Program at the August 1985 meeting of the U. T. Board of Regents. Under prevailing economic conditions, it would be disadvantageous to sell the property prior to August 31, 1987.

13. U. T. Austin: Recommendation to Accept Gifts, Pledges and Challenge Grant to Establish The 1984-85 CBA Students' Endowed Presidential Scholarship(s) in the College of Business Administration.--

#### RECOMMENDATION

The Office of the Chancellor concurs with President Cunningham's recommendation to accept \$13,877.70 in gifts, \$26,622.30 in pledges, payable by June 30, 1988, from the members of the College of Business Administration class of 1984-85 at U. T. Austin and a \$12,500.00 matching challenge grant from the Abell-Hanger Foundation, Midland, Texas, for a total of \$53,000.00 to establish The 1984-85 CBA Students' Endowed Presidential Scholarship(s) in the College of Business Administration at U. T. Austin.

It is further recommended that as the total fund amount increases beyond the initial \$25,000 and in \$25,000 increments thereafter, that additional scholarships of the same name be awarded as funds permit.

Income earned from the endowment will be used to award one or more scholarships annually to student(s) seeking a B.B.A. degree.

#### BACKGROUND INFORMATION

The College of Business Administration class of 1984-85 is funding these scholarships through the CBA Business Council Student Gift Campaign to express appreciation for the educational opportunities received at U. T. Austin.

The Abell-Hanger Foundation is a Texas family foundation founded in 1954 by Mr. and Mrs. George T. and Gladys Hanger Abell. The Foundation supports civil and social services and educational organizations in Texas.

14. U. T. Austin: Recommendation to Accept Gifts and Pledges to Establish The 1985-86 CBA Students' Endowed Presidential Scholarship(s) in the College of Business Administration.--

#### RECOMMENDATION

The Office of the Chancellor concurs with President Cunningham's recommendation to accept \$4,300 in gifts and \$38,700 in pledges, payable by June 30, 1989, for a total of \$43,000 from the members of the College of Business Administration class of 1985-86 at U. T. Austin to establish The 1985-86 CBA Students' Endowed Presidential Scholarship(s) in the College of Business Administration at U. T. Austin.

It is further recommended that as the total fund amount increases beyond the initial \$25,000 and in \$25,000 increments thereafter, that additional scholarships of the same name be awarded as funds permit.

Income earned from the endowment will be used to award one or more scholarships annually to student(s) seeking a B.B.A. degree.

#### BACKGROUND INFORMATION

The College of Business Administration class of 1985-86 is funding this Scholarship through the CBA Business Council Student Gift Campaign to express appreciation for the educational opportunities received at U. T. Austin.

15. U. T. Austin: Recommendation to Accept Gifts and Pledges to Establish The 1986-87 Graduate Business Students' Endowed Presidential Scholarship(s) in the Graduate School of Business.--

#### RECOMMENDATION

The Office of the Chancellor concurs with President Cunningham's recommendation to accept \$26,206.25 in gifts and \$67,793.75 in pledges, payable by June 30, 1990, from the members of the Graduate School of Business class of 1986-87 at U. T. Austin for a total of \$94,000 to establish The 1986-87 Graduate Business Students' Endowed Presidential Scholarship(s) in the Graduate School of Business at U. T. Austin.

It is further recommended that as the total fund amount increases beyond the initial \$25,000 and in \$25,000 increments thereafter, that additional scholarships of the same name be awarded as funds permit.

Income earned from the endowment will be used to award one or more scholarships annually to students seeking M.B.A or M.P.A. degrees.

#### BACKGROUND INFORMATION

The Graduate School of Business class of 1986-87 is funding these Scholarships through the Graduate Business Council Student Gift Campaign to acknowledge the challenge presented by previous graduate business classes and to express appreciation for the educational opportunities received at U. T. Austin.

16. U. T. Austin: Recommendation to Accept Gift and Pledge to Establish the Ralph B. Thomas Regents Professorship in International Studies in Business in the College of Business Administration and the Graduate School of Business and Eligibility for Matching Funds Under The Regents' Endowed Teachers and Scholars Program to Establish the Ralph B. Thomas Regents Professorship in Asian Studies in the College of Liberal Arts.--

#### RECOMMENDATION

The Office of the Chancellor concurs with President Cunningham's recommendation to accept a \$25,000 gift and \$75,000 pledge, payable by August 31, 1989, for a total of \$100,000 from Mr. Ralph B. Thomas, Houston, Texas, to establish the Ralph B. Thomas Regents Professorship in International Studies in Business in the College of Business Administration and the Graduate School of Business at U. T. Austin.

It is further recommended that the gift and pledge, as received, be matched under The Regents' Endowed Teachers and Scholars Program and funds used to establish the Ralph B. Thomas Regents Professorship in Asian Studies in the College of Liberal Arts.

#### BACKGROUND INFORMATION

Mr. Ralph B. Thomas received his B.B.A. in General Business in 1966 and his M.B.A. in Finance in 1968 from U. T. Austin. He is partner and Senior Vice President of Fayez Sarofim & Company, Houston, Texas. He is a member of the College of Business Administration Foundation Advisory Council and The President's Associates at U. T. Austin.

17. U. T. El Paso: Recommendation to Accept Gift to Establish the C. D. Jarvis Tribute Scholarship Fund.--

#### RECOMMENDATION

The Office of the Chancellor concurs with President Monroe's recommendation to accept a \$10,000 gift from the Alumni Association of El Paso High School, El Paso, Texas, to establish the C. D. Jarvis Tribute Scholarship Fund at U. T. El Paso.

Income earned from the endowment will be used to provide scholarships for qualified students at U. T. El Paso who were outstanding graduates of El Paso High School.

### BACKGROUND INFORMATION

Mr. C. D. Jarvis retired in 1985 at the age of 70 after an outstanding career of forty years as basketball coach and teacher at El Paso High School. He has been recognized as one of the most outstanding high school basketball coaches in the State of Texas.

18. U. T. El Paso: Recommendation to Accept Transfers of Funds and Pledge to Establish the Dr. Haskell M. Monroe, Jr. Library Fund.--

### RECOMMENDATION

The Office of the Chancellor concurs with Interim President Natalicio's recommendation to accept a \$30,000 transfer of funds from the U. T. El Paso President's Associates, a \$4,124.76 transfer of funds from previously reported gifts from current restricted funds, and a \$20,000 pledge, payable by August 31, 1989, from Southwestern Bell Foundation, St. Louis, Missouri, for a total endowment of \$54,124.76 to establish the Dr. Haskell M. Monroe, Jr. Library Fund at U. T. El Paso.

Income earned from the endowment will be used to purchase books each year for the University library.

### BACKGROUND INFORMATION

Dr. Haskell Monroe served as President of U. T. El Paso from July 1980 until July 1987. Each book purchased in Dr. Monroe's honor will contain a special bookplate so that future readers will know of Dr. Monroe's influence and love for the University library.

19. U. T. El Paso: Recommendation to Accept Gifts to Establish the Dr. Howard E. Quinn Memorial Fund.--

### RECOMMENDATION

The Office of the Chancellor concurs with President Monroe's recommendation to accept gifts totaling \$54,307.81 from alumni, friends, colleagues, and corporations to establish the Dr. Howard E. Quinn Memorial Fund at U. T. El Paso.

Income earned from the endowment will be used to promote the Department of Geological Sciences and to encourage additional funding so that a minimum goal of \$100,000 can be reached to endow a professorship.

### BACKGROUND INFORMATION

Dr. Quinn was a geology professor and department chairman at U. T. El Paso from 1924 until his retirement in 1965. After his death in 1976, former students and friends established the Dr. Howard E. Quinn Geology Library Memorial Fund which was approved at the February 1980 meeting of the U. T. Board of Regents.

20. U. T. El Paso: Recommendation to Accept Gifts to Establish the Dr. Walter R. Roser Memorial Scholarship Fund.--

### RECOMMENDATION

The Office of the Chancellor concurs with President Monroe's recommendation to accept gifts totaling \$10,000 from friends, relatives, colleagues, and corporations to establish the Dr. Walter R. Roser Memorial Scholarship Fund at U. T. El Paso.

Income earned from the endowment will be used to award an annual scholarship to an outstanding junior in the Department of Metallurgical Engineering. The Scholarship will be awarded to a new student each year.

### BACKGROUND INFORMATION

This endowment is being funded in memory of Dr. Walter Ray Roser who died in 1984 while serving as Associate Professor of Metallurgical Engineering at U. T. El Paso. Dr. Roser received his B.S. in Metallurgical Engineering from U. T. El Paso in 1957. He had been a member of the U. T. El Paso faculty since 1966 and served as Chairman of the Department of Metallurgical Engineering.

21. U. T. El Paso: Recommendation to Accept Gift to Establish the Richard E. Van Reet, M.D. Memorial Scholarship Fund.--

### RECOMMENDATION

The Office of the Chancellor concurs with President Monroe's recommendation to accept a \$10,000 gift from Mr. and Mrs. Leo M. Van Reet, El Paso, Texas, to establish the Richard E. Van Reet, M.D. Memorial Scholarship Fund at U. T. El Paso.

Income earned from the endowment will be used to provide an annual scholarship of \$750 or more to a worthy and qualified student from the College of Science with preference to students classified as pre-medical or doing research in the sciences.

### BACKGROUND INFORMATION

Mr. and Mrs. Van Reet are funding this endowment in memory of their son, Richard E. Van Reet, M.D., who died of cancer in 1986. Richard Van Reet received a Social Sciences Degree in Chemistry from U. T. El Paso in 1973 and was a prominent cardiologist practicing in San Antonio, Texas, at the time of his death.

22. U. T. El Paso: Recommendation to Accept Transfer of Funds to Establish the Sister Aloysius Williams Endowed Fund.--

### RECOMMENDATION

The Office of the Chancellor concurs with President Monroe's recommendation to accept a \$10,636 transfer of previously reported gifts from current restricted funds to establish the Sister Aloysius Williams Endowed Fund at U. T. El Paso.

Income earned from the endowment will be used to provide an annual lecturer of interest to the nursing community in El Paso, Texas.

### BACKGROUND INFORMATION

This endowment is being funded by alumni, faculty, and friends of Sister Aloysius Williams in recognition of her many accomplishments on behalf of the people of Texas. She retired in May 1986 after 27 years of dedicated service to U. T. El Paso and the Sisters of Charity Order in the field of nursing.

Sister Aloysius initiated a program in 1959 to continue the nursing education program of the Sisters of Charity. Her efforts in the following years resulted in the dedication of a new building in 1967. In 1969, her Rural Nursing Education Program received approval to become part of The University of Texas Baccalaureate Nursing Program and in 1974 it was approved by the Texas Legislature.

23. U. T. San Antonio: Recommendation to Accept Transfer of Funds to Establish The UTSA Library Endowment Fund.--

### RECOMMENDATION

The Office of the Chancellor concurs with President Wagener's recommendation to accept a \$40,000 transfer of previously reported gifts from current restricted funds to establish The UTSA Library Endowment Fund at U. T. San Antonio.

Income earned from the endowment will be used for collection enrichment in the library.

### BACKGROUND INFORMATION

Funds for this endowment are from the accumulation of donations for membership in the Friends of The UTSA Library which entitles members to limited circulation privileges. It is intended that the establishment of this endowment will provide a long-term funding base for the U. T. San Antonio library.

24. U. T. Health Science Center - Dallas: Recommendation to Accept Bequest to Establish the Dennis Allen Guild Research Fund.--

### RECOMMENDATION

The Office of the Chancellor concurs with President Wildenthal's recommendation to accept a bequest of \$41,712.82 composed of cash in the amount of \$29,012.82 and 500 shares of Carrington Laboratories, Inc. common stock valued at \$12,700 from the Estate of Dennis Allen Guild, Dallas, Texas, to establish the Dennis Allen Guild Research Fund at the U. T. Health Science Center - Dallas.

Income earned from the endowment will be used to fund research projects.

### BACKGROUND INFORMATION

Mr. Dennis Allen Guild, who died in 1983 at the age of 31, was an environmental engineer at the United States Environmental Protection Agency in Dallas, Texas. Mr. Guild expressed in his Will that the funds be used to support research as designated by the President of U. T. Health Science Center - Dallas.

25. U. T. Health Science Center - Dallas: Robert S. Sternberg Endowment Fund - Recommendation to Redesignate as the Robert S. Sternberg Endowment Fund for Emergency Cardiac Care.--

### RECOMMENDATION

The Office of the Chancellor concurs with President Wildenthal's recommendation to redesignate the Robert S. Sternberg Endowment Fund as the Robert S. Sternberg Endowment Fund for Emergency Cardiac Care at the U. T. Health Science Center - Dallas.

This recommendation is being made in accordance with the donor's request.

## BACKGROUND INFORMATION

Mr. and Mrs. Harold Sternberg initiated the funding of the Robert S. Sternberg Endowment Fund in honor of their son, the late Robert S. Sternberg. The endowment was approved at the December 1986 meeting of the U. T. Board of Regents with gifts of cash and stock for a total endowment of \$75,239.19. The current balance in the endowment is \$115,325.57.

26. U. T. Medical Branch - Galveston: Recommendation to Accept Gift of Securities and Designate Previously Accepted Gifts to Establish the Bill and Louise Bauer Chair in Cancer Research and Eligibility for Matching Funds Under the Texas Eminent Scholars Program and to Establish the Joseph H. Stjepceovich Scholarship/Loan Fund for Medical Students.--

## RECOMMENDATION

The Office of the Chancellor concurs with President Levin's recommendation to accept a gift of 5,000 shares of American National Insurance Company common stock valued at \$173,250 to be added to previously accepted cash gifts of \$800,000, plus interest, for a total of \$1,100,000 from Mr. and Mrs. W. H. Bauer, La Ward, Texas, to establish the Bill and Louise Bauer Chair in Cancer Research with \$1,000,000 and the Joseph H. Stjepceovich Scholarship/Loan Fund for Medical Students with \$100,000 at the U. T. Medical Branch - Galveston.

It is further recommended that the actual income which will be earned on the \$1,000,000 gift be certified to the appropriate State authorities for matching under the Texas Eminent Scholars Program as set out in Chapter 51, Subchapter I of the Texas Education Code, when matching funds are made available under that act.

## BACKGROUND INFORMATION

At the February 1985 meeting of the U. T. Board of Regents, a \$400,000 gift from Mr. and Mrs. W. H. Bauer was accepted as an unrestricted contribution to the U. T. Medical Branch - Galveston with the use of the funds to be designated at a later date. Since that time, Mr. and Mrs. Bauer added \$400,000 to the contribution for a total of \$800,000 plus interest at the First National Bank in Port Lavaca, Texas.

27. U. T. Medical Branch - Galveston: J. F. Seinsheimer, Jr. and Jessie Lee Seinsheimer Lectureship in Otolaryngology - Recommendation to Accept Additional Gifts and Redesignate as the J. F. Seinsheimer, Jr. and Jessie Lee Seinsheimer Professorship in Otolaryngology and Eligibility for Matching Funds Under the Texas Eminent Scholars Program.--

RECOMMENDATION

The Office of the Chancellor concurs with President Levin's recommendation to accept 300 shares of Federated Department Stores common stock valued at \$25,122.50, 500 shares of Borg-Warner Corporation common stock valued at \$24,309.18, and 775 shares of Morton Thiokol, Inc. common stock valued at \$32,925.77, from Mr. and Mrs. J. F. Seinsheimer, Jr., Galveston, Texas, for a total addition of \$82,357.45 to the J. F. Seinsheimer, Jr. and Jessie Lee Seinsheimer Lectureship in Otolaryngology at the U. T. Medical Branch - Galveston, for a total endowment of \$101,857.45, and to redesignate as the J. F. Seinsheimer, Jr. and Jessie Lee Seinsheimer Professorship in Otolaryngology.

It is further recommended that the actual income which will be earned on the gift of \$82,357.45 be certified to the appropriate State authorities for matching under the Texas Eminent Scholars Program as set out in Chapter 51, Subchapter I of the Texas Education Code, when matching funds are made available under that act.

BACKGROUND INFORMATION

The J. F. Seinsheimer, Jr. and Jessie Lee Seinsheimer Lectureship in Otolaryngology was established at the August 1985 meeting of the U. T. Board of Regents with a gift of land valued at \$19,500 from Mr. and Mrs. J. F. Seinsheimer, Jr.

28. U. T. Health Science Center - Houston: Recommendation to Accept Transfer of Funds and Pledge to Establish the Allan King Professorship in Public Health.--

RECOMMENDATION

The Office of the Chancellor concurs with President Bulger's recommendation to accept a \$50,000 transfer of previously reported gifts from current restricted funds and a \$50,000 pledge from the President's Development Fund, payable by August 31, 1988, for a total endowment of \$100,000, to establish the Allan King Professorship in Public Health at the U. T. Health Science Center - Houston.

Income earned from the endowment will be used to support the Professorship.

## BACKGROUND INFORMATION

Mr. Allan King is chairperson of the U. T. Health Science Center - Houston Development Board. He has taken a very active role in fund raising and was instrumental in recruiting the new dean of the U. T. Public Health School - Houston.

This request is in keeping with the U. T. Health Science Center - Houston's tradition of naming a professorship for each chairperson of the Development Board.

See Item 5 on Page HAC - 17 related to a proposed appointment to this Professorship.

### B. REAL ESTATE

1. U. T. Arlington: C. J. and Clara Earle Student Scholarship and/or Loan Fund - Report of Sale of Two Cemetery Spaces Located at 2301 N. Sylvania Avenue, Fort Worth, Texas, to Mr. Billy Smith, Benbrook, Texas.--

### REPORT

The Office of the Chancellor reports that the two cemetery spaces located at 2301 N. Sylvania Avenue (Plot #115, Spaces 5 and 6) in the Rose Garden section of Mount Olivet Cemetery, Fort Worth, Texas, have been sold to Mr. Billy Smith, Benbrook, Texas, for \$900 less \$25 in transfer fees for a net amount of \$875. These cemetery spaces were accepted by the U. T. Board of Regents at its December 1985 meeting from the Estate of Mary Elizabeth Earle Aucutt, Fort Worth, Texas. The net proceeds of the sale will go toward the C. J. and Clara Earle Student Scholarship and/or Loan Fund at U. T. Arlington.

## BACKGROUND INFORMATION

At its April 1986 meeting, the U. T. Board of Regents authorized the Office of Asset Management to negotiate the sale of the properties and authorized the Executive Vice Chancellor for Asset Management to execute all documents pertaining to the sale.

2. U. T. Austin: Archer M. Huntington Museum Fund - Recommendation for Oil and Gas Lease Covering 545.16 Acres in Galveston County, Texas, to Cities Service Oil and Gas Corporation, Houston, Texas.--

### RECOMMENDATION

The Office of the Chancellor concurs with the recommendation of President Cunningham that the U. T. Board of Regents authorize an oil and gas lease on 545.16 acres out of the H. B. Littlefield Survey, A-143, Galveston County, Texas, to Cities

Service Oil and Gas Corporation, Houston, Texas. This mineral interest is held in trust as part of the Archer M. Huntington Museum Fund for U. T. Austin. The proposed three-year lease provides for a 1/5th royalty, a \$10 per acre rental with a bonus of \$75 per acre. Proceeds from this lease will be added to the Archer M. Huntington Museum Fund for support of the Archer M. Huntington Art Gallery.

#### BACKGROUND INFORMATION

The Archer M. Huntington Museum Fund of U. T. Austin was created by a gift from Mr. Huntington in 1927 of approximately 4,297 acres of land in the Samuel C. Bundick League and the H. B. Littlefield Survey, Galveston County, Texas.

3. U. T. El Paso: Josephine Clardy Fox Fund - Recommendation to Approve the Sale of Real Estate Located at 5030-5040 East Paisano, El Paso, Texas, to Circle K Convenience Stores, Inc., Phoenix, Arizona.--

#### RECOMMENDATION

The Office of the Chancellor concurs with the recommendation of Interim President Natalicio to approve the sale of real estate located at 5030-5040 East Paisano, El Paso, Texas, to Circle K Convenience Stores, Inc., Phoenix, Arizona, for \$170,000 less sales commission and survey costs. This property is held in trust as part of the Josephine Clardy Fox Fund for U. T. El Paso. The five percent sales commission will be paid to Rogers & Belding, Inc., El Paso, Texas. The net proceeds from the sale of this property will be added to the Josephine Clardy Fox Fund for U. T. El Paso.

#### BACKGROUND INFORMATION

It is felt that there is little chance for further appreciation in value for this parcel. Half of the tract has been leased to Circle K for a number of years but Circle K has declined to enter into a new lease due to the poor condition of the improvements. Calvary Chapel has leased the remainder of the tract for one year. Prior to that lease, the space was vacant for seven months. Both firms currently occupy space on a month-to-month basis. The tract includes 25,786.22 square feet of land which was appraised in April 1987 at \$4.50 per square foot or \$116,000. The appraisal indicated that the improvements on the site contribute no value due to their age and condition. Following the sale, Circle K intends to raze the existing structures and build a modern store complete with gas pumps on the site.

III. INTELLECTUAL PROPERTY

1. U. T. Board of Regents: Recommendation for Approval of Revisions to the Regents' Rules and Regulations, Part Two, Chapter V, Section 2.4 (Intellectual Property Policy).--

RECOMMENDATION

The Office of the Chancellor concurs with the recommendation of the Office of General Counsel that the Regents' Rules and Regulations, Part Two, Chapter V, Section 2.4, (Intellectual Property Policy) be amended as set out below in congressional style:

- 2.422 Unless otherwise excluded by the provisions hereof, this [This] policy shall apply to intellectual property [creations] of all types[7] (including any invention, discovery, trade secret, technology, scientific or technological development, computer software, conception, design, creation or other form of expression of an idea) regardless of whether subject to protection under the patent, trademark or copyright laws [patentable, except for faculty or staff authored written work that is not produced either as work-for-hire or as a part of the regular work responsibilities of the author].

Add a new subdivision 2.427 to read as follows:

- 2.427 The Board shall own all intellectual property produced as a part of an employee's regular work responsibilities (other than teaching, research or patient care) or produced by an independent contractor in the performance of a contract with the System or a component institution, and such intellectual property shall not be subject to this policy.
- 2.452 Intellectual property either related to the individual's employment responsibility, or resulting from activities performed on System time, or with support by State funds, or from using System facilities shall be subject to ownership by the Board. (See 2.442.)
- 2.4521 Before intellectual property covered by Section 2.45 is disclosed either to the public or for commercial purposes, and before publishing same, the [a] creator shall submit such [e#] intellectual property [that-the-creator believes-may-be-patentable-and-which (a)-relates-to-the-individual's-employment-responsibility, or-(b)-results

~~from activities done on System time, or (e) is created with support by State funds, or (d) is created using System facilities, shall be submitted~~] to the Institutional Patent Committee for determination of the System's interest. In those instances, however, where delay would jeopardize obtaining the appropriate protection for the property, the creator may, with the approval of the Chairman of the Institutional Patent Committee and the chief administrative officer, file a patent application or take other steps to obtain available protection prior to the Committee and administrative review provided in the following two subsections. If the request is granted, the creator may proceed with the filing of a patent application or other available protective measures pending the determination of the System's interest; provided, however, that the creator shall be reimbursed for expenses in filing the patent application or taking other steps to obtain protection if the decision of the System is to assert and exploit its interests. The Chairman of the Institutional Patent Committee shall notify the System Intellectual Property Office of any such application.

2.4523 If the System decides to patent or seek other available protection for intellectual property in which it decides to assert and exploit its interest, it shall proceed either through its own efforts or those of an appropriate private firm or attorney to obtain protection and manage the intellectual property. Under appropriate circumstances, and with the consent of the General Counsel and the approval of the Attorney General, component institutions may arrange to have services to obtain protection for intellectual property performed by a local outside attorney on a case-by-case basis. It shall be mandatory for all employees, academic and nonacademic, to assign the rights to intellectual property and patents to the Board when such creations fall within Section 2.452. In those instances where the System licenses rights in intellectual property to third parties, the ~~[The division of royalties or other income, after]~~ costs of licensing and obtaining a patent or other protection for the property on behalf of the Board shall [have] first be [been] recaptured[7]

from any royalties received by the System, and the remainder of such royalty income shall be divided as follows:

50% to creator  
50% to System.

With the prior approval of the Board as an agenda item, a component institution may include provisions in its Handbook of Operating Procedures to adjust the allocation of royalties set forth herein, but in no event shall the creator receive more than 50% or less than 25% of such proceeds. The division of royalties [~~and other income~~] from patents or other intellectual property managed by an intellectual property management concern will be controlled by the terms of the System's agreement with such concern, as approved by the Board. Any other deviation from this rule requires the prior approval of the Board.

- 2.453 Intellectual property resulting from research supported by a grant or contract with the Federal Government, or an agency thereof, with a nonprofit or for profit nongovernmental entity, or by a private gift to the System shall be subject to ownership by the Board. (See 2.443.)

Add new subdivisions 2.46, 2.47, and 2.48 as follows:

2.46 Equity Interests.

- 2.461 In agreements with business entities relating to rights in intellectual property owned by the Board, the System may receive equity interests as partial or total compensation for the rights conveyed.
- 2.462 Consistent with Section 51.92, Education Code, and subject to review and approval by the chief administrative officer of the component institution, the Office of the Chancellor and the Board, employees of the System who conceive, create, discover, invent or develop intellectual property may hold an equity interest in a business entity that has an agreement with the System relating to the research, development, licensing or exploitation of that intellectual property.
- 2.463 The System may negotiate, but shall not be obligated to negotiate, an equity interest on behalf of any employee as a part of an agreement between the System and a business entity relating to intellectual property conceived, created, discovered, invented or developed by the employee and owned by the Board.

2.464 Dividend income and income from the sale or disposition of equity interests held by the Board pursuant to agreements relating to intellectual property shall belong to the System and shall be distributed in accordance with the provisions of Section 2.50 below.

2.465 Dividend income and income from the sale or disposition of an equity interest held by a System employee pursuant to an agreement between the System and a business entity relating to rights in intellectual property conceived, created, discovered, invented or developed by such employee shall belong to the employee.

#### 2.47 Business Participation

2.471 Any System employee who conceives, creates, discovers, invents or develops intellectual property shall not serve as a member of the board of directors or other governing board or as an officer or an employee of a business entity that has an agreement with the System relating to the research, development, licensing, or exploitation of that intellectual property without prior review and approval by the chief administrative officer of the component institution, the Office of the Chancellor and the Board as an agenda item.

2.472 When requested and authorized by the Board, an employee may serve on behalf of the Board as a member of the board of directors or other governing board of a business entity that has an agreement with the System relating to the research, development, licensing or exploitation of intellectual property.

#### 2.48 Reporting

2.481 Any employee covered by Section 2.462, 2.471, or 2.472 shall report in writing to the chief administrative officer of the component institution, or to such other person as may be designated by the Office of the Chancellor, the name of any business entity as referred to therein in which the person has an interest or for which the person serves as a director, officer or employee and shall be responsible for submitting a revised written report upon any change in the interest or position held by such person in such business entity.

Renumber subdivision 2.46 as 2.49 and amend as follows:

2.49 Approval of Agreements Relating to Rights In Intellectual Property.

2.491 Agreements relating to rights in intellectual property shall ordinarily be approved by the Board on the institutional docket following review by the Office of General Counsel and approval by the administration of the component institution and the Office of the Chancellor.

2.492 Any agreement altering substantially the basic intellectual property policy of the System as set out in the preceding sections and other policies and guidelines that may be adopted by the Board shall have the advance approval of the chief administrative officer, the Office of the Chancellor, and the Board as an agenda item.

Renumber subdivision 2.47 as 2.50 and amend as follows:

2.50 Income from Intellectual Property. The portion of the net income the System retains from royalties and any [~~royalty-or~~] other intellectual property-related income shall be used first to defray the expenses, if any, of the System Intellectual Property Office and thereafter, as approved by the Board, for research purposes at the component institutions where the income providing creation originated. At the option of a component institution, such income may be accumulated in an endowment fund administered by the Office of Asset Management with the income to be distributed to the component institution for such purposes as may be approved by the Board.

Renumber subdivision 2.48 as 2.51.

BACKGROUND INFORMATION

Revisions to the basic Intellectual Property Policy are required in order to comply with legislation passed by the 70th Legislature and signed by the Governor.

H. B. 1401 requires the commissioner of higher education to perform the ministerial duty of reviewing the intellectual property policies of institutions of higher education to determine whether such policies address as a minimum standard the following matters:

- a. Disclosure of scientific and technological developments, including inventions, discoveries, trade secrets, and computer software
- b. Institutional review of scientific and technological disclosures, including consideration of ownership and appropriate legal protection

- c. Guidelines for licensing scientific and technological developments
- d. Clear identification of ownership and licensing responsibilities for each class of intellectual property
- e. Royalty participation by inventors and the institution
- f. Equity and management participation on the part of the inventor or inventors in business entities that utilize technology created at the institution of higher education.

All of the required matters are adequately addressed by the System's Intellectual Property Policy except:

- a. Disclosure of scientific and technological developments, including inventions, discoveries, trade secrets and computer software, whether or not patentable
- b. Clear identification of ownership and licensing responsibilities for each class of intellectual property
- c. Equity and management participation on the part of the inventor or inventors in business entities that utilize technology created within the System.

The first point is addressed by the proposed amendments to Subsections 2.422 and 2.4521. As amended, Subsection 2.422 broadens and further defines intellectual property to which the policy applies. Subsection 2.4521 extends the creator's obligation to disclose intellectual property to the Institutional Patent Committee prior to publication or disclosure for commercial purposes irrespective of whether the creator believes the subject matter may be patentable.

The second point is addressed by the proposed amendments to Subsections 2.452 and 2.453, which more clearly identify the classes of intellectual property covered by those subsections.

The third point is addressed by the newly added Subsections 2.461 through 2.465, 2.471 and 2.481, which establish criteria under which equity and management participation on the part of inventors will be reviewed by the Board. These criteria are also consistent with the provisions of H. B. 1402 regarding circumstances under which System employees who create intellectual property may be permitted to hold equity or management positions in business entities having agreements with the System which relate to the research, development, licensing or exploitation of such property. Subsection 2.48 is newly added to require compliance by System employees with the reporting requirements imposed by H. B. 1402.

The proposed amendments to Subsections 2.4523 and 2.50 define the division of income between the creator and the System in a manner consistent with the newly added provisions concerning equity ownership. Subsection 2.491 is added to clarify the approval procedure for agreements relating to intellectual property rights which comply with the Regents' Rules and Regulations and approved guidelines.

Subsection 2.472 tracks the language of H. B. 1402, Section 2(a)(2), regarding the Board's right to request an individual to serve on its behalf on the governing board of a business entity having an agreement with the System that relates to intellectual property.

2. U. T. Arlington: Recommendation for Approval of Patent License Agreement for Technology Relating to Human Performance Measurement and Assessment Technology.--

#### RECOMMENDATION

The Office of the Chancellor concurs with President Nedderman's recommendation that the U. T. Board of Regents approve the Patent License Agreement between the U. T. Board of Regents and Humetrics Group for technology relating to human performance measurement and assessment, as set out at Pages L&I 33 - 40.

#### BACKGROUND INFORMATION

Humetrics Group is presently a general partnership consisting of Dr. George V. Kondraske, a professor and Director of the Center for Advanced Rehabilitation Engineering and Human Performance Institute at U. T. Arlington; and Mr. Travis Harrell, a U. T. Arlington research assistant. Under the agreement, Humetrics Group will receive an exclusive license in the United States under patent and technology rights arising out of Dr. Kondraske's work in the field of human performance measurement and assessment for which U. S. Patent No. 4,674,112 was issued on June 16, 1987. The partners intend to incorporate Humetrics Group in the near future, and Mr. Harrell intends to become a full-time employee of Humetrics Group on September 1, 1987. Humetrics Group agrees not to introduce any product produced under the license into commerce until the partnership has been reorganized into a corporation registered to do business in Texas, in which case the agreement will be assigned in its entirety by the partners of Humetrics Group to the successor corporate entity.

The terms and conditions of the proposed agreement are consistent with the Intellectual Property Policy of The University of Texas System, but the agreement is submitted for consideration by the U. T. Board of Regents as an agenda item because of the employment relationship that exists between U. T. Arlington and the Humetrics Group partners.

In return for the rights granted, the U. T. Board of Regents will receive a six percent (6%) royalty on sales of licensed products and one-half of the gross revenues received by Humetrics Group from any sublicensee. The Humetrics Group partners will further release the U. T. Board of Regents and U. T. Arlington from any claim for a percentage of royalties paid to the Board notwithstanding the provisions of paragraph 2.4523 of the Regents' Rules and Regulations respecting a sharing of royalty with inventors of intellectual property.

The primary term of the license is fifteen (15) years or the life of the patent, whichever last expires. The license is terminable by The University of Texas System at any time after two (2) years from the effective date if Humetrics Group fails to produce royalty-bearing sales in any two (2) consecutive calendar quarters.

Humetrics Group agrees to hold harmless and indemnify the U. T. Board of Regents, U. T. System, U. T. Arlington, and their officers, employees and agents from all causes of action arising out of its exercise of rights granted under the agreement.

PATENT LICENSE AGREEMENT

THIS AGREEMENT is made by and between the BOARD OF REGENTS (BOARD) OF THE UNIVERSITY OF TEXAS SYSTEM (SYSTEM), an agency of the State of Texas, whose address is 201 West 7th Street, Austin, Texas 78701, and HUMETRICS GROUP (LICENSEE), a general partnership formed under the laws of the State of Texas and having a principal place of business located at 3828 Collingwood, Fort Worth, TX 76107.

W I T N E S S E T H:

Whereas BOARD owns certain PATENT RIGHTS and TECHNOLOGY RIGHTS related to LICENSED SUBJECT MATTER, which were developed at The University of Texas at Arlington, a component institution of The University of Texas System;

Whereas LICENSEE wishes to sponsor further research at The University of Texas at Arlington which is related to LICENSED SUBJECT MATTER;

Whereas BOARD desires to have the LICENSED SUBJECT MATTER developed and used for the benefit of LICENSEE, the inventor, BOARD, and the public as outlined in the Intellectual Property Policy promulgated by the BOARD; and

Whereas LICENSEE wishes to obtain a license from BOARD to practice LICENSED SUBJECT MATTER;

NOW, THEREFORE, in consideration of the mutual covenants and premises herein contained, the parties hereto agree as follows:

I. EFFECTIVE DATE

This agreement shall be effective as of September 1, 1987, subject to approval by BOARD.

II. DEFINITIONS

As used in this Agreement, the following terms shall have the meanings indicated:

2.1 LICENSED SUBJECT MATTER shall mean inventions and discoveries covered by PATENT RIGHTS or TECHNOLOGY RIGHTS within LICENSED FIELD.

2.2 PATENT RIGHTS shall mean BOARD'S rights in information or discoveries covered by patents and/or patent applications, whether domestic or foreign, and all divisions, continuations, continuations-in-part, reissues, reexaminations or extensions thereof, and any letters patent that issue thereon, which name Dr. George V. Kondraske as either sole or joint inventor and which relate to the manufacture, use or sale of equipment for measuring or assessing human performance.

2.3 TECHNOLOGY RIGHTS shall mean BOARD'S rights in any technical information, know-how, process, procedure, composition, device, method, formula, protocol, technique, software, design, drawing or data relating to acquisition, processing, or analysis of human performance measurements developed by Dr. Kondraske or his University staff which is not covered by PATENT RIGHTS but which is necessary for practicing the invention at any time covered by PATENT RIGHTS.

2.4 LICENSED FIELD shall mean the field of human performance measurement and assessment.

2.5 LICENSED TERRITORY shall mean the United States of America.

2.6 LICENSED PRODUCT shall mean any product SOLD by LICENSEE which is covered by the license granted to LICENSEE under this Agreement.

2.7 SALE or SOLD shall mean the transfer or disposition of a LICENSED PRODUCT for value to a party other than LICENSEE or a SUBSIDIARY.

2.8 SUBSIDIARY shall mean any business entity more than 50% owned by LICENSEE, any business entity which owns more than 50% of LICENSEE, or any business entity that is more than 50% owned by a business entity that owns more than 50% of LICENSEE.

2.9 NET SALES shall mean the gross revenues received by LICENSEE from the SALE of LICENSED PRODUCTS less sales and/or use tax actually paid, import and/or export duties actually paid, outbound transportation prepaid or allowed, and amounts allowed or credited due to returns (not to exceed the original billing or invoice amount).

### III. PREEXISTING RIGHTS

3.1 Except for the rights, if any, of the Government of the United States, as referred to below, BOARD believes that it is the owner of the entire right, title, and interest in and to LICENSED SUBJECT MATTER, and that it has the sole right to grant licenses thereunder, and that it has not knowingly granted licenses thereunder to any other entity that would restrict rights granted hereunder except as stated herein.

3.2 LICENSEE understands that the LICENSED SUBJECT MATTER may have been developed under a funding agreement with the Government of the United States of America and, if so, that the Government may have certain rights relative thereto. This Agreement is explicitly made subject to the Government's rights under any such agreement and any

applicable law or regulation. To the extent that there is a conflict between any such agreement, applicable law or regulation and this Agreement, the terms of such Government agreement, applicable law or regulation shall prevail.

#### IV. LICENSE

4.1 Subject to the provisions of paragraph 4.5 below, BOARD hereby grants to LICENSEE a royalty-bearing license under LICENSED SUBJECT MATTER to manufacture, have manufactured, and/or sell LICENSED PRODUCTS within LICENSED TERRITORY for use within LICENSED FIELD. This grant shall be subject to the payment by LICENSEE to BOARD of all consideration as provided in this Agreement, and shall be further subject to rights retained by BOARD to:

(a) Publish the general scientific findings from research related to LICENSED SUBJECT MATTER; and

(b) Use any information contained in LICENSED SUBJECT MATTER for research, teaching and other educationally-related purposes.

4.2 LICENSEE shall have the right to extend the license granted herein to any SUBSIDIARY provided that such SUBSIDIARY consents to be bound by this Agreement to the same extent as LICENSEE.

4.3 LICENSEE shall have the right to grant sublicenses consistent with this Agreement provided that LICENSEE shall be responsible for the operations of its sublicensee relevant to this Agreement as if such operations were carried out by LICENSEE, including the payment of royalties whether or not paid to LICENSEE by the sublicensee. LICENSEE further agrees to deliver to BOARD a true and correct copy of each sublicense granted by LICENSEE, and any modification or termination thereof, within thirty (30) days after execution, modification, or termination. Upon termination of this Agreement, any and all existing sublicenses granted by LICENSEE shall be assigned to BOARD.

4.4 BOARD shall have the right at any time after two (2) years from the date of this Agreement, to terminate the license granted herein if LICENSEE fails to produce royalty bearing SALES in any two (2) consecutive calendar quarters.

4.5 LICENSEE agrees not to introduce any product produced under or otherwise covered by the license granted herein into commerce until such time as:

- (A) Humetrics Group has been reorganized into a corporation registered to do business in the State of Texas, in which case this agreement shall be assigned in its entirety by the partners of Humetrics to such successor corporate entity; and
- (B) Such successor corporate entity has agreed to be bound to the other terms and conditions hereof to the same extent as LICENSEE.

## V. PAYMENTS AND REPORTS

5.1. In consideration of rights granted by BOARD to LICENSEE under this Agreement, LICENSEE agrees to pay BOARD the following:

(a) A running royalty equal to six percent (6%) of NET SALES for LICENSED PRODUCTS:

(b) One half of the gross revenues received by LICENSEE from any sublicensee.

5.2 During the Term of this Agreement and for one (1) year thereafter, LICENSEE shall keep complete and accurate records of its and its sublicensee's SALES and NET SALES of LICENSED PRODUCTS under the license granted in this Agreement in sufficient detail to enable the royalties payable hereunder to be determined. LICENSEE shall permit BOARD or its representatives, at BOARD'S expense, to periodically examine its books, ledgers, and records during regular business hours for the purpose of and to the extent necessary to verify any report required under this Agreement. In the event that the amounts due to BOARD are determined to have been underpaid, LICENSEE shall pay the cost of such examination, and accrued interest at the highest allowable rate.

5.3 Within thirty (30) days after March 31, June 30, September 30, and December 31, LICENSEE shall deliver to BOARD a true and accurate report, giving such particulars of the business conducted by LICENSEE and its sublicensees, if any exist, during the preceding three (3) calendar months under this Agreement as are pertinent to an account for payments hereunder. Such report shall include at least (a) the quantities of LICENSED SUBJECT MATTER that it has produced; (b) the total SALES; (c) the calculation of royalties thereon; and (d) the total royalties so computed and due BOARD. Simultaneously with the delivery of each such report, LICENSEE shall pay to BOARD the amount, if any, due for the period of such report. If no payments are due, it shall be so reported.

5.4 Upon the request of BOARD but not more often than once per calendar year, LICENSEE shall deliver to BOARD written report as to LICENSEE'S efforts and accomplishments during the preceding year in commercializing LICENSED SUBJECT MATTER in various parts of the LICENSED TERRITORY and its commercialization plans for the upcoming year.

5.5 All amounts payable hereunder by LICENSEE shall be payable in United States funds without deductions for taxes, assessments, fees, or charges of any kind. Checks shall be made payable to BOARD OF REGENTS, The University of Texas System.

5.6 Within three (3) years from effective date, LICENSEE shall reimburse BOARD for all its out-of-pocket expenses thus far incurred in filing, prosecuting and enforcing PATENT RIGHTS exclusively licensed hereunder and all such future expenses incurred by SYSTEM for so long as and in such countries as its license remains exclusive.

5.7 Dr. George V. Kondraske and Travis Harrell hereby release the Board of Regents of The University of Texas System and The University of Texas at Arlington from any claim for a percentage of royalties paid to BOARD hereunder notwithstanding the provisions of paragraph 2.4523 of the Regents' Rules and Regulations respecting intellectual property.

#### VI. TERM AND TERMINATION

6.1 The Term of this Agreement shall extend from the Effective Date set forth hereinabove to the full end of the term or terms for which PATENT RIGHTS have not expired and if only TECHNOLOGY RIGHTS are licensed and no PATENT RIGHTS are applicable, for a term of fifteen (15) years.

6.2 This Agreement will earlier terminate:

(a) Automatically if LICENSEE shall become bankrupt or insolvent and/or if the business of LICENSEE shall be placed in the hands of a receiver, assignee, or trustee, whether by voluntary act of LICENSEE or otherwise; or

(b) Upon ninety (90) days written notice if LICENSEE shall breach or default on any obligation under this License Agreement; provided, however, LICENSEE may avoid such termination if before the end of such period LICENSEE notifies BOARD that such breach has been cured and states the manner of such cure; or

(c) Under the provisions of Paragraphs 4.4 or 4.5 if invoked; or

(d) Upon failure by LICENSEE to comply with the requirements of Paragraph 5.6.

6.3 Upon termination of this Agreement for any cause, nothing herein shall be construed to release either party of any obligation matured prior to the effective date of such termination, LICENSEE may, after the effective date of such termination, sell all LICENSED PRODUCT and parts therefor that it may have on hand at the date of termination, provided that it pays earned royalty thereon as provided in this Agreement.

#### VII. INFRINGEMENT BY THIRD PARTIES

7.1 LICENSEE shall have the obligation of enforcing at its expense any patent exclusively licensed hereunder against infringement by third parties and shall be entitled to retain recovery from such enforcement. LICENSEE shall pay BOARD royalty on any monetary recovery to the extent that such monetary recovery by LICENSEE is held to be a reasonable royalty or damages in lieu thereof. In the event that LICENSEE does not file suit against a substantial infringer of such patents within six (6) months of knowledge thereof, then BOARD shall have the right to enforce any patent licensed hereunder on behalf of itself and LICENSEE and/or reduce the license granted hereunder to non-exclusive.

7.2 In any suit or dispute involving an infringer, the parties shall cooperate fully, and upon the request and at the expense of the

party bringing suit, the other party shall make available to the party bringing suit at reasonable times and under appropriate conditions all relevant personnel, records, papers, information, samples, specimens, and the like which are in its possession.

#### VIII. ASSIGNMENT

This Agreement may not be assigned by LICENSEE without the prior written consent of BOARD.

#### IX. PATENT MARKING

LICENSEE agrees to mark permanently and legibly all products and documentation manufactured or sold by it under this Agreement with such patent notice as may be permitted or required under Title 35, United States Code.

#### X. INDEMNIFICATION

LICENSEE shall hold harmless and indemnify BOARD, SYSTEM, UNIVERSITY, its Regents, officers, employees and agents from and against any claims, demands, or causes of action whatsoever, including without limitation those arising on account of any injury or death of persons or damage to property caused by, or arising out of, or resulting from, the exercise or practice of the license granted hereunder by LICENSEE or its officers, employees, agents or representatives.

#### XI. USE OF BOARD AND COMPONENT'S NAME

LICENSEE shall not use the name of UNIVERSITY, SYSTEM, BOARD or Regents without express written consent.

#### XII. CONFIDENTIAL INFORMATION

12.1 BOARD and LICENSEE each agree that all information contained in documents marked "confidential" which are forwarded to one by the other shall be received in strict confidence, used only for the purposes of this Agreement, and not disclosed by the recipient party (except as required by law or court order), its' agents or employees without the prior written consent of the other party, unless such information (a) was in the public domain at the time of disclosure, (b) later became part of the public domain through no act or omission of the recipient party, its' employees, agents, successors or assigns, (c) was lawfully disclosed to the recipient party by third party having the right to disclose it, (d) was already known by the recipient party at the time of disclosure, (e) was independently developed or (f) is required to be submitted to a government agency pursuant to any preexisting obligation.

12.2 Each party's obligation of confidence hereunder shall be fulfilled by using the at least same degree of care with the other

party's confidential information it uses to protect its own confidential information. This obligation shall exist while this agreement is in force and for a period of three (3) years thereafter.

#### XIII. PATENTS AND INVENTIONS

13.1 Any invention or copyrightable work produced as a result of any research conducted of this agreement shall be the property of BOARD and shall fall within the scope of the license granted herein, subject to the payment of royalties.

13.2 In the event that an invention is conceived or reduced to practice during the term of this agreement by employees or agents of the BOARD, which invention relates to work under this agreement, BOARD agrees to report such invention to LICENSEE within sixty (60) days of the identification of such invention to the Patent Committee of UNIVERSITY. LICENSEE and BOARD will thereupon exert their best efforts in cooperation with each other to investigate, evaluate and determine to the mutual satisfaction of both parties whether any patent applications are to be filed.

13.3 If after consultation with LICENSEE it is agreed by BOARD and LICENSEE that a patent application should be filed, BOARD will prepare and file appropriate patent applications on inventions made during the course of the work under this agreement, and LICENSEE will pay the cost of filing and maintenance thereof. If LICENSEE notifies BOARD that it does not intend to pay the cost of an application, or if LICENSEE does not respond or make an effort to agree with BOARD on the disposition of rights to the invention, then BOARD may file such application at its own expense and LICENSEE shall have no rights to such invention. BOARD shall provide LICENSEE with a copy of the application filed for which LICENSEE has paid the cost of filing, as well as copies of any documents received or filed during prosecution thereof.

#### XIV. GENERAL

14.1 This Agreement constitutes the entire and only agreement between the parties for LICENSED SUBJECT MATTER and all other prior negotiations, representations, agreement, and understandings are superseded hereby. No agreements altering or supplementing the terms hereof may be made except by means of a written document signed by the duly authorized representatives of the parties.

14.2 Any notice required by this License Agreement shall be given by prepaid, first class, certified mail, return receipt requested, addressed in the case of BOARD to:

BOARD OF REGENTS  
The University of Texas System  
201 West 7th Street  
Austin, Texas 78701  
ATTENTION: System Intellectual Property  
Office

or in the case of LICENSEE to:

Humetrics Group  
3828 Collingwood  
Fort Worth, TX 76107

ATTENTION: Dr. George V. Kondraske

or such other addresses as may be given from time to time under the terms of this notice provision.

14.3 This License Agreement shall be construed and enforced in accordance with the laws of the United States of America and of the State of Texas.

14.4 Failure of BOARD to enforce a right under this Agreement shall not act as a waiver of that right or the ability to later assert that right relative to the particular situation involved.

14.5 Headings included herein are for convenience only and shall not be used to construe this Agreement.

14.6 If any provision of this Agreement shall be found by a court to be void, invalid or unenforceable, the same shall be reformed to comply with applicable law or stricken if not so conformable, so as not to affect the validity or enforceability of this Agreement.

IN WITNESS WHEREOF, parties hereto have caused their duly authorized representatives to execute this AGREEMENT.

ATTEST:

BOARD OF REGENTS OF THE  
UNIVERSITY OF TEXAS SYSTEM

By \_\_\_\_\_  
Executive Secretary

By \_\_\_\_\_

APPROVED AS TO FORM:

APPROVED AS TO CONTENT:

By \_\_\_\_\_  
Monty L. Ross  
Office of General Counsel

By \_\_\_\_\_  
Dr. James P. Duncan

RECOMMENDED FOR APPROVAL:

HUMETRICS GROUP

By W. H. Nedderman  
W. H. Nedderman

By: George V. Kondraske 7/16/87  
Dr. George V. Kondraske

By: Travis Harrell 7/16/87  
Travis Harrell

## Executive Session of the Board

BOARD OF REGENTS  
EXECUTIVE SESSION  
Pursuant to Vernon's Texas Civil Statutes  
Article 6252-17, Sections 2(e), (f) and (g)

Date: August 13, 1987

Time: 11:30 a.m. The Board will convene in Open Session and immediately recess to Executive Session. The Open Session will reconvene immediately following the Executive Session (estimated to be 1:00 p.m.) and continue through adjournment.

Place: Regents' Conference Room and Regents' Meeting Room, Ninth Floor, Ashbel Smith Hall

1. Pending and/or Contemplated Litigation - Section 2(e)
  - U. T. Medical Branch - Galveston: Proposed Settlement of Medical Malpractice Litigation
2. Land Acquisition, Purchase, Exchange, Lease or Value of Real Property and Negotiated Contracts for Prospective Gifts or Donations - Section 2(f)
  - a. U. T. System (Hogg Foundation for Mental Health): Consideration of a Contract for the Sale of Real Estate Located in Harris County, Texas
  - b. U. T. Austin: Consideration of a Contract for the Sale of Real Estate Located in Travis County, Texas
  - c. U. T. Dallas: Request for Authorization to Sell Land in Synergy Park and to Grant Additional Options for Future Purchase Under Terms and Conditions to be Recommended by the Special Committee on Endowment Lands in Collin and Dallas Counties
  - d. U. T. San Antonio: Consideration of Negotiated Sale of Real Estate Located in Bexar County, Texas
3. Personnel Matters [Section 2(g)] Relating to Appointment, Employment, Evaluation, Assignment, Duties, Discipline, or Dismissal of Officers or Employees