

MATERIAL SUPPORTING THE AGENDA

VOLUME XXXVIc

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

June 8, 1989  
August 10, 1989

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.: 842  
Date: August 10, 1989  
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 10, 1989

12:00 p.m. Convene in Open Session for the sole  
purpose of recessing to Executive  
Session

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

See Pages B of R 1 - 15,  
Items A - P

Telephone Numbers

Board of Regents' Office	(512) 499-4402
Chancellor Mark	(512) 499-4201
Executive Vice Chancellor Duncan	(512) 499-4233
Executive Vice Chancellor Mullins	(512) 499-4224
Executive Vice Chancellor Patrick	(512) 499-4337

## Meeting of the Board

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

Date: Thursday, August 10, 1989

Time: 12:00 p.m. Convene in Open Session for the sole purpose of recessing to Executive Session

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

Place: Regents' Meeting Room (Open Session) and Regents' Conference Room (Executive Session), Ninth Floor, Ashbel Smith Hall

A. CALL TO ORDER

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

D. APPROVAL OF MINUTES OF REGULAR MEETING HELD JUNE 8, 1989

E. SPECIAL ITEMS

1. U. T. Board of Regents: Recommendation to Amend Regents' Rules and Regulations, Part One, Chapter II, Section 12, Subsection 12.1 (Chief Administrative Officers of Component Institutions).--

RECOMMENDATION

The Executive Committee proposes that the Regents' Rules and Regulations, Part One, Chapter II, Section 12, Subsection 12.1 concerning the selection process for chief administrative officers of component institutions be amended as set out below in congressional style:

Sec. 12. Chief Administrative Officers of Component Institutions.

12.1 The Board selects the chief administrative officer of each component institution.

12.11 When there is a vacancy or it is known that there is to be a vacancy in the office of a chief administrative officer of a component institution having faculty and

students and the Board does not have candidate(s) from recent searches at other component institutions, from within the U. T. System, and/or of national prominence from outside the U. T. System to advance for consideration, an Advisory Committee shall be established to recommend candidates to the Board. The Executive Vice Chancellor having responsibility for the operation of the institution where the vacancy has occurred or is to occur shall be chairman of the Advisory Committee. In circumstances where this Executive Vice Chancellor may be a candidate for the office, the chairman of the Advisory Committee shall be the Chancellor or the Chancellor's designee. In addition to the chairman, committee membership is as follows:

The Chancellor;  
Two [~~Three~~] Chief Administrative Officers;

(to be appointed by the Chairman of the Board from two [~~three~~] of the component institutions)

Two [~~Three~~] Regents;

(to be appointed by the Chairman of the Board)

Three [~~Five~~] Faculty members of the institution involved, at least two [~~three~~] of whom shall have the rank of associate professor or higher; (method of selection to be determined by the General Faculty of the campus)

One Dean;

(for academic institutions to be selected by Dean's Council of the institution involved) (for health-related institutions to be the Dean of the Medical School involved or in the absence of that position a senior representative of the teaching program of the component selected by the chief administrative officer)

Two Students from the institution involved; (method of selection to be determined by the Student Government of the campus involved or, if there be no Student Government, by the chief administrative officer of the institution; if the component does not have students, this category of representation shall be omitted)

President of the Ex-Students' Association of the campus involved; (if institution does not have an active alumni organization, then an alumnus of the component selected by the Chairman of the Board of Regents; if the component does not have degree granting authority, this category shall be omitted)

Not more than two [~~three~~] representatives of the component's external constituency who have demonstrated a deep interest in and support of the institution, its programs and its role in community activities to be appointed by the Chairman of the Board of Regents.

~~[12.12----When there is a vacancy or it is known that there is to be a vacancy in the office of a chief administrative officer of a component institution not having faculty and students, an Advisory Committee shall be appointed by the Executive Vice-Chancellor having responsibility for the institution, subject to approval of the Chairman of the Board.--The Executive Vice-Chancellor having such responsibility shall be Chairman of the Committee.]~~

12.12 [12.13] The Advisory Committee shall set up selection criteria that relate to the needs of the individual component, initiate mechanisms to develop an appropriate candidate pool, seek information on the several candidates and inquire from competent sources as to the candidates' academic, administrative and business ability. The Committee may also interview candidates as a part of its selection process keeping in mind that the confidentiality of the process is important to its ultimate success.

12.13 [12.14] Finally, the Advisory Committee shall submit, through its Chairman, a recommended list of not less than five or more than ten candidates with no preference indicated. Candidates submitted shall have received a majority vote of the Committee. The recommended list should be developed and submitted without regard to the Advisory Committee's assessment of the potential availability of any candidate. If none of the names submitted in the report of the Advisory Committee is satisfactory to the Board, then the Board in its discretion may either name a new committee or proceed to

select a chief administrative officer under such other procedures as in its discretion it may deem proper and appropriate.

12.14

When the Board has candidate(s) from recent searches at other component institutions, from within the U. T. System, and/or of national prominence from outside the U. T. System to advance for consideration, the Chairman of the Board of Regents shall appoint a Special Committee to provide the Board of Regents with advice and evaluation consistent with that usually provided by an Advisory Committee. The Special Committee shall be composed as specified above for the Advisory Committee but will not include members of the Board of Regents. The advice of the Special Committee shall be provided to the Board through the appropriate Executive Vice Chancellor and the Chancellor. The Special Committee shall not extend its consideration beyond those nominees referred to it by the U. T. Board of Regents without specific concurrence from the Board.

#### BACKGROUND INFORMATION

The recommended reduction in the number of individuals on an Advisory Committee (from a maximum of 20 to a maximum of 15) retains sensitivity to and a balance of input from major constituents in the advisory process but reduces the committee to a more manageable size and will also contain costs related to travel and committee administration.

The proposed alternate search process to be used in instances where a slate of possible candidates already exists ensures input from appropriate campus and community constituencies. It will maximize the opportunity to take advantage of successful searches at other component institutions completed in a similar time frame, in some cases reduce the time involved in completing presidential searches and reduce considerably costs related to such searches.

2. U. T. Board of Regents: Recommendation to Amend Regents' Rules and Regulations, Part One, Chapter VI, Section 6, Subsection 6.14 (Use of University-Owned Facilities).--

#### RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellors for Academic Affairs and Health Affairs that the Regents' Rules and Regulations, Part One, Chapter VI, Section 6, Subsection 6.14 relating to use of University-owned facilities be amended as set forth below in congressional style:

Sec. 6. Use of University-Owned Facilities.

. . . .

- 6.14 Use of Physical Facilities of the System by Registered Student, Faculty or Staff Organizations or Officially Recognized Alumni Associations.--Registered student, faculty or staff organizations or any officially recognized alumni association that qualifies under Subdivision 6.12(9) of this Section and whose fund-raising activities are dedicated to the benefit of any component institution may use an institution's buildings and/or grounds in compliance with reasonable and nondiscriminatory institutional regulations that shall specify the procedures under which such organizations may reserve the institution's buildings and/or grounds for their use. Groups of students, faculty or staff who are not registered or groups of alumni other than officially recognized alumni associations whose fund-raising activities are dedicated to the benefit of any component institution may not use an [the] institution's buildings and/or grounds. Registered student, faculty or staff organizations or alumni associations may not enter into joint sponsorship of any on-campus project or program with individuals, groups, or students that are not registered.

#### BACKGROUND INFORMATION

Literal reading of the current Regents' Rules and Regulations on use of facilities prevents the use of facilities for fund-raising activities conducted by alumni associations. The proposed amendment will allow this limited but desired use.

3. U. T. Board of Regents: Recommendation to Amend Regents' Rules and Regulations, Part One, Chapter VIII, Section 4 (Institutions and Entities Composing the System).--

RECOMMENDATION

The Executive Committee recommends that the Regents' Rules and Regulations, Part One, Chapter VIII, Section 4 regarding the institutions and entities composing the System, be amended as set forth in congressional style:

a. Amend Subsection 4.3, Subdivision 4.31 as set forth below:

4.31 The University of Texas  
at Arlington School of  
Architecture [~~and~~  
~~Environmental-Design~~]

b. Amend Subsection 4.5 by renumbering present Subdivisions 4.52, 4.53, 4.54, 4.55, 4.56 and 4.57 as Subdivisions 4.53, 4.54, 4.55, 4.56, 4.57 and 4.58 respectively; adding a new Subdivision 4.52 as follows; and amending the renumbered Subdivision 4.55 as follows:

4.52 The University of Texas  
at Dallas Eric Jonsson  
School of Engineering  
and Computer Science

. . . .

4.55 The University of Texas  
at Dallas School of Manage-  
ment [~~and-Administration~~]

c. Delete present Subsection 4.(10) and renumber remaining Subsections 4.7 through 4.9 and 4.(11) through 4.(17) as Subsections 4.9 through 4.(18) respectively, with attendant renumbering of their subdivisions.

d. Add a new Subsection 4.7 to read as set forth below:

	<u>Full Title</u>	<u>Short Title</u>
4.7	<u>The University of Texas -</u> <u>Pan American</u>	<u>U. T. Pan</u> <u>American</u>
4.71	<u>The University of Texas -</u> <u>Pan American College</u> <u>of Arts and Sciences</u>	
4.72	<u>The University of Texas -</u> <u>Pan American School of</u> <u>Business Administration</u>	
4.73	<u>The University of Texas -</u> <u>Pan American School of</u> <u>Education</u>	
4.74	<u>The University of Texas -</u> <u>Pan American Division of</u> <u>Health Related Professions</u>	

e. Add a new Subsection 4.8 to read as set forth below:

	<u>Full Title</u>	<u>Short Title</u>
4.8	<u>The University of Texas -</u> <u>Pan American at Brownsville</u>	<u>U. T. Pan</u> <u>American</u> <u>(Brownsville)</u>

f. Amend renumbered Subsection 4.9 as follows:

	<u>Full Title</u>	<u>Short Title</u>
4.9	The University of Texas of the Permian Basin	U. T. Permian Basin
4.91	The University of Texas of the Permian Basin <u>Division of Behavioral Science and Physical Education</u> [ <del>College of Arts and Education</del> ]	
4.92	The University of Texas of the Permian Basin <u>Division of Business</u> [ <del>College of Management</del> ]	
4.93	The University of Texas of the Permian Basin <u>Division of Education</u> [ <del>College of Science and Engineering</del> ]	
4.94	<u>The University of Texas of the Permian Basin Division of Humanities and Fine Arts</u>	
4.95	<u>The University of Texas of the Permian Basin Division of Science and Engineering</u>	

g. Amend renumbered Subdivision 4.(10)5 to read as follows:

	<u>Full Title</u>	<u>Short Title</u>
4.(10)5	The University of Texas <u>Institute of Texan Cultures</u> at San Antonio [ <del>Lutcher Center</del> ]	U. T. <u>Institute of Texan Cultures - San Antonio</u> [ <del>Lutcher Center</del> ]

#### BACKGROUND INFORMATION

The 71st Texas Legislature adopted Senate Bill 47 and the Governor signed it into law on May 26, 1989, providing for Pan American University and Pan American University at Brownsville to become part of the U. T. System effective September 1, 1989. The proposed amendments to the Regents' Rules and Regulations, Part One, Chapter VIII, at Subsections 4.7 and 4.8 reflect the transfer of those entities to the U. T. System.

Additionally, several editorial changes to Section 4 are recommended to reflect previous Regental actions. The management of the U. T. Institute of Texan Cultures - San Antonio was transferred to U. T. San Antonio in February 1986 and the U. T. San Antonio - Lutcher Center was sold in August 1988. The recommended name changes for entities at U. T. Arlington, U. T. Dallas, and U. T. Permian Basin also reflect changes that have been approved previously but have not been incorporated in this Section of the Regents' Rules and Regulations.

4. U. T. Board of Regents: Election of a Member of the U. T. Board of Regents to Serve as a Member of the Board of Trustees of the Texas Growth Fund.--

The amendment to the Texas Constitution which established the Texas Growth Fund provides that it be managed by a Board of Trustees composed of an elected representative from the U. T. Board of Regents, the Texas A&M Board of Regents, the trustees of the Teacher Retirement System, the Employees Retirement System, and the State Board of Education, and four public members appointed by the Governor.

Chairman Beecherl will make a recommendation regarding the election of this representative at the meeting.

5. U. T. System: Recommendation to Require U. T. System Component Institutions to Offer a Three Installment Payment Plan for Tuition and Fees Effective for the Fall Semester 1989 and to Authorize Certain Institutions to Continue the Four Installment Payment Plan for the Fall Semester 1989 Only.--

#### RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and the Executive Vice Chancellor for Health Affairs that the U. T. Board of Regents approve the following actions consistent with the requirements of House Bill 558 passed by the 71st Legislature, Regular Session, amending Texas Education Code Section 54.007:

- a. Require U. T. System component institutions to offer only a three installment payment plan option for tuition and fees with one-half payment of tuition and fees due in advance of the beginning of the fall and spring semesters and one-quarter payments due prior to the start of the sixth and eleventh class weeks, effective with the Fall Semester 1989.
- b. Authorize the U. T. System component institutions listed below to extend the current four installment payment plan option for tuition and fees for the Fall Semester 1989 only:

U. T. Arlington  
U. T. Tyler  
U. T. Southwestern Medical Center - Dallas  
U. T. Medical Branch - Galveston  
U. T. Health Science Center - Houston  
U. T. Health Science Center - San Antonio.

#### BACKGROUND INFORMATION

At its June 1985 meeting, the U. T. Board of Regents approved options for two and four installment payment plans for tuition and fees in accordance with House Bill 1147 passed by the 69th Legislature in 1985 (Texas Education Code Section 54.007).

The 71st Legislature, Regular Session, adopted House Bill 558 which amends Section 54.007 to require public institutions to

offer students only a three installment payment plan for tuition and certain fees rather than the previously authorized two and four installment payment plans.

House Bill 558 allows each governing board to authorize continuance of the two or four payment installment plans for the Fall Semester 1989. Five U. T. System component institutions seek authority to continue the four installment payment plan for the Fall Semester 1989 to provide extra time to notify students of the change in the number of payments allowed under the recent statutory amendment.

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

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and the Executive Vice Chancellor for Health Affairs that the U. T. Board of Regents approve various actions relating to tuition set-asides, the Texas Public Educational Grants Program and Emergency Loans as follows:

I. Amend the policy relating to set-asides for Texas Public Educational Grants and Emergency Loans

Amend the policy adopted by the U. T. Board of Regents in June 1985, and amended in August 1987, related to the percentage of tuition to be used for Texas Public Educational Grants and Emergency Loans at U. T. System degree-granting component institutions 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 each degree-granting component institution to set aside from 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% of each nonresident's tuition charge [~~beginning with the 1987-88 academic year~~] 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 less [~~more~~] than 90 [~~80~~] percent [of the set-aside funds] shall be used for Texas Public Educational Grants and not more than 10 [~~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 [~~7 beginning with the Fall Semester 1985~~]."

II. Amend Guidelines for Awarding Grants Through the Texas Public Educational Grants Program

Amend the "Guidelines for Awarding Grants Through the Texas Public Educational Grants Program" adopted by the U. T. Board of Regents in October 1985, as set out below in congressional style to be effective with the Fall Semester 1989:

"Guidelines for Awarding Grants Through the Texas Public Educational Grants Program

- a. In order to provide a program to supply grants of money to students of component institutions [~~in fiscal years 1986 and 1987~~], each degree-granting component institution of The University of Texas System shall set aside for use as Texas Public Educational Grants a percentage [up to 12%] of each resident student's tuition and a percentage [up to 4%] of each nonresident or foreign student's tuition as authorized in Section 54.051 of the Texas Education Code [~~in fiscal year 1988~~] and [~~thereafter, institutions of the U. T. System shall set aside amounts to be~~] specified by the Legislature in the General Appropriations Act.
- b. Criteria for Awarding Grants
- (1) Grants are to be made only to students who have been accepted for enrollment and who actually enroll in the term or terms for which the grant is awarded.
  - (2) Grants are to be awarded based upon the financial need of the applicant.
  - (3) Financial need is to be determined by use of accepted needs analysis procedures generally in use in other "needs based" financial assistance programs. Deviation from such procedures shall be properly documented.
  - (4) Awards to residents may only be funded through funds set aside from resident student tuition revenues. Awards to nonresident and foreign students may only come from funds set aside from the tuition revenues of such students. After the end of the sixth class week of each semester, an institution may transfer any excess funds set aside from tuition paid by resident or nonresident students to the funds set aside for grants awarded to the other class of students. Priority for awarding grants from any excess funds set aside from tuition paid by resident students shall be given to resident students.
  - (5) Beginning with the Fall Semester 1989, interest earned from the funds set aside for Texas Public Educational Grants may be spent only for grants to students under the Texas Public Educational Grants Program.
  - (6) Any or all of the funds set aside for making Texas Public Educational Grants may be transferred to the Texas Higher Education Coordinating Board [~~Texas College and University System~~] to be used for matching federal or other grant funds for awarding to students at

each U. T. System institution. Generally only such amounts as can be equally matched by funds held by the Coordinating Board shall be transferred to the Coordinating Board and any unencumbered funds transferred to the Coordinating Board shall be returned to each institution upon request of the chief administrative officer.

(7[6]) At the end of a fiscal year, if the total amount of unencumbered funds that has been set aside under this program by each U. T. System institution, together with the total amount of unencumbered funds transferred to the Texas Higher Education Coordinating Board [~~7-Texas College and University System~~], exceeds 150 percent of the amount of funds set aside by that institution in the fiscal year, each institution within the U. T. System shall transfer the excess amount to the Coordinating Board for the purpose of awarding scholarships as provided by law to students at institutions other than the institution that transferred funds.

c. These guidelines shall be submitted to the Texas Higher Education Coordinating Board [~~7-Texas College and University System~~] for review and approval and shall be effective upon such approval."

#### BACKGROUND INFORMATION

Section 56.033 of the Texas Education Code authorizes the Legislature to specify through the General Appropriations Act the amount of a resident student's tuition to be set aside for the Texas Public Educational Grant Program (TPEG) and Emergency Loans. The General Appropriations Act passed by the 71st Legislature, Regular Session, 1989 establishes a set-aside of 15% of resident tuition for the 1990-91 biennium. Section 56.033 also requires that 3% of a nonresident student's tuition be set aside. House Bill 558 passed by the 71st Legislature, Regular Session, made several revisions in the TPEG Program which necessitate the changes recommended in Item I above.

House Bill 558 requires that each governing board allocate not less than 90% of the total amount of tuition funds set aside for TPEG grants and allows each governing board to allocate up to 10 percent of the tuition set-aside for emergency loans. However, under a provision of House Bill 558, an institution is no longer required to allocate any of the set-aside funds for emergency loans. (Under the previous statutory language, institutions were required to allocate no more than 80 percent to TPEG and no less than 20 percent to emergency loans.)

The proposed amendments to the "Guidelines for Awarding Grants Through the Texas Public Educational Grants Program" at Item II above also reflect changes required by House Bill 558. The new law provides permission for funds designated for either resident or nonresident students to be transferred for use by the opposite category of students after the end of the sixth class week of each semester and provides that interest earned from the TPEG funds, if any, must be spent on TPEG grants. Upon approval, a copy of the amended Guidelines will be sent to the Texas Higher Education Coordinating Board for approval.

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 Beecherl  
Vice-Chairman Barshop, Vice-Chairman Roden  
MSA Page Ex.C - 1

Personnel and Audit Committee: Chairman Roden  
Regent Barshop, Regent Cruikshank  
MSA Page P&A - 1

Academic Affairs Committee: Chairman Barshop  
Regent Loeffler, Regent Ramirez, Regent Ratliff  
MSA Page AAC - 1

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

Finance and Facilities Committee: Chairman Moncrief  
Regent Beecherl, Regent Blanton, Regent Loeffler  
MSA Page F&F - 1

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

G. RECONVENE AS COMMITTEE OF THE WHOLE

H. ITEM FOR THE RECORD

U. T. Austin and U. T. Medical Branch - Galveston: Report  
for the Record on Cooperative Venture in Doctoral Nursing  
Education.--

REPORT FOR THE RECORD

The Chancellor and the Executive Vice Chancellors for Academic Affairs and Health Affairs concur in the report of President Cunningham and President James that U. T. Austin and the U. T. Medical Branch - Galveston have established a cooperative venture in support of doctoral students in the U. T. Austin School of Nursing.

Under this cooperative agreement, students enrolled in the U. T. Austin program may arrange to conduct dissertation research in Galveston under the supervision of U. T. Medical Branch - Galveston faculty members who will be cross-appointed to the U. T. Austin faculty. Students may also arrange for courses taken in Galveston to be included in the U. T. Austin doctoral program as residential credit at U. T. Austin. For now, the effect of this agreement is to allow students to gain research experience in a clinical setting and to meet residency requirements in Galveston as well as in Austin. It is also expected that this cooperative arrangement will ultimately lead to

development of an independent Ph.D. in nursing at the U. T. Medical Branch - Galveston. The two institutions have agreed to use faculty from the other institution to teach courses on their respective campuses via adjunct faculty appointments whenever appropriate. Since no new degree is proposed and no new funds are required, additional approvals are not required.

I. CONSIDERATION OF ACTION OF 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)

- a. U. T. Health Science Center - Houston:  
Proposed Settlement of Medical Liability Litigation
- b. U. T. Health Science Center - Houston:  
Proposed Settlement of Medical Liability Litigation
- c. U. T. Health Science Center - Houston:  
Proposed Settlement of Medical Liability Litigation
- d. U. T. Health Science Center - Houston:  
Proposed Settlement of Medical Liability Litigation

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

U. T. El Paso: Request for Authorization to Purchase 4.677 Acres of Land with Improvements in El Paso, Texas

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

- a. U. T. System: Consideration of Personnel Aspects of the 1989-90 Operating Budgets, Including Auxiliary Enterprises, Grants and Contracts, Designated Funds, Restricted Current Funds, and Medical and Dental Service, Research and Development Plans
- b. U. T. Health Science Center - Houston:  
Consideration of Personnel Matters Related to the Possible Election and Employment of a President

J. REPORT OF BOARD FOR LEASE OF UNIVERSITY LANDS

K. REPORT OF SPECIAL COMMITTEES

L. FOUNDATION MATTER

Winedale Stagecoach Inn Fund: Recommendation for Approval of Minutes and to Name Grounds as the Wayne Bell Park.--

RECOMMENDATION

It is recommended that the members of the U. T. Board of Regents convene as Trustees of the Winedale Stagecoach Inn Fund to act on the following agenda:

- a. Approval of Minutes of the preceding meeting held on April 6, 1989
- b. Assistant Secretary-Treasurer Patrick concurs with President Cunningham's recommendation for approval to name a portion of the grounds at Winedale, located between the Wagner House and Lake Winedale, as the Wayne Bell Park.

BACKGROUND INFORMATION

This action is in honor of Mr. Wayne Bell, Professor of Architecture and Planning in the School of Architecture at U. T. Austin, and in commemoration of his 25 years of service to Winedale. Professor Bell has been Director of the Winedale Historical Center since 1975.

M. OTHER MATTERS

1. Resolution of Appreciation
2. Reports by Chancellor Mark
  - a. Plans for Pan American University "Founder's Day 1989 Celebration"
  - b. Development of Systemwide Faculty and Student Advisory Committees

N. SCHEDULED MEETINGS

1. Board of Regents' Meetings

<u>Dates</u>	<u>Locations/Hosts</u>
October 13, 1989	U. T. Dallas
December 7, 1989	U. T. Health Science Center - San Antonio

2. The following dates and locations are proposed for meetings of the Board of Regents in 1990:

<u>Dates</u>	<u>Locations/Hosts</u>
February 8, 1990	U. T. Pan American
April 12, 1990	U. T. Health Center - Tyler
June 14, 1990	Austin
August 9, 1990	U. T. Permian Basin
October 12, 1990 (Friday)	U. T. Southwestern Medical Center - Dallas
December 6, 1990	U. T. M.D. Anderson Cancer Center

3. Other Event

Pan American University Founder's Day 1989  
Celebration -- September 7-8, 1989

O. OTHER BUSINESS

P. ADJOURNMENT

# 1989

## JANUARY

S	M	T	W	T	F	S
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## FEBRUARY

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## MARCH

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## APRIL

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## MAY

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## JUNE

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## JULY

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## OCTOBER

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## NOVEMBER

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## DECEMBER

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## Executive Committee

EXECUTIVE COMMITTEE  
Committee Chairman Beecherl

Date: August 10, 1989  
Time: Following the reconvening of the Board of Regents  
at 1:00 p.m. or upon recess of Executive Session  
Place: Regents' Meeting Room, Ninth Floor, Ashbel Smith Hall

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2. U. T. Austin - Central Chilling Station No. 5 - Phase III Building Construction and Equipment Installation (Project No. 102-551): Proposed Appointment of Judge James R. Meyers as Hearing Officer for All Disputed Claims Regarding the Construction Contract with Kunz Construction Company, Inc., San Antonio, Texas, and Authorization for Hearing Officer to Employ Personnel to Conclude Such Hearings and to Present Findings and Recommendations to the U. T. Board of Regents (Exec. Com. Letter 89-24)	6
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5. U. T. Health Science Center - San Antonio - Basic Science Building Fifth Level Completion (Project No. 402-608): Proposed Appointment of Mr. George R. Overshiner as Hearing Officer for All Disputes with Peco Construction Company, San Antonio, Texas, Arising Out of the Contract Completion of the Fifth Level of the Basic Science Building and Authorization for the Hearing Officer to Employ Personnel to Conclude Such Hearings and to Present Findings and Recommendations to the U. T. Board of Regents (Exec. Com. Letter 89-24)	13

6. U. T. M.D. Anderson Cancer Center: Request for Transfer of Funds Requiring Advance Regental Approval Under Budget Rules and Procedures No. 2 (Exec. Com. Letter 89-21) 14
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8. U. T. M.D. Anderson Cancer Center - R. E. "Bob" Smith Research Building - Upgrading and Expansion of Mechanical Systems (Project No. 703-691): Recommended Award of Construction Contract to Har-Con Corporation, Houston, Texas (Exec. Com. Letter 89-23) 22

1. U. T. System: Recommendation to Approve 1989-90 Budget Policies and Limitations for General Operating Budgets, Auxiliary Enterprises, Contracts and Grants, Restricted Current Funds, Designated Funds, and Service and Revolving Funds Activities (Exec. Com. Letter 89-22).--

#### RECOMMENDATION

The Executive Committee concurs in the recommendation of the Chancellor that the U. T. Board of Regents adopt the following Budget Policies and Limitations for preparation of the 1989-90 U. T. System Operating Budgets:

#### U. T. System 1989-90 Budget Preparation Policies

In preparing the draft of the Fiscal 1990 operating budget, the Chief Administrative Officer of each component institution should adhere to 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:

#### Article III, Sec. 7. Salary and Benefit Provisions

7. MERIT AUTHORIZATION. 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.
8. MERIT REQUIREMENT FOR FACULTY AND PROFESSIONAL POSITIONS. 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. This shall not be interpreted so as to preclude salary adjustments designed to avoid salary inequities.
9. NON-CLASSIFIED, FACULTY EQUIVALENT POSITION SALARY INCREASES AS MERIT. All agencies of higher education are authorized to award salary increases for non-classified, faculty-equivalent positions on the basis of merit.
10. NON-FACULTY SALARY INCREASE. All non-faculty positions in all public institutions and agencies of higher education shall receive a salary increase of at least 5% with a minimum increase of \$60/month/employee beginning September 1, 1989.

Article V, Sec. 72. SALARIES TO BE PROPORTIONAL BY FUND

It is the intent of the Legislature that unless otherwise restricted payment for salaries, wages and benefits paid from appropriated funds shall be proportional to the source of funds.

Article V, Sec. 130. SALARY INCREASE

There is hereby appropriated to the Comptroller of Public Accounts from the general revenue fund an amount estimated to be \$140 million, and from special funds an amount estimated to be \$110.0 million for the purpose of providing an additional 5% salary increase for state employees and officials effective September 1, 1989, subject to the following provisions:

(1) The salaries of faculty and non-faculty employed by institutions of higher education shall be determined by appropriations made elsewhere in this Act, and shall be excluded from the salary increase authorized by this section, except however the amounts necessary to finance a minimum increase of \$60 per month are included in appropriations made by this section.

(2) The Comptroller of Public Accounts shall promulgate rules and regulations as necessary to administer this provision. Funds appropriated above shall be allocated to each agency in accordance with such rules and regulations, and may be used only for the purposes of providing a salary increase.

(3) Increased costs for matching benefits shall be paid from funds appropriated elsewhere in this Act for such purposes. Provisions requiring salaries and benefits to be proportional to the source of funds shall apply to all sums allocated under this section. Each state agency, board, commission, department or institution shall pay the increase in compensation from its funds in the state treasury and from local funds in the same proportion as the employee's regular compensation.

(4) Except for salary rates contained in the Classification Salary Schedule, and as provided in this section, all salary amounts expressed as a specific rate or amount elsewhere in this Act shall be increased by 5% above the rate shown for September 1, 1989. The increased salary amount shall continue at the same rate for fiscal year 1991 unless another more specific provision provides a higher rate.

2. General Salary Policy -

In addition to the salary provisions mandated in the Appropriations Bill, 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 the institutions should sustain faculty salary levels

reached in 1988-89 and provide merit faculty salary increases for 1989-90 within available funds. Faculty equivalent position increases are to be awarded on the basis of merit and should parallel average increases available for faculty personnel.

(b) Administrative and Professional Salary Policy - Merit salary increases over and above the 5% salary adjustments provided in the Appropriations Bill may be granted to administrative and professional staff and are to be based on evaluation of performance in areas appropriate to work assignments. Combined merit and salary adjustment increases for administrative and professional staff should, in general, parallel those available for faculty.

(c) Classified Personnel Salary Policy - Merit salary increases over and above the 5% salary adjustments provided in the Appropriations Bill may be granted to classified personnel. Merit salary increases for classified staff are to be based on evaluation of performance in areas appropriate to work assignments. Merit increases may be given only to individuals who will have been employed by the institution for at least six months as of August 31, 1989, 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 and within funds available after merit increases are granted.
4. New Administrative/Professional positions are to be requested only when justified by increased work loads and from funds available after mandated salary increases are granted.
5. New classified positions are to be requested only when justified by increased work loads and from funds available after mandated salary increases are granted.
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.

## 1989-90 OPERATING BUDGET CALENDAR

June 1989	U. T. Board of Regents' Approval of Policies (Executive Committee Letter)
June 16, 1989	<u>Seven</u> Draft Copies (bound) of Budgets due to System Administration (including 7 copies of supplemental data)
June 26-July 7, 1989	Budget Hearings with System Administration
July 14, 1989	<u>Fifteen</u> copies of Budgets (bound) due to System Administration (with 7 copies of adjusted supplemental data as applicable)
July 31, 1989	Budgets mailed to the U. T. Board of Regents
August 10, 1989	U. T. Board of Regents' Budget Meeting
August 24, 1989	<u>Forty-five</u> Copies of Budgets (unbound) due to System Administration for binding

### BACKGROUND INFORMATION

The 1989-90 Budget Policies track the provisions stated in the Appropriations Bill and are substantially the same as those used in preparing the 1988-89 budgets with the exception of the item Faculty Salaries and the 5% legislative mandate for non-faculty salaries.

2. U. T. Austin - Central Chilling Station No. 5 - Phase III Building Construction and Equipment Installation (Project No. 102-551): Proposed Appointment of Judge James R. Meyers as Hearing Officer for All Disputed Claims Regarding the Construction Contract with Kunz Construction Company, Inc., San Antonio, Texas, and Authorization for Hearing Officer to Employ Personnel to Conclude Such Hearings and to Present Findings and Recommendations to the U. T. Board of Regents (Exec. Com. Letter 89-24).--

### RECOMMENDATION

The Executive Committee concurs in the recommendation of the Chancellor, the Executive Vice Chancellor for Academic Affairs and General Counsel Farabee that the U. T. Board of Regents appoint Judge James R. Meyers as Hearing Officer to represent the Board to hear disputed claims concerning questions of fact and law with regard to a construction contract with Kunz

Construction Company, Inc., San Antonio, Texas, for Phase III Building Construction and Equipment Installation of Central Chilling Station No. 5 at U. T. Austin. Further, that the Hearing Officer be empowered to adopt such rules of procedure for the hearing as he deems necessary and that he be authorized with the concurrence of General Counsel Farabee to employ any consultants and office personnel necessary to conclude such hearing in an expeditious manner. Finally, that upon completion of testimony and receipt of all pertinent data, the Hearing Officer is instructed to present his findings and recommendations to the U. T. Board of Regents for its decision regarding the validity of the claims.

#### BACKGROUND INFORMATION

The U. T. Board of Regents awarded a construction contract on June 14, 1984, in the amount of \$5,512,202 to Kunz Construction Company, Inc., San Antonio, Texas, for construction of and installation of equipment in Central Chilling Station No. 5 at U. T. Austin. During the course of construction, Kunz experienced delays which are alleged to have been the University's responsibility. The University maintains that, for the most part, the delays were the contractor's fault. Kunz's claims consist primarily of extended overhead and profit based upon the delays and are in excess of \$370,000. The claims have been denied by the Director, Office of Facilities Planning and Construction, and the Chancellor and are now before the U. T. Board of Regents on appeal from these denials. The "Disputes" clause in the contract provides that the contractor "shall be afforded an opportunity to be heard and to offer evidence in support of his appeal to a person or persons appointed by the Board of Regents for such purpose."

Judge Meyers is a noted lawyer and retired judge who has agreed to act in this dispute as Hearing Officer for the U. T. Board of Regents.

The hearing may cost the U. T. Board of Regents as much as \$20,000 or more.

Kunz Construction Company, Inc. requested authority from both the 70th and 71st Legislatures to sue the U. T. System. Neither Legislature authorized suit.

3. U. T. Austin: Recommended Sale of Land to City of Austin for Convention Center Site (Superior Dairies/Borden, Inc. Property) (Exec. Com. Letter 89-25).--

#### RECOMMENDATION

The Executive Committee concurs in the recommendation of the Chancellor, the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Asset Management and President Cunningham that the U. T. Board of Regents sell to the City of Austin for the purpose of building a Convention Center approximately 62,726.40 square feet of land at a price of \$25 per square foot for a total consideration of \$1,568,160 (Superior Dairies/Borden, Inc. property). Proceeds from the sale shall be for the unrestricted use of U. T. Austin.

### BACKGROUND INFORMATION

The proposed tract to be sold is part of the 3.84 acres of land donated in 1985 by Borden, Inc., Columbus, Ohio, to the U. T. Board of Regents for the use and benefit of U. T. Austin. This acreage had been leased to Borden, Inc., Columbus, Ohio, for a consideration of \$205,000 per year but was vacated on October 1, 1988.

The Office of Asset Management extended an offer to sell to the City of Austin 1.44 acres at \$25 per square foot during the City Council meeting held on April 13, 1989. This offer was a key factor in determining the proposed site of the Convention Center. Other landowners in the designated convention site area are to receive in excess of \$30 per square foot, but included within that figure are allowances for real estate commissions, attorneys' fees, and other incidental expenses. The Board's remaining 2.4 acres adjacent to the proposed Convention Center will have a substantial incremental increase in value upon the opening of the Convention Center.

This purchase is contingent upon passage of a City of Austin bond election to be held on July 29, 1989. The purchase of the acreage by the City of Austin will be either cash or a ten percent note secured by a Deed of Trust and Vendor's Lien, and additional security as is necessary to collateralize the note and protect the interest of U. T. Austin.

4. U. T. Medical Branch - Galveston - John Sealy Hospital - New Emergency Department and Trauma Center Facility (Project No. 601-658): Recommended Award of Construction Contract to Manhattan Construction Company, Houston, Texas (Exec. Com. Letter 89-22).--

### RECOMMENDATION

The Executive Committee concurs in the recommendation of the Chancellor, the Executive Vice Chancellor for Health Affairs and President James that the U. T. Board of Regents award a construction contract for the New Emergency Department and Trauma Center Facility for the John Sealy Hospital at the U. T. Medical Branch - Galveston to the lowest responsive bidder, Manhattan Construction Company, Houston, Texas, for the Base Bid and Add Alternate Bid Nos. 1, 2, 3, 4, 5B, 5D, 5F, 6A and 7 in the total amount of \$15,575,850.

### BACKGROUND INFORMATION

In accordance with authorization of the U. T. Board of Regents in February 1989, bids for the New Emergency Department and Trauma Center Facility at the U. T. Medical Branch - Galveston were received on May 24, 1989, as shown on Pages Ex.C 10 - 12. The project was divided into several components and scheduled to permit construction of the Trauma Center Facility first. The total project cost is \$28,071,400, of which \$18,071,400 has been budgeted for the Trauma Center Facility and \$10,000,000 for the Services Building and associated equipment which will be bid in the near future.

The recommended contract award to Manhattan Construction Company, Houston, Texas, in the amount of \$15,575,850 can be made within the authorized total project cost of \$28,071,400. The authorized total project cost is composed of the following elements:

Trauma Center Facility	
Construction Cost	\$15,575,850
Fees and Administrative	
Expenses	1,530,974
Furniture and Equipment	237,576
Future Work (Testing, FCMS	
and Utilities)	346,000
Miscellaneous Expenses	66,000
Project Contingency	<u>315,000</u>
Sub-Total	\$18,071,400
Services Building and Equipment	<u>10,000,000</u>
TOTAL PROJECT COST	\$28,071,400

NEW EMERGENCY DEPARTMENT AND TRAUMA CENTER FACILITY  
 THE UNIVERSITY OF TEXAS MEDICAL BRANCH AT GALVESTON  
 Bids Received May 24, 1989, at  
 The University of Texas Medical Branch at Galveston

<u>BIDDER</u>	<u>Manhattan Construction Company Houston, TX</u>	<u>Miner-Dederick Constructors, Inc. Houston, TX</u>	<u>Hill Constructors, Inc. Houston, TX</u>
BASE BID	\$13,591,000	\$13,720,000	\$13,794,000
Add Alternates:			
Alt. No. 1 - Level 1, South Build-Out	373,000	380,000	390,000
Alt. No. 2 - Level 3, Build-Out	542,000	590,000	560,000
Alt. No. 3 - Vinyl Acrylic Wall Protection	42,800	83,000	74,000
Alt. No. 4 - Planters, Caststone, Precast	541,000	693,000	615,000
Alt. No. 5A - Non-Addressable Fire Alarm, Base Bid	58,800	60,000	72,300
Alt. No. 5B - Addressable Fire Alarm, Base Bid	155,400	136,000	193,000
Alt. No. 5C - Non-Addressable Fire Alarm, Level 1, South Build-Out	3,100	4,000	4,400
Alt. No. 5D - Addressable Fire Alarm, Level 1, South Build-Out	6,300	9,300	8,800
Alt. No. 5E - Non-Addressable Fire Alarm, Level 3, Build-Out	5,300	5,000	5,600
Alt. No. 5F - Addressable Fire Alarm, Level 3, Build-Out	10,500	9,200	12,200
Alt. No. 6A - Landscaping and Irrigation	119,600	114,000	126,000
Alt. No. 6B - Landscaping and Irrigation, Sod Only	39,300	25,000	26,000
Alt. No. 7 - Telephone System	<u>194,250</u>	<u>142,000</u>	<u>193,000</u>
TOTAL - Base Bid Plus Add Alternate Bid Nos. 1, 2, 3, 4, 5B, 5D, 5F, 6A and 7	\$15,575,850	\$15,876,500	\$15,966,000

EX. C - 10

NEW EMERGENCY DEPARTMENT AND TRAUMA CENTER FACILITY  
 THE UNIVERSITY OF TEXAS MEDICAL BRANCH AT GALVESTON  
 Bids Received May 24, 1989, at  
 The University of Texas Medical Branch at Galveston

<u>BIDDER</u>	<u>Spaw-Glass Builders Inc. Houston, TX</u>	<u>The Argee Corporation Denver, CO</u>	<u>Centex-Rodgers Corporation Company Nashville, TN</u>
BASE BID	\$13,767,000	\$14,235,000	\$14,276,000
Add Alternates:			
Alt. No. 1 - Level 1, South Build-Out	418,000	411,077	362,000
Alt. No. 2 - Level 3, Build-Out	587,000	591,930	472,000
Alt. No. 3 - Vinyl Acrylic Wall Protection	40,800	67,045	8,265
Alt. No. 4 - Planters, Caststone, Precast	813,000	504,946	749,000
Alt. No. 5A - Non-Addressable Fire Alarm, Base Bid	59,000	58,891	65,500
Alt. No. 5B - Addressable Fire Alarm, Base Bid	134,000	153,283	175,000
Alt. No. 5C - Non-Addressable Fire Alarm, Level 1, South Build-Out	3,900	3,415	4,000
Alt. No. 5D - Addressable Fire Alarm, Level 1, South Build-Out	9,200	6,837	8,000
Alt. No. 5E - Non-Addressable Fire Alarm, Level 3, Build-Out	4,900	4,244	5,000
Alt. No. 5F - Addressable Fire Alarm, Level 3, Build-Out	9,100	9,315	11,000
Alt. No. 6A - Landscaping and Irrigation	115,000	99,350	113,100
Alt. No. 6B - Landscaping and Irrigation, Sod Only	25,000	32,809	24,600
Alt. No. 7 - Telephone System	<u>166,000</u>	<u>141,070</u>	<u>175,000</u>
TOTAL - Base Bid Plus Add Alternate Bid Nos. 1, 2, 3, 4, 5B, 5D, 5F, 6A and 7	\$16,059,100	\$16,219,853	\$16,349,365

EX. C - 11

NEW EMERGENCY DEPARTMENT AND TRAUMA CENTER FACILITY  
 THE UNIVERSITY OF TEXAS MEDICAL BRANCH AT GALVESTON  
 Bids Received May 24, 1989, at  
 The University of Texas Medical Branch at Galveston

<u>BIDDER</u>	<u>Pepper-Lawson Construction, Inc. Houston, TX</u>	<u>Cahaba Construction Company Houston, TX</u>	<u>Robert E. McKee, Inc. Dallas, TX</u>	<u>W. S. Bellows Construction Corporation Houston, TX</u>
BASE BID	\$14,338,000	\$14,350,000	\$14,375,000	\$15,307,000
Add Alternates:				
Alt. No. 1 - Level 1, South Build-Out	397,000	440,000	398,000	405,000
Alt. No. 2 - Level 3, Build-Out	558,000	670,000	546,000	482,000
Alt. No. 3 - Vinyl Acrylic Wall Protection	54,500	117,000	41,300	99,000
Alt. No. 4 - Planters, Caststone, Precast	740,000	547,000	784,000	759,000
Alt. No. 5A - Non-Addressable Fire Alarm, Base Bid	60,500	62,000	62,200	66,000
Alt. No. 5B - Addressable Fire Alarm, Base Bid	157,500	154,000	156,000	167,000
Alt. No. 5C - Non-Addressable Fire Alarm, Level 1, South Build-Out	3,500	3,300	3,250	4,000
Alt. No. 5D - Addressable Fire Alarm, Level 1, South Build-Out	7,000	7,000	6,700	7,000
Alt. No. 5E - Non-Addressable Fire Alarm, Level 3, Build-Out	4,500	5,000	5,000	5,400
Alt. No. 5F - Addressable Fire Alarm, Level 3, Build-Out	9,550	10,000	10,000	10,800
Alt. No. 6A - Landscaping and Irrigation	127,000	119,000	121,500	69,000
Alt. No. 6B - Landscaping and Irrigation, Sod Only	34,000	35,000	38,500	32,000
Alt. No. 7 - Telephone System	200,000	179,000	179,000	188,000
TOTAL - Base Bid Plus Add Alternate Bid Nos. 1, 2, 3, 4, 5B, 5D, 5F, 6A and 7	\$16,588,550	\$16,593,000	\$16,617,500	\$17,493,800

5. U. T. Health Science Center - San Antonio - Basic Science Building Fifth Level Completion (Project No. 402-608): Proposed Appointment of Mr. George R. Overshiner as Hearing Officer for All Disputes with Peco Construction Company, San Antonio, Texas, Arising Out of the Contract Completion of the Fifth Level of the Basic Science Building and Authorization for the Hearing Officer to Employ Personnel to Conclude Such Hearings and to Present Findings and Recommendations to the U. T. Board of Regents (Exec. Com. Letter 89-24).--

#### RECOMMENDATION

The Executive Committee concurs in the recommendation of the Chancellor, the Executive Vice Chancellor for Health Affairs and General Counsel Farabee that the U. T. Board of Regents appoint Mr. George R. Overshiner to represent the Board to hear disputed claims concerning questions of fact and law with regard to a construction contract with Peco Construction Company, San Antonio, Texas, for completion of shelled space on the fifth level of the Basic Science Building at the U. T. Health Science Center - San Antonio. Further, that the Hearing Officer be empowered to adopt such rules of procedure for the hearing as he deems necessary and that he be authorized with the concurrence of General Counsel Farabee to employ any consultants and office personnel necessary to conclude such hearing in an expeditious manner. Finally, that upon completion of testimony and receipt of all pertinent data, the Hearing Officer is instructed to present his findings and recommendations to the U. T. Board of Regents for its decision regarding the validity of the claims.

#### BACKGROUND INFORMATION

At its meeting in April 1987, the U. T. Board of Regents awarded a construction contract in the amount of \$2,923,000 to Peco Construction Company, San Antonio, Texas, for completing shelled space on the fifth level of the Basic Science Building at the U. T. Health Science Center - San Antonio. Peco finished the project late and was assessed liquidated damages in accordance with the terms of the contract. Peco and its mechanical contractor dispute the assessment, and in addition, seek to recover costs and damages allegedly stemming from poor plans and specifications. The sum demanded on appeal exceeds \$564,000. The Director, Office of Facilities Planning and Construction, and the Chancellor have rejected the claims based upon lack of timeliness, one of the basic conditions of the contract. The matter is now before the U. T. Board of Regents on appeal from these denials. The "Disputes" clause in the contract provides that the contractor "shall be afforded an opportunity to be heard and to offer evidence in support of his appeal to a person or persons appointed by the Board of Regents for such purpose."

Mr. Overshiner is a retired attorney with a lifetime of experience in litigation concerning construction contracts. He is licensed to practice law in the Supreme Court of Texas, U. S. District Court - Northern District of Texas, U. S. Court of Appeals, Fifth Circuit, U. S. Court of Military Appeals, and the Supreme Court of the United States.

The hearing may cost the U. T. Board of Regents as much as \$15,000 or more.

6. U. T. M.D. Anderson Cancer Center: Request for Transfer of Funds Requiring Advance Regental Approval Under Budget Rules and Procedures No. 2 (Exec. Com. Letter 89-21).--

RECOMMENDATION

The Executive Committee concurs in the recommendation of the Chancellor, the Executive Vice Chancellor for Health Affairs and President LeMaistre that the U. T. Board of Regents approve the following transfer of funds at the U. T. M.D. Anderson Cancer Center:

Educational and General Funds

Amount of Transfer - \$16,847,230

From: Unappropriated Balance 1987-88 - \$2,767,100  
Estimated Income 1988-89 - \$14,080,130

To:	Patient Care Operations	\$ 6,525,000
	Patient Care Equipment	3,555,130
	Renovation and Remodeling	2,767,100
	Telecommunications	2,000,000
	Purchased Utilities	2,000,000
	Total	<u>\$16,847,230</u>

(RBC #114)

BACKGROUND INFORMATION

During this fiscal year, the U. T. M.D. Anderson Cancer Center has markedly increased patient care revenues. The majority of this change is due to an increase in service volumes. The U. T. M.D. Anderson Cancer Center currently projects this increase to be about 20% at fiscal year end. For the most part, this has been accomplished due to increased referrals resulting in a higher census, a greater number of paying patients and enhanced collections. Due to the increased volume of patient care, both income and expenses have surpassed the expectations for the 1989 fiscal year.

INCOME:

The additional \$14.080 million necessary to fund this budget change will come from additional earnings generated by increased patient care activity. Year-to-date, the U. T. M.D. Anderson Cancer Center has earned \$116.0 million of net patient revenue, or 34.9% over budget (\$129.7). Funding needed to support the renovation and remodeling projects (\$2,767,100) will be transferred from available balances.

EXPENDITURES:

Patient Care Operations \$6,525,000

Average occupancy for the current fiscal year is anticipated to be 75% or 140,700 patient days. This is an increase of 3,200 days or 2.3%. In addition to increased patient days, the length of stay has been reduced to 8.4 days as of March 31, 1989, and the Cancer Center anticipates admissions to be up approximately 4% over fiscal year 1988.

Increased new patient registrations and outpatient clinic visits during 1989 are estimated to be 435,000 compared to 403,000 in 1988. This 8% rise has required (and will continue to require) substantial increases in resource needs throughout the clinic and administrative service areas.

Areas impacted by the overall increases in clinic activities and hospital admissions are as follows:

1. Pharmacy - An additional \$3,000,000 is needed to meet drug purchase levels for the current fiscal year. A prior budget adjustment of \$7 million provided for a current level of M&O funding of \$29 million. Actual expenses are projected to be \$32 million with revenues of \$73 million for 1989. This compares to 1988 revenues of \$57.4 million.
2. Operating Room - An increased need for disposable supplies both for protection of employees from body fluids due to AIDS as well as requirements for disposal of surgery wastes have substantially increased the supply costs. Prosthetic devices, suture materials, lasers and other advances in surgical technology have also added to an ever increasing deficit. A budget increase of \$1,200,000 is needed to keep up with the various supply needs of surgery and the operating room. Revenue has grown during 1989, with estimated revenue of \$7.5 million as compared to \$5.9 million in 1988, a 27% increase.
3. Patient Supplies - Again, the increased utilization of disposables, increased census and clinical activity have depleted budgeted funds for this area. A budget increase of \$625,000 is needed to purchase sufficient supply items for the remainder of fiscal year 1989. Revenues for 1989 are projected to be \$7.4 million, an increase of \$1.7 million or 30% over 1988.
4. Medical Records - Higher than expected census and increased clinical loads have placed a burden on the dictation section that could only be resolved through the use of outside services to complete all necessary transcription on a timely basis. To allow a backlog would produce undesirable results with both the Cancer Center's physicians and the referring physician, as well as causing a potential reduction in cash flow/claim resolution by Medicare and other third party payors. The use of contract services to maintain an acceptable level of transcription services precipitates the need to request an additional \$100,000 for this service area.
5. Clinic Outpatient Services - With the aforementioned 8% increase in clinic visits, plus increased use of disposables both from an infection control standpoint, as well as JCAHO (Joint Commission on Accreditation of Healthcare Organizations) requirements for disposable syringes and needles, previously budgeted amounts to fund the clinic operations have fallen short of actual needs. To rectify this, an additional \$125,000 is required for this area. The clinic areas are projecting revenue in 1989 of \$13 million as compared to \$10 million in 1988.
6. Nursing Service - Based on increased census and continued shortage of nursing manpower, the institution still must rely on the use of temporary nursing services. A budget increase of \$50,000 will be needed to complete the current fiscal year.

7. Transfusion Medicine - Although recruitment of blood donors has maintained the institution's level of available blood supplies at the same level as prior years, the Center's utilization of blood and blood products has shown a dramatic increase, outstripping the ability to provide sufficient blood through the Cancer Center's own blood bank. An increase of \$250,000 is needed to complete the current fiscal year. Revenue for the blood bank is estimated at \$7.4 million for 1989 compared to \$5.4 million in 1988.
8. Laboratory Medicine - Clinical activities have caused a substantial increase to be incurred in the clinical laboratories with higher than budgeted expenses for supplies, reagents, etc. Fiscal year 1989 revenue for the clinical laboratories is estimated to be \$34.7 million, a 37% increase over 1988 revenue of \$21.5 million. An additional \$750,000 is requested to support the increased activity in this area.
9. Patient Care Business Affairs - Increased census and clinic activity has impacted this administrative area in that an increased volume of claims causes higher forms and postage costs. Additionally, the U. T. M.D. Anderson Cancer Center has expanded its efforts to collect from patients and third party payors. Overall, this area is in need of \$125,000 to complete the current fiscal year.
10. Diagnostic Radiology - An additional \$300,000 is requested to support the cost of supplies, film, etc. A recent price increase in contrast media has added an additional operating cost of \$67,000 to 1989 costs. Increased services due to higher census and outpatient clinic visits have caused higher activity levels to be incurred in Diagnostic Imaging Services as well. Revenue for 1989 is estimated to be \$18.4 million, an increase of \$1.8 million over 1988 revenue of \$16.6 million.

Patient Care Equipment

\$3,555,130

The request for patient care equipment is based on a number of risk management issues, which, if not addressed, expose the institution to potential liability.

In the Division of Surgery, the requests are for equipment which has aged to the point that breakdowns and failures are common occurrences. The risk of equipment failure or unavailability exposes the patient to unacceptable risks which can lead to and/or include lack of timely treatments.

The Divisions of Medicine, Pathology, Radiotherapy, Diagnostic Imaging and Laboratory Medicine are in need of replacing aged equipment which is unreliable and may produce test results that are inaccurate. Currently, personnel are required to perform considerable monitoring and/or test runs against known standards to assure accuracy. However, the frequency is beyond the normal standards and considerable risk of inaccurate testing still exists despite the abnormal precautions being taken at this time.

In the clinic areas, the equipment is again aged and often times fails with procedures cancelled due to lack of adequate backup equipment. This delay in diagnosis/treatment is an unnecessary risk to the patients and the U. T. M.D. Anderson Cancer Center.

The need for a Magnetic Resonance Imaging (MRI) unit is based on current delays experienced in scheduling this important diagnostic test. The delays now exceed two or more weeks. This is unacceptable as it prevents the availability of diagnostic testing and precludes the provision of timely treatment to patients.

Division of Surgery \$ 752,800

(Ohmeda Modulus II Upgrade, Volume Ventilators, Urological Table and Fluoroscopic System, Intubation Scope, Chest Set Extras, Immersible Gastroscope Bronchoscope)

Division of Medicine \$ 147,615

(Laminar flow Hoods, Gamma Counter, Scintillation Counter, HPLC Dionex Gradient Pump, Scintillation Analyzer, Pulmonary Function System)

Division of Pathology \$ 92,750

(Flow Cytometry Multi-Purpose Measurement System, Tissue Processor)

Division of Radiotherapy \$ 595,000

(Treatment Planning Computer System, Adage 200 High Resolution Graphic/Image Processor, Oldelft Simulator)

Division of Diagnostic Imaging \$1,200,000

(Magnetic Resonance Imaging Unit)

Division of Laboratory Medicine \$ 30,000

(Coagulation Analyzer)

Clinic Administrative Services \$ 348,388

(Cystoscope, Endoscope, Cold Light Source, Cardiac Monitor, Lecture Scope, Blood Cell Separator, Sigmoidoscope, Bovine Machine, Power Examination Tables, Biopsy Forceps, CO2 Laser Filters, CO2 Laser Sharplan)

Patient Supply, Processing and Distribution \$ 388,577

(ETO Gas Sterilizer, Monitor/Defibrillator, Sonic Washer, Washer/Decontaminators)

\$3,555,130

Renovation and Remodeling \$2,767,100

Local Project Funding - Completion of the Clark Clinic and Basic Research buildings, and the subsequent move of various departments and functions into those spaces has resulted in a significant amount of space in the older sections of the U. T. M.D. Anderson Cancer Center becoming available for remodeling and renovation. In addition, renovation of space in the Bates-Freeman Building is necessary to fully utilize the recently upgraded mechanical systems. Much of this work

must be done as a series of local projects as only small portions of the facility can be made available at any given time. Finally, a number of specialized or newly developed pieces of equipment with special installation requirements have recently been purchased.

For these reasons, local project volume is currently higher than the normal volume of approximately \$3 million per year. About \$1.5 million in local construction has been completed or has been started since the start of fiscal year 1989. Another \$2,767,100 in projects (see below) will complete the design stage prior to August 1, 1989, or is currently awaiting funding.

The Cancer Center has utilized the construction funds identified for the fiscal year and will be forced to delay further construction unless additional funds are designated. This will impact the major project to remodel the first floor of the U. T. M.D. Anderson Hospital building as several of the pending local projects will provide space for functions currently housed in the area to be renovated.

<u>Area/ Priority</u>	<u>Project Description</u>	<u>Estimated Project Cost/ Funding</u>	<u>Estimated Design Completion</u>	<u>Duration</u>
Pt Care	Bates-Freeman 3 Util Upgrade	\$270,000	Now	16 wks
Pt Care	Lutheran Pavilion Medical Gas Alarm Panel	120,000	Now	16 wks
Phy Plt	Oxygen Backup	60,000	05/89	02 wks
Pt Care	Station 54 Remodel	130,000	05/89	12 wks
Pt Care	Therapy Basement Linear Accelerator	250,000	05/89	12 wks
Phy Plt	Gimble 4 A/C Replacement	100,000	05/89	08 wks
Research	Bates-Freeman 6 Hood Upgrade	15,000	05/89	03 wks
Phy Plt	Clark Clinic Control Air	8,000	06/89	04 wks
Pt Care	Clinic 5.234 Station 57	2,000	06/89	12 wks
Phy Plt	MDAH Fire Alarm System	400,000	06/89	12 wks
Research	Anderson Core 6 Spectrophoto	5,000	06/89	08 wks
Pt Care	Therapy Basement Linear Accelerator Clinic	250,000	07/89	12 wks
Research	Anderson Core 5.567 Remodel	100,000	07/89	08 wks
Pt Care	Station 44	250,000	07/89	12 wks
Pt Care	Gimble Base Treatment Table	2,500	07/89	08 wks
Phy Plt	Bates-Freeman Ground Floor Steam Valve	30,000	07/89	01 wk
Education	Bates-Freeman 1 Pt Photo	120,000	08/89	12 wks
Phy Plt	Lutheran Pavilion 12 Backup A/C	50,000	08/89	08 wks
Pt Care	Pneumatic Tube Installation	44,400	Now	13 wks
Pt Care	Clinic 7 C-ARM	172,200	Now	18 wks

<u>Area/ Priority</u>	<u>Project Description</u>	<u>Estimated Project Cost/ Funding</u>	<u>Estimated Design Completion</u>	<u>Duration</u>
Research	Bates-Freeman 5 Laser Lab	\$ 270,000	06/89	15 wks
Pt Care	Station 59 Dust Coll System	15,000	05/89	04 wks
Pt Care	Exp Rad Therapy - Casework	68,000	05/89	08 wks
Pt Care	Radiology Redesign	35,000	Now	08 wks
TOTAL ESTIMATED COST		\$2,767,100		

Telecommunications

\$2,000,000

The current budget for telecommunications underestimated the effect of the addition of the Clark Clinic Building. As space for clinics and physicians offices nearly doubled, many new telephone lines and instruments were required to be added to the existing communications network. In addition, several new clinic services were added which also required new lines and instruments. Lastly, due to aggressive marketing efforts to increase revenues, additional long distance lines have been added to enhance collection efforts, to follow-up on return clinic appointments, and to provide a toll free line for the handling of physician referral telephone calls. In order to complete the fiscal year, an additional \$2 million is needed for telecommunication expenditures.

Purchased Utilities

\$2,000,000

Utility demands have been impacted by the opening of the research and clinic buildings. Additionally, increasingly stringent safety standards for research protocols have led to the requirement for 100% supply of conditioned makeup air and increased volumes of air to serve fume hoods. Although the institution has plans to offset much of these increased demands through an aggressive energy management program, lack of funding has allowed the Center to implement only part of the energy conservation plans. Another factor contributing to the need for a budget revision is the escalation of rates for services such as sewage treatment. Based on prior utility expenditures and projected costs for the remainder of the year, an additional \$2,000,000 is needed.

7. U. T. M.D. Anderson Cancer Center - U. T. M.D. Anderson Hospital - Upgrading of Mechanical Systems - Phase II (Project No. 703-689): Recommended Award of Construction Contract for First Segment to the Tellepsen Corporation, Houston, Texas (Exec. Com. Letter 89-23).--

RECOMMENDATION

The Executive Committee concurs in the recommendation of the Chancellor, the Executive Vice Chancellor for Health Affairs and President LeMaistre that the U. T. Board of Regents award a construction contract for the first segment of the Upgrading of Mechanical Systems - Phase II in the U. T. M.D. Anderson Hospital of the U. T. M.D. Anderson Cancer Center to

the lowest responsive bidder, Tellepsen Corporation, Houston, Texas, for the Base Bid and Add Alternate Bid Nos. 1, 2, 3 and 4 in the total amount of \$1,580,000.

BACKGROUND INFORMATION

In accordance with authorization of the U. T. Board of Regents in February 1989, bids for the first segment of the Upgrading of Mechanical Systems - Phase II in the U. T. M.D. Anderson Hospital of the U. T. M.D. Anderson Cancer Center were received on June 15, 1989, as shown on Page Ex.C - 21.

The Phase II project for the upgrading of mechanical systems has been divided into two segments. The recommended contract award is for the first segment and the second segment will be bid at a future date.

The recommended contract award to Tellepsen Corporation, Houston, Texas, can be made within a first segment total project cost of \$2,400,000. The authorized total project cost for both segments is \$4,700,000.

The authorized total project cost is comprised of the following elements:

Construction Cost	\$1,580,000
Fees and Administrative Expenses	258,330
Future Work (Air Balancing, FCMS and Utility Chases)	471,170
Miscellaneous Expenses	18,500
Project Contingency	<u>72,000</u>
First Segment Project Cost	\$2,400,000
Estimated Second Segment Cost	<u>2,300,000</u>
Total Project Cost	\$4,700,000

UPGRADING OF MECHANICAL SYSTEMS - PHASE II  
 U. T. M.D. ANDERSON HOSPITAL  
 U. T. M.D. ANDERSON CANCER CENTER  
 Bids Received June 15, 1989, at  
 U. T. M.D. Anderson Cancer Center

<u>CONTRACTOR</u>	<u>Tellepsen Corporation Houston, TX</u>	<u>The James Letsos Company Houston, TX</u>	<u>Way Engineering Company, Inc. Houston, TX</u>	<u>Swanda Brothers, Inc. Oklahoma City, OK</u>
BASE BID	\$1,094,000	\$ 989,800	\$1,059,000	\$1,087,000
Alt. No. 1 - Basement Animal Area Exhaust	261,000	329,800	307,000	348,300
Alt. No. 2 - Fire Sprinkler Risers - 7th Level	62,000	65,800	69,700	85,600
Alt. No. 3 - Ground Floor Fire Sprinkler System	75,000	108,900	120,400	88,000
Alt. No. 4 - Emergency Power Switch and Busway	<u>88,000</u>	<u>113,700</u>	<u>111,600</u>	<u>243,000</u>
TOTAL - Base Bid Plus 4 Alternates	\$1,580,000	\$1,608,000	\$1,667,700	\$1,851,900

8. U. T. M.D. Anderson Cancer Center - R. E. "Bob" Smith Research Building - Upgrading and Expansion of Mechanical Systems (Project No. 703-691): Recommended Award of Construction Contract to Har-Con Corporation, Houston, Texas (Exec. Com. Letter 89-23).--

RECOMMENDATION

The Executive Committee concurs in the recommendation of the Chancellor, the Executive Vice Chancellor for Health Affairs and President LeMaistre that the U. T. Board of Regents award a construction contract for the upgrading and expansion of mechanical systems in the R. E. "Bob" Smith Research Building at the U. T. M.D. Anderson Cancer Center to the lowest responsive bidder, Har-Con Corporation, Houston, Texas, for the Base Bid and Add Alternate Nos. 1 through 10 and 12 in the total amount of \$1,398,507.

BACKGROUND INFORMATION

In accordance with authorization of the U. T. Board of Regents in October 1988, bids for the upgrading and expansion of mechanical systems in the R. E. "Bob" Smith Research Building at the U. T. M.D. Anderson Cancer Center were received on June 7, 1989, as shown on Page Ex.C - 23.

The recommended contract award to Har-Con Corporation, Houston, Texas, in the amount of \$1,398,507 can be made within the authorized total project cost of \$2,000,000. The authorized total project cost is composed of the following elements:

Construction Cost	\$1,398,507
Fees and Administrative Expenses	259,174
Future Work (Air Balancing, Air Side Survey, Transformer Supports and Sprinkler Hookup)	56,000
Miscellaneous Expenses	15,000
Project Contingency	<u>271,319</u>
Total Project Cost	\$2,000,000

R. E. "BOB" SMITH RESEARCH BUILDING  
 U. T. M.D. ANDERSON CANCER CENTER  
 Bids Received June 7, 1989, at  
 U. T. M.D. Anderson Cancer Center

<u>CONTRACTOR</u>	<u>Har-Con Corporation Houston, TX</u>	<u>Way Engineering Company, Inc. Houston, TX</u>	<u>The James Letsos Company Houston, TX</u>	<u>Kenmor Electric Company, Inc. Houston, TX</u>
BASE BID	\$ 917,000	\$ 986,000	\$ 919,650	\$ 993,700
Alt. No. 1 - Spare Air Breakers	12,150	14,000	12,300	10,720
Alt. No. 2 - Fire Standpipe System	211,600	171,000	213,500	206,700
Alt. No. 3 - Power Correction Capacitors	7,950	9,000	4,800	4,700
Alt. No. 4 - Cooling Tower CT-4	47,705	56,000	66,500	52,950
Alt. No. 5 - Cooling Tower CT-5	47,705	56,000	66,500	53,500
Alt. No. 6 - Additional Switch Board No. 6	30,350	22,000	21,000	28,600
Alt. No. 7 - Fire Alarm System Upgrade	49,525	52,000	60,000	58,700
Alt. No. 8 - New Vacuum Pump VP-1	17,943	28,000	32,000	30,000
Alt. No. 9 - Lab Compressor LAC-2	29,957	37,000	44,700	40,700
Alt. No. 10 - Emergency Outside Air Equipment	13,650	45,000	42,000	9,500
Alt. No. 11 - Carrier Compressor	7,874	7,000	8,700	6,445
Alt. No. 12 - York Compressor	<u>12,972</u>	<u>15,000</u>	<u>8,700</u>	<u>6,445</u>
TOTAL - Base Bid Plus Alternate Nos. 1 through 10 and 12	\$1,398,507	\$1,491,000	\$1,491,650	\$1,496,215

## Personnel and Audit Committee

PERSONNEL AND AUDIT COMMITTEE  
Committee Chairman Roden

Date: August 10, 1989  
Time: Following the meeting of the Executive Committee  
Place: Regents' Meeting Room, Ninth Floor, Ashbel Smith Hall

Page  
P&A

1. U. T. Board of Regents: Proposed Amendments to the Regents' Rules and Regulations, Part One, Chapter III, Section 31 (Retirement and Modified Service)

2

1. U. T. Board of Regents: Proposed Amendments to the Regents' Rules and Regulations, Part One, Chapter III, Section 31 (Retirement and Modified Service).--

#### RECOMMENDATION

The Chancellor with the concurrence of the Executive Vice Chancellor for Academic Affairs and Executive Vice Chancellor for Health Affairs recommends that the Regents' Rules and Regulations, Part One, Chapter III, Section 31 (Retirement and Modified Service) be amended as set out below in congressional style:

#### Sec. 31. Retirement and Modified Service.

- 31.1 ~~[No tenured faculty member or law enforcement officer of The University of Texas System or of any component institution or agency thereof shall be continued in a full-time service capacity or at a full-time compensation rate beyond the end of the fiscal year that includes his or her seventieth birthday.]~~

No person other than a law enforcement officer employed by the U. T. System or any component institution shall be required to retire because of age. A law enforcement officer shall not be continued in full-time service or at full-time compensation beyond the end of the fiscal year that includes the officer's seventieth birthday.

- 31.2 The Board of Regents, upon the recommendation of the appropriate Executive Vice Chancellor, Chancellor and, when appropriate, the chief administrative officer of the affected component institution, may appoint a person who has retired ~~[pursuant to Subsection 31.1]~~ to modified service ~~[after the end of the fiscal year that includes the person's seventieth birthday]~~.
- 31.3 Recommendation for, and appointment to, modified service shall be made only after a review of the individual's past and current performance and a finding that the individual is not only competent to continue his or her duties, but that the continued service of the individual will result in a significant benefit to the System or a particular component institution.
- 31.4 Appointment to modified service shall be for one academic year and may be renewed for successive terms of one academic year after an annual review, recommendation, and finding as set forth in Subsection 31.3. The notice provisions of Section 6.8 of this Chapter shall not apply to nonrenewal of such appointments.

- 31.5 The work load and salary rate of an individual on modified service shall be [~~no more than one-half of his or her work load immediately preceding appointment to modified service. Salary rate shall be in the same proportion of his or her salary rate for the fiscal year immediately preceding appointment to modified service as his or her work load is to a full-time work load and shall be subject to adjustment~~] in accordance with policies and procedures of the component institution [~~applicable to other employees~~].
- 31.6 Upon recommendation of the appropriate Executive Vice Chancellor, the Chancellor and, when appropriate, the chief administrative officer of the affected component institution, the Board of Regents may, by unanimous vote of the members present, make exceptions to this Section in special cases when the Board finds that the services of a particular individual will be of unique benefit to the System or a component institution.

#### BACKGROUND INFORMATION

The Age Discrimination in Employment Act, Title 29 United States Code Annotated Section 621 et seq., prohibits mandatory retirement policies for persons other than tenured faculty at institutions of higher education and law enforcement officers. The exception for tenured faculty and law enforcement officers expires December 31, 1993, unless further extended by Congress. House Bill 684, Acts of the 71st Legislature, Regular Session, 1989, added a new Section 51.917 to the Texas Education Code which prohibits institutions of higher education from imposing a mandatory retirement age for tenured faculty. This Bill passed the House by a vote of 141 to 0 and passed the Senate 31 to 0 and, therefore, became effective immediately upon being signed by the Governor on June 16, 1989. The proposed amendments delete the mandatory retirement age for tenured faculty and continue to permit the component institutions to appoint persons who choose to retire to modified service.

## Academic Affairs Committee

ACADEMIC AFFAIRS COMMITTEE  
Committee Chairman Barshop

Date: August 10, 1989  
Time: Following the meeting of the Personnel and Audit  
Committee  
Place: Regents' Meeting Room, Ninth Floor, Ashbel Smith Hall

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1. U. T. Board of Regents: Resolution Acknowledging Transfer of Pan American University and Pan American University at Brownsville into The University of Texas System Effective September 1, 1989.--

#### RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs that the U. T. Board of Regents approve the following resolution acknowledging the transfer of Pan American University including Pan American University at Brownsville into the U. T. System effective September 1, 1989, and that, upon Regental approval, the U. T. System Administration be authorized to distribute copies of the resolution to Pan American University and Pan American University at Brownsville for further distribution as appropriate.

#### RESOLUTION

WHEREAS, The Honorable William P. Clements, Jr., Governor of Texas, signed Senate Bill 47 on May 26, 1989, transferring Pan American University including Pan American University at Brownsville into The University of Texas System effective September 1, 1989; now, therefore, be it

RESOLVED, That the U. T. Board of Regents hereby acknowledges and accepts the administrative responsibility placed upon the U. T. Board of Regents by the legislative and gubernatorial actions creating The University of Texas - Pan American as a component institution within the U. T. System and renaming the upper-level educational center in Brownsville as The University of Texas - Pan American at Brownsville; be it further

RESOLVED, That the U. T. Board of Regents commends and supports the cooperative efforts of representatives from Pan American University and Pan American University at Brownsville and the U. T. System for effecting a smooth transition into the U. T. System; be it further

RESOLVED, That the U. T. Board of Regents adopts the Role and Mission Statement and Tables of Programs for Pan American University and Pan American University at Brownsville as approved by the Pan American University Board of Regents and the Texas Higher Education Coordinating Board and supports the role of these institutions in continued service to the State of Texas and to the South Texas region; be it further

RESOLVED, That the U. T. Board of Regents will continue existing academic programs at U. T. Pan American and U. T. Pan American (Brownsville) and will consider new academic programs as well as expansion and refinement of existing programs recommended by institutional faculty and administration; be it further

RESOLVED, That the U. T. Board of Regents accepts and continues the general institutional policies of Pan American University and Pan American University at Brownsville not in conflict with the Regents' Rules and Regulations and directs that appropriate statements regarding implementation of policies and regulations of the U. T. Board of Regents be provided for insertion in existing institutional policy and procedure manuals, catalogs and official publications effective September 1, 1989; be it further

RESOLVED, That the U. T. Board of Regents accepts for implementation effective September 1, 1989, the non-personnel and personnel aspects of the 1989-90 operating budgets for Pan American University and Pan American University at Brownsville as approved by the Board of Regents of Pan American University prior to September 1, 1989, including auxiliary enterprises, grants and contracts, designated funds, and current restricted funds as the 1989-90 operating budgets for U. T. Pan American and U. T. Pan American (Brownsville) and instructs the U. T. System Budget Office to work with institutional officials to reformat budget documents as may be required for information and review by the U. T. Board of Regents at its regular meeting in October 1989; be it further

RESOLVED, That the U. T. Board of Regents acknowledges the contributions made to Pan American University and Pan American University at Brownsville by faculty, administration, and Regents and extends its official welcome to all faculty, administration and students as members of the U. T. System; be it further

RESOLVED, That the U. T. Board of Regents acknowledges with great appreciation the work of the Joint Committee on Higher Education in South Texas established by the 70th Legislature and the broad and effective support of the greater South Texas community and the Legislative delegation contributing to the successful passage of Senate Bill 47; and be it further

RESOLVED, That the U. T. Board of Regents recognizes and applauds the significant support and service rendered by the distinguished current and former members of the Board of Regents of Pan American University and their unselfish support for the actions of the Texas Legislature and the Governor in transferring Pan American University and Pan American University at Brownsville to the U. T. System.

2. U. T. System: Recommendation to Approve Institutional Memberships in Texas International Education Consortium (TIEC), Austin, Texas, and to Authorize Chief Administrative Officers to Execute Membership Agreements and to Serve on TIEC Board of Directors.--

#### RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and the presidents of the academic component institutions that each institution electing to participate be authorized to become an institutional member of the Texas International Education Consortium (TIEC), Austin, Texas, a not-for-profit corporation, incorporated to coordinate international educational activities in Texas for institutions of higher education and to engage in the pursuit of international educational exchange. It is further recommended that the chief administrative officer of each institution seeking to participate be authorized to execute a TIEC membership agreement and to serve on the Board of Directors of TIEC following administrative approval by the appropriate Executive Vice Chancellor.

#### BACKGROUND INFORMATION

The Texas International Education Consortium (TIEC) was formed in 1985 as a successor entity to the Texas Association of International Education Administrators (TAIEA) which was formed in 1976 to operate an inter-university, international sponsored students program. TIEC was incorporated to execute an enforceable contract with Malaysia for the provision of college level instruction and related services to Malaysian students at the Institute Teknologi MARA (ITM) Shah Alam Center, Kuala Lumpur. In August 1986, the U. T. Board of Regents approved an agreement with TIEC to authorize the participation of U. T. System component institutions in Malaysian programs. That agreement was renewed in 1987 and 1988 and expires on August 31, 1989.

The Malaysian programs have offered an opportunity for some U. T. System faculty to be involved internationally and on a viable economic basis while contributing to the commitment of foreign governments to improve higher education opportunities for their students.

TIEC has recently amended its by-laws to reorganize and institutionalize as an organization of public institutions of higher education and will constitute a Board of Directors comprised of the presidents of all member institutions. This reorganization makes the consortium a more participatory venture and should expand the opportunities for international academic programs. Currently, TIEC is reviewing programs for Japan, Qatar, Iraq, Malaysia, Jordan, Egypt, Dubai, Syria, Korea, Uganda, Germany, Czechoslovakia, Costa Rica and Brazil and has set regional objectives for Japan, South-east Asia, the Middle East, Latin America, Europe and Africa.

The requested action would authorize U. T. System component institutions to join TIEC as reorganized and will allow presidents of involved institutions to serve on the TIEC Board of Directors. All proposed program agreements would be submitted separately for approval as appropriate.

3. U. T. System: Recommendation to Approve Programs for Faculty Proficiency in English Including Proficiency Testing.--

#### RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs that the U. T. Board of Regents approve the continuation of programs for assuring faculty proficiency in English originally established by U. T. System general academic institutions to comply with a provision of the General Appropriations Act enacted in the 1987 biennium and require each general academic institution to include testing of proficiency in English for faculty members whose primary language is not English. It is further recommended that the U. T. Board of Regents adopt as an acceptable proficiency test the "Test of Spoken English" of the Educational Testing Service and authorize the Executive Vice Chancellor for Academic Affairs to approve administratively additional alternative tests of English proficiency as authorized by House Bill 638 passed by the 71st Legislature, Regular Session, 1989.

#### BACKGROUND INFORMATION

The 71st Legislature, Regular Session, 1989, enacted House Bill 638 (Section 51.917 of the Texas Education Code) which requires all institutions of higher education, except medical or dental units, to establish programs or short courses to assist faculty members whose primary language is not English to become proficient in English before teaching courses for credit. House Bill 638 requires proficiency testing by the "Test of Spoken English" produced by the Educational Testing Service or a similar test approved by an institution's governing board.

The recommended actions will extend currently established programs developed to comply with the General Appropriations Act passed by the 70th Legislature in 1987 to include proficiency testing as required by House Bill 638.

Following administrative approval, each institution will be required to submit a description of the program or short course to the Texas Higher Education Coordinating Board for approval.

4. U. T. Arlington: Request for Authorization to Submit a Proposal for a Doctoral Degree Program (Ph.D.) in Quantitative Biology to the Coordinating Board for Approval (Catalog Change).--

#### RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Nedderman that a proposal for a Ph.D. degree in Quantitative Biology at

U. T. Arlington be submitted to the Texas Higher Education Coordinating Board for review and appropriate action. The proposed program is consistent with the U. T. Arlington Strategic Plan and is in the Role and Scope Table of Programs approved by the U. T. Board of Regents in June 1984.

Upon Coordinating Board approval, the next appropriate catalog published at U. T. Arlington will be amended to reflect this action.

#### BACKGROUND INFORMATION

A similar proposal for a Ph.D. degree in Biological Sciences was originally approved by the U. T. Board of Regents in June 1979, revised in April 1983 as a Ph.D. in Quantitative Biology, and disapproved by the Coordinating Board in July 1984. The course content and goals of the program described in this new proposal for a Ph.D. degree in Quantitative Biology are similar to those in the 1983 proposal. However, since 1984 when the Coordinating Board disapproved the program, great strides have been made in strengthening the proposal through the addition of a new chairman and faculty and further development of the research program. Also since 1984, the need for the degree has increased significantly. By endorsing the submission of the revised proposal to the Coordinating Board, the U. T. Board of Regents will reaffirm its earlier approval and demonstrate support for and commitment to the implementation of the new degree program.

The Coordinating Board is engaged in a five-year cycle of reviewing all doctoral programs in the state. Doctoral programs in the life sciences will be reviewed in the fall of 1989. Thus, the submission of the revised program in quantitative biology at this time will allow full consideration by the Coordinating Board staff of the need for and distinctiveness of the U. T. Arlington proposed program.

#### Program Description

The proposed doctoral program in quantitative biology is designed to train students to apply sophisticated quantitative techniques to problems in both basic and applied biological research.

Persons who complete the program will be expected to demonstrate substantial ability in the mathematical aspects of biological research. Such an emphasis is absent in most graduate programs in the biological sciences.

The Ph.D. degree in Quantitative Biology will be administered by the Department of Biology in the College of Science as an extension of the current graduate program which offers a Master of Science degree in Biology. The proposed degree program will also expand on the existing Ph.D. program in mathematical sciences which allows for specialization in biology and is offered jointly with U. T. Dallas. The new program will not require new administrative structures.

External consultants, accompanied by staff from the Coordinating Board and U. T. System Administration, visited the department during the week of May 8, 1989, to review the proposed program. The consultants commended the department for the strength of the research program, the cohesiveness of the instructional program, and the overall readiness to offer the Ph.D.

### Program Need

Although other Texas universities offer Ph.D. programs in biological sciences, no other program is designed to emphasize quantitative and statistical methodologies that will be required by the U. T. Arlington program. The 1983 Coordinating Board consultant team reported that the program dovetails with other Texas doctoral programs without undesirable overlap or duplication. The recent review team reconfirmed the special nature of the program.

Unlike the biomedical programs at the U. T. Southwestern Medical Center - Dallas and the molecular biology program at U. T. Dallas, this program will address the interaction of whole organisms of various species with the environment and each other. There will not be a special emphasis on the human species, as at U. T. Southwestern Medical Center - Dallas, or special organs such as the brain, as at U. T. San Antonio, or on smaller units such as the cell or sub-cellular structures, as at U. T. Dallas. Rather, the emphasis will be on mathematical models of interactions among various plants and animals. This special emphasis fills an important void in the currently existing range of doctoral programs in biology. Examples of important areas of inquiry for persons trained in the quantitative aspects of biological sciences include environmental protection and environmental management.

The involvement of Texas universities in creating an infrastructure for an expanded Texas economy supports the need for sophisticated research in areas of new applied technologies. Relevant Ph.D. level research-oriented programs in biological and other sciences not only attract new industry but also supply trained personnel to allow such cutting-edge industries to expand.

The Dallas-Fort Worth metropolitan area has been reported to be the nation's fourth largest center of technology development, a significant portion of which is related to research in the biological sciences. Industry now depends on engineers and applied mathematicians to evaluate problems related to biology, but such training does not provide for the biological sophistication required to conduct the best research. The need for quantitative expertise coupled with a solid background in life science is growing and is expected to create continuing demand for students who will complete the proposed program.

Research-oriented Ph.D. programs in the sciences also attract significant extramural funding, the impact of which is multiplied in total economic impact. U. T. Arlington, for example, increased outside research funding in chemistry from \$175,000 in 1982-83 when the Ph.D. in Chemistry was initiated to \$2,000,000 in 1988-89 when the program was fully implemented. A similar effect was experienced with the Ph.D. Program in Applied Physics at U. T. Arlington and is to be expected by implementing the proposed program in quantitative biology.

### Program Quality

The proposed program will draw on an existing base of highly qualified research-oriented faculty in both the biological sciences and applied mathematics. Since 1984, faculty have presented more than 20 invited papers in international symposia, have substantially increased the number of extramural grants and funds and the numbers of papers published. Such

trends will be accelerated by the addition of the Ph.D. program. The master's level program has also increased significantly U. T. Arlington's ability to attract graduate students from other universities. External consultants have confirmed the high quality of the faculty and the research program.

Students seeking admission to the program will be expected to have strong quantitative skills and to have achieved a combined score of 1200 or above on the Graduate Record Examination. Students will be expected to have (or complete) a background in biology and mathematics. The sixty-hour program will incorporate 18 hours of core courses, 12 hours of designated electives, and 30 hours of advanced seminars and dissertation research. At the end of the first year of study, a diagnostic examination will be administered to detect areas of deficiency and a program will be prescribed to overcome such deficiencies, if any. A comprehensive examination will be comprised of an oral defense of a written research proposal and a test of background knowledge in the student's area of specialization. The dissertation will require a quantitative approach to the research topic.

#### Program Costs

The expected additional costs for adding the proposed Ph.D. program will be minimal, especially with regard to new institutional funds. Over the first five years of the program, a total of only \$103,000 of additional expenditures is expected. Any new faculty will be hired as replacements for retiring faculty. Existing faculty will be assigned to teach the seven new courses which will be added to the existing course inventory. These faculty will be freed to teach the new courses by virtue of hiring part-time faculty and graduate teaching assistants to provide instruction for introductory courses and laboratory sections. Library resources, classrooms, and laboratories are all adequate to begin the proposed program and all compare favorably to existing Ph.D. programs in other institutions. New research equipment is expected to be funded through the usual commitment of set-up funds for new faculty and through extramural grants.

#### Summary

U. T. Arlington proposes to resubmit to the Coordinating Board a proposed Ph.D. degree in Quantitative Biology to meet the increasing demand for scientists in biological research with sophisticated mathematical and statistical skills. The program will be administered by the Department of Biology. Very limited additional resources for part-time faculty and graduate teaching assistants will be required to implement the program. At a very modest investment of state resources, U. T. Arlington will be able to attract a larger share of federal research dollars for projects directed by highly capable faculty with the assistance of well-trained student-scientists. The program will require the addition of only seven courses and will provide a high standard of graduate-level teaching and research.

5. U. T. Austin: Proposed Amendments to Guidelines for Matching Grants Under The Regents' Endowed Teachers and Scholars Program and The Regents' Endowed Student Fellowship and Scholarship Program Effective September 1, 1989.--

#### RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Cunningham that the guidelines for matching grants under The Regents' Endowed Teachers and Scholars Program and The Regents' Endowed Student Fellowship and Scholarship Program at U. T. Austin be amended effective September 1, 1989, as presented in congressional style below:

- a. Amend Sections 6 and 7 of the Guidelines for Matching Grants Under The Regents' Endowed Teachers and Scholars Program as follows:
  - (6) that The Regents' Endowed Teachers and Scholars Program, be effective for gifts or pledges received on or after September 1, 1989[7], and except as provided in (7) below, on or before August 31, 1991[89];
  - (7) that matching monies made available under The Regents' Endowed Teachers and Scholars Program, be available for matching pledges made on or before August 31, 1991[89], if the pledges are to be fulfilled during the two-year period following August 31, 1991[89];
- b. Amend Sections 9 and 10 of the Guidelines for Matching Grants Under The Regents' Endowed Student Fellowship and Scholarship Program as follows:
  - (9) The Regents' Endowed Student Fellowship and Scholarship Program shall be effective for gifts or pledges received on or after September 1, 1989[7], and except as provided in (10) below, on or before August 31, 1991[89];
  - (10) matching monies made available under this program will be available to match pledges made on or before August 31, 1991[89], if pledges are to be fulfilled during the two-year period following August 31, 1991[89];

#### BACKGROUND INFORMATION

The Regents' Endowed Teachers and Scholars Program was established in 1981 under authorization granted by the 67th Legislature for U. T. Austin to use Available University Funds to match private gifts for endowed academic positions. The extraordinarily successful program has operated under a set of guidelines adopted by the U. T. Board of Regents in August 1981, with amendments adopted in 1985, 1986 and 1988. The amendments in 1985 and 1988 were made to stimulate gifts

for underendowed schools and colleges and to allow recommendations for matching to be made in conjunction with institutional priorities and developmental plans.

The guidelines for matching gifts under The Regents' Endowed Student Fellowship and Scholarship Program were adopted by the U. T. Board of Regents at the October 1987 meeting following authorization by the 70th Legislature allowing use of Available University Funds for matching gifts to fund scholarships and graduate fellowships. The purpose of The Regents' Endowed Student Fellowship and Scholarship Program has been to provide the long-term guaranteed financial aid necessary to attract and support an increased number of student scholars of high academic achievement at U. T. Austin through the combined use of private and university resources.

The proposed amendments to each set of guidelines merely extend the effective dates of the matching programs to coincide with the 1990-1991 biennium as authorized in the General Appropriations Act passed by the 71st Legislature, Regular Session, 1989.

6. U. T. Austin: Recommendation for Permission for Individual to Serve as Associate Director for Educational and Cultural Affairs of the U. S. Information Agency (USIA) [Regents' Rules and Regulations, Part One, Chapter III, Section 13, Subsections 13.(10) and 13.(11)].--

#### RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Cunningham that U. T. Board of Regents' approval be given to the appointment of Dr. William Glade, Professor of Economics at U. T. Austin, as Associate Director for Educational and Cultural Affairs of the U. S. Information Agency (USIA) and concur in an annual leave of absence without pay from U. T. Austin through 1992.

It is further recommended that the U. T. Board of Regents find that: (1) the holding of this position by Dr. Glade is of benefit to the State of Texas and (2) there is no conflict between Dr. Glade's position at U. T. Austin and his appointment as Associate Director with USIA.

#### BACKGROUND INFORMATION

The Bureau of Educational and Cultural Affairs is one of USIA's most important areas of responsibility and manages a wide variety of academic and cultural exchange programs. It is responsible for all federally-funded international educational exchange programs including the Fulbright Program as well as exchange programs in the arts. As USIA Associate Director, Dr. Glade will be responsible for developing new initiatives to link U. S. higher education and cultural institutions with their counterparts abroad. This USIA appointment requires Presidential nomination and Senate confirmation and will necessitate concurrence in annual leaves of absence from U. T. Austin duties without salary through calendar year 1992.

This recommendation is in accordance with approval requirements for positions of honor, trust, or profit provided in Article 6252-9a of Vernon's Texas Civil Statutes and Part One, Chapter III, Section 13, Subsections 13.(10) and 13.(11) and Part One, Chapter III, Section 16, Subsection 16.4 of the Regents' Rules and Regulations.

7. U. T. Austin: Proposed Appointment to the Roberta P. Crenshaw Centennial Professorship in Urban Design and Environmental Planning in the School of Architecture Effective September 1, 1989.--

#### RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Cunningham that Professor J. Sinclair Black, School of Architecture, be appointed as initial holder of the Roberta P. Crenshaw Centennial Professorship in Urban Design and Environmental Planning in the School of Architecture at U. T. Austin effective September 1, 1989.

#### BACKGROUND INFORMATION

Professor Black, a faculty member at U. T. Austin since 1967, is nationally recognized for his expertise in urban design. He served as Acting Dean of the U. T. Austin School of Architecture from 1972 to 1973 and was elected to the College of Fellows of the American Institute of Architects in 1984. As an accomplished practicing architect, Professor Black is widely recognized for his participation in urban designing and planning projects in and around Austin.

The Roberta P. Crenshaw Centennial Professorship in Urban Design and Environmental Planning was established by the U. T. Board of Regents at the December 1984 meeting.

8. U. T. Austin: Proposed Appointment to the Ben F. Love Regents Professorship in Communication in the College of Communication Effective September 1, 1989.--

#### RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Cunningham that Dr. Emile G. McAnany, Amon G. Carter Centennial Professor in Communication, be appointed as the initial holder of the Ben F. Love Regents Professorship in Communication in the College of Communication at U. T. Austin effective September 1, 1989.

### BACKGROUND INFORMATION

Professor McAnany, a faculty member at U. T. Austin since 1979, is a national and international expert in the field of communication and national development. His numerous publications include 8 books, 3 monographs, 16 chapters, several articles and other research publications. Dr. McAnany serves on the editorial boards of five research publications and is frequently invited to present lectures at universities and research institutes in the U. S., Europe, Latin America and Africa. Dr. McAnany will relinquish the Amon G. Carter Centennial Professorship in Communication on the effective date of the new appointment.

The Ben F. Love Regents Professorship in Communication was established by the U. T. Board of Regents at the December 1984 meeting.

9. U. T. Austin: Proposed Appointment to the Melissa Elizabeth Stuart Centennial Professorship in Education in the College of Education Effective September 1, 1989.--

### RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Cunningham that Dr. Jay D. Scribner, Professor, Department of Educational Leadership and Policy Studies at Temple University in Philadelphia, Pennsylvania, be appointed as the initial holder of the Melissa Elizabeth Stuart Centennial Professorship in Education at U. T. Austin effective September 1, 1989.

### BACKGROUND INFORMATION

Dr. Scribner has been appointed as Professor, Department of Educational Administration at U. T. Austin, effective September 1, 1989. He was Dean of the College of Education at Temple University from 1975-85. He is a highly regarded expert in the politics of education and educational policy making. He is active in a number of national organizations, most notably the University Council for Educational Administration (UCEA), one of the major professional organizations in the field of educational administration, and has recently assumed the position of president. Dr. Scribner is the author or coauthor of numerous scholarly publications and has presented over 60 invited papers to learned societies and professional organizations.

The Melissa Elizabeth Stuart Centennial Professorship in Education was established by the U. T. Board of Regents in December 1983.

10. U. T. Austin: Proposed Appointments to Endowed Academic Positions in the College of Liberal Arts Effective September 1, 1989.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Cunningham that the following initial appointments be made to endowed academic positions in U. T. Austin's College of Liberal Arts effective September 1, 1989. Professors will vacate any currently held endowed positions on the effective date of the new appointments.

<u>Name of Proposed Appointee</u>	<u>Endowed Academic Position</u>
Dr. William H. Goetzmann, The Raymond Dickson, Alton C. Allen and Dillon Anderson Centennial Professor	Jack S. Blanton, Sr. Chair in History, established October 1988
Dr. Betty Sue Flowers, Associate Professor, Department of English	Hayden W. Head Regents Chair in the Plan II Honors Program, established February 1989

BACKGROUND INFORMATION

Professor Goetzmann, a faculty member at U. T. Austin since 1964, is internationally recognized for his scholarly contributions in American History. He received the Joseph Pulitzer Award for American History in 1967 and wrote the cover article for the 100th anniversary issue of National Geographic. In addition to being an excellent and dedicated teacher, Dr. Goetzmann has served as the Chairman of the U. T. Austin Department of History and Director of the American Studies Program.

Professor Flowers joined the U. T. Austin faculty in 1973 and became Director of the Plan II Honors Program in 1987. She has been promoted to the rank of professor effective September 1, 1989. She is internationally recognized for her scholarly contributions in the areas of poetry and the humanities and has received several U. T. Austin awards for her outstanding teaching and service to students including the Amoco Foundation Teaching Excellence Award and the Outstanding Young Texas Ex Award. Dr. Flowers has authored and coauthored numerous books, articles, short stories and scholarly publications.

11. U. T. Austin: Proposed Appointments to Endowed Academic Positions in the College of Natural Sciences Effective September 1, 1989.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Cunningham that the following initial appointments be made to endowed academic positions in U. T. Austin's College of Natural Sciences effective September 1, 1989. Appointees will vacate any currently held endowed positions on the effective date of the new appointments.

<u>Name of Proposed Appointee</u>	<u>Endowed Academic Position</u>
Dr. William R. Muehlberger, William Stamps Farish Chair in Geology	Peter T. Flawn Centennial Chair in Geology, estab- lished August 1983 as pro- fessorship; redesignated as chair December 1984
Dr. Jon D. Robertus, Professor, Department of Chemistry	Benjamin Clayton Centen- nial Professorship in Biochemistry, estab- lished August 1983
Dr. William F. Schelter, Professor, Department of Mathematics	Pennzoil Company Regents Professorship in Mathe- matics, established Febru- ary 1989; designated April 1989

BACKGROUND INFORMATION

Professor Muehlberger, a faculty member at U. T. Austin since 1954, has a distinguished record of teaching, academic service, research and scholarly achievement and has supervised an impressive number of graduate students. He has served as Chairman of the Department of Geological Sciences at U. T. Austin and has held several endowed faculty positions. Dr. Muehlberger has authored and coauthored over 100 articles, chapters, and other scholarly publications and has been the recipient of more than 25 research grants and contracts. He has made major contributions to the U. S. space program through the training of astronauts in structural principles.

Professor Robertus joined the U. T. Austin faculty in 1974 and serves as Director of the Center for Structural Biology. He is nationally and internationally known as an expert in the field of macromolecular crystallography. Dr. Robertus has authored two book chapters, 28 articles, and numerous other research publications and is frequently invited to lecture at universities and research institutes throughout the world.

Professor Schelter, a faculty member at U. T. Austin since 1979, is nationally recognized for his work as a numerical algebraist with a combined expertise in theoretical work in algebra and computer analysis/mathematical reasoning.

He has published in numerous scholarly journals and has received research support from the National Science Foundation for over a decade. Dr. Schelter is a frequently invited lecturer before prestigious mathematical societies and is a conscientious and effective teacher as well as an important contributor to the overall instructional and administrative activities of U. T. Austin's Department of Mathematics.

12. U. T. Austin: Proposed Appointment to the Laura Lee Blanton Chair in Nursing in the School of Nursing Effective September 1, 1989.--

#### RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Cunningham that Dr. Dolores Sands, Joseph H. Blades Centennial Memorial Professor in Nursing, be appointed as the initial holder of the Laura Lee Blanton Chair in Nursing in the School of Nursing at U. T. Austin effective September 1, 1989.

#### BACKGROUND INFORMATION

Professor Sands joined the U. T. Austin faculty in 1984 and has recently been appointed Dean of the School of Nursing effective September 1, 1989. As Director of the U. T. Austin Center for Health Care Research and Evaluation, she has been largely responsible for the receipt of approximately \$1.9 million in extramural research funding for the U. T. Austin School of Nursing. Dr. Sands is nationally recognized for her nursing research and scholarly activities and is an excellent teacher and lecturer. Dr. Sands will retain the position of Joseph H. Blades Centennial Memorial Professor in Nursing.

The Laura Lee Blanton Chair in Nursing was established by the U. T. Board of Regents in October 1988.

13. U. T. Austin: Proposed Appointment to the Johnson & Johnson Centennial Professorship in Pharmacy in the College of Pharmacy Effective September 1, 1989.--

#### RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Cunningham that Dr. Daniel Acosta, Jr., Alcon Centennial Professor in Pharmacy, be appointed as the initial holder of the Johnson & Johnson Centennial Professorship in Pharmacy in the College of Pharmacy at U. T. Austin effective September 1, 1989.

## BACKGROUND INFORMATION

Dr. Acosta, a U. T. Austin faculty member since 1974, is a leading researcher in the area of cellular toxicology of xenobiotics and the development of in vitro methodology to evaluate toxic compounds. His current research has been supported by grants from agencies including the National Heart, Lung and Blood Institute, Environmental Protection Agency, American Heart Association, and several pharmaceutical companies. Dr. Acosta has directed the research of 15 graduate and postdoctoral students and has authored or coauthored over 80 scholarly publications in several distinguished journals. He was the recipient of the 1978-79 Ford Foundation Postdoctoral Fellowship and in 1986 was the Burroughs Wellcome Toxicology Scholar. Dr. Acosta will relinquish the Alcon Centennial Professorship in Pharmacy on the effective date of the new appointment.

The Johnson & Johnson Centennial Professorship in Pharmacy was established by the U. T. Board of Regents in February 1989.

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

## RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Cunningham that Room 2.105 in Goldsmith Hall in the School of Architecture at U. T. Austin be named the Mike and Maxine K. Mebane Gallery. 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 in recognition of gifts received from Mr. Mike Mebane and The Mike and Maxine K. Mebane Arts and Architecture Foundation, San Angelo, Texas, to establish an endowed scholarship in the School of Architecture with the income earned from the endowment to be used to assist students enrolled in study-abroad programs. Establishment of a permanent endowment is provided for in Item 19 on Page L&I - 21.

At its meeting in June 1982, the U. T. Board of Regents approved the naming of facilities other than buildings as part of a special private fund development campaign for the School of Architecture, in accordance with Part One, Chapter VII, Section 2, Subsection 2.44 of the Regents' Rules and Regulations.

15. U. T. Austin: Recommendation to Establish the Winedale Historical Center Advisory Council - Proposed Nominees Thereto (NO PUBLICITY UNTIL ACCEPTANCES ARE RECEIVED).--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Cunningham that the Advisory Council for the Winedale Historical Center be established at U. T. Austin pursuant to the Regents' Rules and Regulations, Part One, Chapter VII, Section 3 (The Advisory Councils of a Component Institution), and the individual names set forth below be approved as the initial nominees to membership.

THE UNIVERSITY OF TEXAS AT AUSTIN

Recommended Appointments to Membership

Winedale Historical Center Advisory Council

a. Membership

Authorized    None                      Recommended    32

b. Appointments

None

c. New Appointments

For one-year term ending 1990

Mrs. Paul S. Ache, Jr., Houston, Business:  
Civic Leader  
Mr. Paul S. Ache, Jr., Houston, Business:  
Engineer, Crest Resources and Exploration  
Corp.  
Mrs. Helen Anderson, Houston, Business:  
Civic Leader  
Mr. Thomas D. Anderson, Houston, Business:  
Director, GOE Resource Co.  
Mrs. Thomas E. Berry, Houston, Business:  
Civic Leader  
Mr. Thomas E. Berry, Houston, Business:  
Lawyer, Baker & Botts  
Mrs. George R. Jordan, Jr., Houston, Business:  
Civic Leader  
Mr. George R. Jordan, Jr., Houston, Business:  
Insurance Executive, Columbia Universal Life  
Mrs. Kendall Macdaniel, Houston, Business:  
Owner, Old Katy Road Antiques  
Mr. Sherman P. Macdaniel, Houston, Business:  
Stockbroker, Anderson Cheneviere & Co.

For two-year term ending 1991

Mr. Richard L. Brooks, Houston, Business:  
Owner, Richard L. Brooks Investments  
Mrs. Robin Brooks, Houston, Business:  
Psychotherapist  
Mrs. Diane Dickey Grace, Houston, Business:  
Civic Leader

Mr. John R. Grace, Houston, Business:  
 Administrator, Spring Engineers, Inc.  
 Mr. Earl Littman, Houston, Business: Chief  
 Executive Officer, Goodwin, Dannenbaum,  
 Littman & Wingfield, Inc.  
 Mrs. Natalie Littman, Houston, Business:  
 Civic Leader  
 Mrs. Norma T. Norton, Austin, Business:  
 Civic Leader  
 Mrs. Margaret Shanks, Houston, Business:  
 Civic Leader  
 Mr. Wallace Shanks, Houston, Business:  
 Lawyer, Calvin, Dylewski, Gibbs, Maddox,  
 Russell & Shanks  
 Mr. Herb Maddock, Round Top, Business:  
 Owner, Schleider Furniture Store  
 Mrs. Marge Maddock, Round Top, Business:  
 Civic Leader

For three-year term ending 1992

Dr. Allen Commander (Ph.D.), Brenham, Busi-  
 ness: Professor, University of Houston  
 Mrs. Bobbie Stockford Commander, Brenham,  
 Business: Civic Leader  
 Mr. Raymond E. Hankamer, Houston, Business:  
 Investments  
 Mrs. Camille O. Hankamer, Houston, Business:  
 Civic Leader  
 Mrs. Frances Puett Harris, Round Top, Busi-  
 ness: Retired Teacher  
 Mr. William McGregor Harris, Round Top,  
 Business: Insurance Agent  
 Mrs. Charlotte W. Rhodes, Dripping Springs,  
 Business: Civic Leader  
 Mrs. Lesley M. Schlumberger, Houston, Business:  
 Owner, Atelier Schlumberger Design Co.  
 Mr. Pierre Marcel Schlumberger, Houston,  
 Business: Attorney-Investments

d.	Unfilled Terms	<u>Term Expires</u>
	two	(to be determined as filled)

BACKGROUND INFORMATION

The terms of reference for the advisory council shall be as follows:

- a. It shall be named the Winedale Historical Center Advisory Council;
- b. It shall consist of 32 members;
- c. It shall assist in identifying sources of support for the Winedale Historical Center; and,
- d. It shall assist in promoting the Winedale Historical Center through Friends of Winedale membership.

In accordance with usual procedures, no publicity will be given to these nominations until acceptances are received and reported for the record at a subsequent meeting of the U. T. Board of Regents.

16. U. T. Dallas: Request for Endorsement of Legislation Authorizing the Admission of Freshman and Sophomore Students and Authorizing the Development of an Implementation Plan for Submission to the Coordinating Board (Catalog Change).--

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Academic Affairs and President Rutford in recommending that the U. T. Board of Regents endorse the provisions of House Bill 42 (Texas Education Code, Section 70.08) as passed by the 71st Legislature, First Called Session, authorizing the admission of freshman and sophomore students at U. T. Dallas effective with Summer Session 1990. In anticipation of the enrollment of students in Summer 1990, it is further recommended that the institution be authorized to develop an implementation plan for expansion of the lower-division enrollment, in accordance with parameters of the approved legislation, for early submission to the Texas Higher Education Coordinating Board for review and approval, subject to prior approval by the Executive Vice Chancellor for Academic Affairs and the Executive Committee of the U. T. Board of Regents.

A review of Coordinating Board statutory authority and House Bill 42 suggests the following plan elements and, thereby, issues for consideration by the Coordinating Board:

- (a) Enrollment Limits -- House Bill 42 limits admission and enrollment of entering freshmen to 2,000 and limits the total number of freshmen and sophomores, including lower-division transfer students, to 5,200, except that no more than 1,040 lower-division students may be admitted and enrolled in the first two years of operation. The bill also specifies admissions criteria for freshmen and lower-division transfer students, thus Coordinating Board review need focus only on compliance with House Bill 42.
- (b) Role and Mission Statement and Associated Table of Programs -- The addition of lower-division students at U. T. Dallas will not require changes in the Table of Programs or in the basic mission of the institution. However, minor editorial changes in the Coordinating Board-approved Role and Mission Statement removing the restriction on the enrollment of lower-division students will be required.
- (c) New Degree Programs and Organizational Units -- The admission of lower-division students does not require establishment of any new organizational units nor the creation of any new degree programs at this time for U. T. Dallas.

- (d) Approval of Lower-Division Courses -- Several new lower-division courses will need to be added to the approved course inventory at U. T. Dallas. In accordance with normal administrative procedures for addition of courses, these can be approved at the Coordinating Board staff level.
- (e) Core Curriculum -- The curriculum for freshmen and sophomores will need to be consistent with the Coordinating Board's approved core curriculum. Such consistency will be demonstrated by identifying required and elective courses and should be approved at the Coordinating Board staff level.
- (f) Remedial Education -- With the admission of lower-division students, U. T. Dallas will need to add remedial education for any admitted students who fail any part of the Texas Academic Skills Program (TASP) examination, in accordance with Coordinating Board and statutory requirements.
- (g) Facilities -- It is anticipated that lower-division students added in the first two years will be primarily day students and can be accommodated in existing space since presently classrooms are not fully utilized in the daytime.
- (h) Funding Requirements -- Initial additional funding requirements for the lower-division expansion are to be met with local resources and specifically appropriated funds, so Coordinating Board review is most likely to focus on the availability of resources needed to cover the subsequent years of the implementation plan when lower-division enrollments may exceed 1,040 students. Such review may impact the rate of growth above 1,040 but should not impact the operation of the first two years. The statute does provide for the establishment, prior to the next legislative session, of a funding formula that recognizes the predominantly upper-division nature of U. T. Dallas.

In light of the above summary, it appears that the Coordinating Board can authorize U. T. Dallas to enroll lower-division students upon finding that the proposed curriculum is consistent with previously established core curriculum requirements, that adequate remedial education capabilities exist to meet the needs of any prospective students, that courses, funding, and facilities are adequate to serve the initial increment of up to 1,040 new students, that the enrollment management plan complies with the provisions of House Bill 42, and that all changes fall within the approved Role and Mission Statement and Table of Programs. Subsequent Coordinating Board action will be needed for the establishment of an appropriate funding formula.

Upon Coordinating Board approval of the implementation plan, U. T. Dallas catalogs will be supplemented or amended to reflect this action.

## BACKGROUND INFORMATION

House Bill 42, passed in the First Called Session of the 71st Legislature, allows the U. T. Board of Regents to provide for admission and enrollment of up to 2,000 entering freshmen at U. T. Dallas and for the enrollment of freshman and sophomore transfer students with less than fifty-four semester hours of college credit. The legislation also places an overall limit of 5,200 on the number of freshmen and sophomores who may be enrolled and specifies that admissions standards can be no less stringent than the criteria for admission to U. T. Austin. The legislation establishes a limit of 1,040 students for lower-division enrollment for each of the first two years of operation.

17. U. T. Permian Basin: Recommendation to Approve an Increase in the Compulsory Student Services Fee Effective with the Fall Semester 1989 (Catalog Change).--

## RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Leach that the U. T. Board of Regents approve an increase in the Compulsory Student Services Fee at U. T. Permian Basin from \$6.50 per semester credit hour with a maximum of \$78.00 per semester or summer session for a student taking twelve or more semester credit hours to \$7.50 per semester credit hour with a maximum of \$90.00 per semester or summer session for a student taking twelve or more semester credit hours effective with the Fall Semester 1989.

Upon Regental approval, the Minute Order will reflect that the next catalog published by U. T. Permian Basin will conform to this action.

## BACKGROUND INFORMATION

The Compulsory Student Services Fee for U. T. Permian Basin is levied in accordance with Section 54.503 of the Texas Education Code. The fee provides support for the Mesa Journal, gym/pool program, Student Senate, student activities, PASS (Programs Assisting Student Study) Office, and the Program Board/Cultural Committee.

The maximum combined fee does not exceed the limits authorized by statute and has been recommended by the Student Services Fee Committee at U. T. Permian Basin as required by Section 54.503 of the Texas Education Code.

The recommended increase will fund increased costs in the existing programs and will not support new program areas. Increases in salaries, utilities, printing and overhead costs necessitate the request for additional funds.

18. U. T. San Antonio: Recommendation to Approve Increases in Parking Fees Effective with the Fall Semester 1989 (Catalog Change).--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Wagener that the U. T. Board of Regents approve increases in the U. T. San Antonio parking fees as shown below effective with the Fall Semester 1989:

	<u>1988-89 Current Fees</u>	<u>1989-90 Proposed Fees</u>
<u>Executive Officers Permits</u>		
Class O (reserved)	\$90.00	\$110.00
<u>Faculty/Staff Permits</u>		
Class A (reserved)	72.00	82.00
Class B (general)	36.00	42.00
Class C (motorcycles)	12.00	13.00
Class E (dual parking)	36.00	42.00
Class H (handicapped)*	36.00	42.00
Class K (mini-car)	27.00	32.00
Class P (carpool)	36.00	42.00
Class W (bicycles)	3.00	3.00
<u>Student Permits</u>		
Class C (motorcycles)	12.00	13.00
Class D (student resident) (orange and white)	22.00	27.00
Class D (student resident) (brown and white)	15.00	27.00
Class F (dual parking)	22.00	27.00
Class G (general)	22.00	27.00
Class H (handicapped)*	22.00	27.00
Class M (mini-car)	15.00	20.00
Class S (carpool)	22.00	27.00
Class W (bicycles)	3.00	3.00
<u>Other</u>		
Class T (vendors, sales- person, technical representatives, other servicing personnel, and persons regularly using campus facilities)	10.00	15.00

\* No parking fee is charged for permanently disabled persons or disabled veterans with 60% or more disability.

Annual parking permit fees are prorated if purchased for the Spring and Summer or Summer session only.

Upon Regental approval, the Minute Order will reflect that the next appropriate catalog published by U. T. San Antonio will conform to this action.

BACKGROUND INFORMATION

The current fees were approved by the U. T. Board of Regents in February 1988; however, several letter designations for various permits were subsequently changed in the U. T. San Antonio 1989-90 Parking and Traffic Regulations. The Regulations have been approved by the U. T. System Administration and are included in the U. T. San Antonio docket for consideration by the Board at this meeting. Changes in the permit letter designations are as follows:

	1988-89 Permit <u>Designations</u>	1989-90 Permit <u>Designations</u>
Faculty/Staff	Class A (general) Class B (bicycles) Class R (reserved)	Class B (general) Class W (bicycles) Class A (reserved)
Student	Class B (bicycles)	Class W (bicycles)

The proposed 1989-90 fee increases are necessary to fund repairs and maintenance for existing parking lots and to cover increased costs for traffic enforcement personnel. The Parking and Traffic Committee at U. T. San Antonio has endorsed the recommended fee increases. The Parking and Traffic Enforcement fees will not be changed for 1989-90.

19. U. T. Austin: Presentation by President Cunningham and Graduate Employee Representatives Regarding Graduate Student Employee Benefits.--

Chairman Beecherl has asked President Cunningham to arrange a twenty minute presentation regarding the present status of graduate student/employee benefits for the 1990 fiscal year.

## Health Affairs Committee

HEALTH AFFAIRS COMMITTEE  
Committee Chairman Blanton

Date: August 10, 1989  
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. Southwestern Medical Center - Dallas: Proposed Appointments to Endowed Academic Positions Effective Immediately.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and President Wildenthal that the following initial appointments to endowed academic positions at U. T. Southwestern Medical Center - Dallas be effective immediately:

<u>Name of Proposed Appointee</u>	<u>Endowed Academic Position</u>
A. James Hudspeth, Ph.D., M.D. Professor and Chairman of Cell Biology and Anatomy	Distinguished Chair in Neuroscience, established April 1986
Joseph L. Goldstein, M.D. Professor and Chairman of Molecular Genetics, Paul J. Thomas Chair in Medicine	Distinguished Chair in Biomedical Science
Michael S. Brown, M.D. Professor, Molecular Genetics and Director of the Center for Genetic Diseases, Paul J. Thomas Chair in Medicine	Distinguished Chair in Biomedical Science

The appointments of Drs. Goldstein and Brown are contingent upon the establishment of the Chairs as proposed in Item 38 on Page L&I - 33.

BACKGROUND INFORMATION

Dr. Hudspeth, Professor and Chairman of Cell Biology and Anatomy at U. T. Southwestern Medical Center - Dallas, received both the Ph.D. and M.D. degrees from Harvard University, Boston, Massachusetts, and served on the faculty at Cold Spring Harbor Laboratory, Cold Spring Harbor, New York, and the California Institute of Technology, Pasadena, California. He has served most recently as Professor of Physiology and Otolaryngology and Director of the Cell Biology Program at the University of California School of Medicine, San Francisco, California. The author of numerous papers on sensory transduction, Dr. Hudspeth is generally regarded as one of the nation's leading neuroscientists.

Joseph L. Goldstein, M.D., Professor and Chairman of Molecular Genetics, and Michael S. Brown, M.D., Professor, Molecular Genetics and Director of the Center for Genetic Diseases, have had distinguished scientific careers at U. T. Southwestern Medical Center - Dallas, and were jointly awarded the Nobel Prize in Medicine on October 14, 1985, for discoveries of cholesterol metabolism with significant implications for treatment of cholesterol-related diseases.

Drs. Goldstein and Brown will continue to hold their present appointments as Regental professors and as joint holders of the Paul J. Thomas Chair in Medicine.

2. U. T. Southwestern Medical Center - Dallas: Proposed Association Agreement with Children's Medical Center of Dallas, Dallas County Hospital District (Parkland Memorial Hospital), St. Paul Medical Center, and University Medical Center, Inc. (Zale-Lipshy University Hospital), All of Dallas, Texas.--

#### RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs to authorize President Wildenthal to execute an Association Agreement among U. T. Southwestern Medical Center - Dallas and the Children's Medical Center of Dallas, Dallas County Hospital District (Parkland Memorial Hospital), St. Paul Medical Center, and University Medical Center, Inc. (Zale-Lipshy University Hospital) (hereinafter the "named institutions") as set forth on Pages HAC 4 - 9 and authorize the Executive Vice Chancellor for Health Affairs to approve such Agreement on behalf of the U. T. Board of Regents.

#### BACKGROUND INFORMATION

U. T. Southwestern Medical Center - Dallas proposes to enter into an Association Agreement with the named institutions, all of which are centrally located in Dallas, whereby the parties would associate together under a common name, The University Medical Center of Dallas Association, for the purposes of coordinating the creation of medical programs and informing the public about such programs. Initial programs include transplantation services (including heart, lung, liver, kidney, pancreas, and bone marrow), kidney and gallstone lithotripsy, and center for aging and health.

Each party will designate one official representative to attend meetings. Each party has a veto over the use of its own name and the name of the association in any endeavor. Approval of a particular project or an expense of more than \$500 by any party requires an unanimous vote.

The Agreement will continue until terminated by the parties, but any party may withdraw upon reasonable notice to the others.

UNIVERSITY MEDICAL CENTER OF DALLAS

ASSOCIATION AGREEMENT

This Association Agreement is made and entered into on \_\_\_\_\_, 1988 (the "effective" date), by and between Children's Medical Center of Dallas; Dallas County Hospital District (Parkland Memorial Hospital); St. Paul Medical Center; University Medical Center, Inc. (Zale-Lipshy University Hospital); The University of Texas Southwestern Medical Center at Dallas (including its Aston Ambulatory Care Center); hereinafter collectively referred to as the "Parties".

WHEREAS, the Parties are all organizations devoted to the provision of health care related services and education; and

WHEREAS, the Parties are all centrally located in Dallas, Texas, in close proximity to each other.

WHEREAS, the Parties desire to associate together and use a common name, the University Medical Center of Dallas Association (the "Association"), in an effort to accomplish the common purposes and goals set out herein.

NOW, THEREFORE, for and in consideration of the foregoing and the mutual promises and covenants contained herein, the Parties hereto agree as follows:

I.

PURPOSES

1.1. The purpose of the Parties to the Agreement is to develop and implement an organized effort by the Parties to coordinate the creation and planning of programs and services relating to the most advanced medical knowledge, skills, and facilities for the diagnosis, treatment, and prevention of illness, disease, and injury.

II.

GOALS

2.1. The Parties to the Agreement will cooperate in efforts designed to inform the public of the common purposes of the Association and the programs and services which are provided by the institutions as a regional and national referral center for patient care services.

### III.

#### PROGRAMS AND SERVICES

3.1. The initial programs and services under consideration by the Parties for coordinated efforts include, but are not limited to, the following:

- a. Transplantation Services (including heart, lung, liver, kidney, pancreas, and bone marrow); and
- b. Kidney and Gallstone Lithotripsy; and
- c. Center for Aging and Health; and
- d. Affiliated Education Programs (undergraduate, graduate, continuing medical education, and allied health programs); and
- e. Air and Ground Patient Transportation Service; and
- f. Public Information Programs; and
- g. Nurse Retention Programs; and
- h. Day Care Services for Employees' Children; and

3.2. The Parties may, from time to time, mutually agree to add or delete any particular program or service from consideration of coordinated efforts.

### IV.

#### REPRESENTATION OF PARTIES

4.1. Each Party to this Agreement shall, from time to time, designate one (1) representative from its organization to act as that Party's official representative. Each Party's representative shall attend meetings on behalf of that Party, and shall vote on Association matters requiring a vote. Each Party's representative shall have the authority to bind his/her organization in regard to coordinated efforts of the Parties within predetermined limits, and shall be responsible for obtaining his/her Party's approval/disapproval in regard to coordinated efforts of the Parties which are beyond the predetermined limits. The term "predetermined limits" applies to both the nature of projects and the financial responsibility incumbent therewith.

4.2. If a Party's representative is unavailable or unable to attend an Association meeting, each Party shall designate an alternative individual to act in the representative's place, subject to Section 4.1.

4.3. Each Party's representative may invite a reasonable number of guests and/or consultants to attend all or part of the Parties meetings, unless another Party's representative voices an objection to such attendance by guests and/or consultants.

V.

VOTING

5.1. All matters of substance which could have the effect of binding a Party to either participation in a coordinated program or service, or to material financial responsibility, shall be made the subject of an Association vote. The term "material financial responsibility" refers to any matter wherein the financial obligation of any one Party shall equal or exceed \$500.00.

5.2. Approval of a particular coordinated project or a material financial responsibility of the Parties shall require the unanimous affirmative vote of the Parties who are present, voting, and not abstaining, after a quorum of the Parties has first been established. A quorum of the Parties shall mean that each Parties representative is present at a meeting of the Parties. Financial responsibility for the particular coordinated project shall be allocated equally amongst the Parties, unless the Parties unanimously agree otherwise.

5.3. In special circumstances, where at least two (2), but less than all, of the Parties vote affirmatively to conduct a coordinated project in the name of the Association, they may do so only if all of the following are met:

- a. All of the Parties voting against the particular coordinated project agree to allow the other Parties to conduct the particular coordinated project in the Association's name;
- b. The Parties so conducting the particular coordinated project in the Association's name shall bear the full financial responsibility of that particular coordinated project; and
- c. The Parties voting for a particular coordinated project agree that the Parties voting against the particular coordinated project or abstaining shall bear no financial responsibility for it.

VI.

FINANCIAL RESPONSIBILITIES

6.1. Each Party shall be responsible for its respective share of the Parties authorized expenses as set forth herein.

Each Party warrants that it shall cooperate with the other Parties in making a timely response to its financial obligations herein.

6.2. By a vote pursuant to Article V., the Parties may elect to handle the payment of authorized expenses in any of the following ways:

- a. The Parties may allocate to each Party its allocated share of any authorized expense, and such Party shall promptly remit such amount to the appropriate Party or other institution or person, as the case may be; or
- b. The Parties may designate one or more of the Parties to advance such an expense on behalf of the Parties, in which case the other Parties shall remit their allocated share of said expense to the Party or Parties advancing said expense; or
- c. In any other manner the Parties agree upon from time to time.

6.3. The Parties shall keep accurate books and records of all authorized expenses of the Parties and reimbursements by each party and of all funds.

## VII.

### REPRESENTATIVES

7.1. The Parties shall, from time to time, elect a representative who shall preside over meetings of the Parties and shall perform such other duties as are from time to time agreed upon by the Parties.

7.2. The Parties shall, from time to time, elect a representative who shall keep accurate minutes of the meetings and business affairs of the Parties and shall provide such minutes to the Parties.

7.3. The Parties shall, from time to time, elect a representative who shall keep the financial books and records of the Parties and shall make regular reports to the Parties.

## VIII.

### MISCELLANEOUS

8.1. All notices under this Agreement shall be provided to the Party to be notified in writing, either by personal delivery or by United States mail. All notices under this Agreement shall be deemed given to a Party when received by such Party's representative.

8.2. All of the agreements between the Parties on the subject matter hereof have been reduced to writing herein. No amendments to this Agreement shall be valid unless in writing and signed by the duly authorized representatives of the Parties.

8.3. The rights, duties, responsibilities, and obligations under this Agreement are not assignable without the express written consent of all the Parties.

8.4. Each Party to this Agreement shall be solely responsible for its own actions and that of its representatives. Each Party to this Agreement shall maintain adequate liability insurance or self insurance to protect its interest in the event of a suit against it or the Parties.

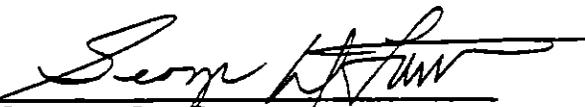
8.5. This Agreement shall continue until terminated by a vote of the Parties. However, any Party may withdraw from the Agreement upon reasonable notice to the Parties and upon payment of any allocated expenses previously incurred by the Parties upon that Party's behalf.

8.6. Upon termination of this Agreement any funds or property of the Parties relating to this Agreement shall be distributed to the Parties in their allocated interests or as the Parties shall otherwise agree upon.

8.7. The Agreement shall not be construed to be an exclusive agreement. Each Party is free to engage in its regular course of business unrestricted.

IN WITNESS HEREOF, each of the Parties acknowledges this Association Agreement by its representative's signatures below.

CHILDREN'S MEDICAL CENTER OF DALLAS  
1935 Motor Street  
Dallas, TX 75235

By:   
George D. Farr  
President & Chief Executive Officer

Date: \_\_\_\_\_

DALLAS COUNTY HOSPITAL DISTRICT,  
PARKLAND MEMORIAL HOSPITAL  
5201 Harry Hines Boulevard  
Dallas, TX 75235

By: *Ron Anderson*  
Ron J. Anderson, M.D.  
President & Chief Executive Officer

Date: \_\_\_\_\_

ST. PAUL MEDICAL CENTER  
5909 Harry Hines Boulevard  
Dallas, TX 75235

By: *Anthony L. Bunker*  
Anthony L. Bunker  
President & Chief Executive Officer

Date: 2-14-89

UNIVERSITY MEDICAL CENTER, INC.  
(ZALE-LIPSHY UNIVERSITY HOSPITAL)  
5323 Harry Hines Boulevard  
Dallas, TX 75235-9073

By: *Ronald F. Garvey*  
Ronald F. Garvey, M.D., M.B.A.  
President & Chief Executive Officer

Date: 2-10-89

THE UNIVERSITY OF TEXAS SOUTHWESTERN  
MEDICAL CENTER AT DALLAS  
5323 Harry Hines Boulevard  
Dallas, TX 75235-9002

By: \_\_\_\_\_  
C. Kern Wildenthal, M.D., Ph.D.  
President

Date: \_\_\_\_\_

3. U. T. Southwestern Medical Center - Dallas: Recommendation to Establish The Frank M. Ryburn, Jr. Cardiac Center.--

#### RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and President Wildenthal that The Frank M. Ryburn, Jr. Cardiac Center be established at the U. T. Southwestern Medical Center - Dallas. The purpose of the Center will be to provide research in basic cardiovascular function, cardiac disease, cholesterol metabolism and cardiac transplantation.

#### BACKGROUND INFORMATION

The Harry S. Moss Heart Trust has pledged to fund the proposed Center with a gift of \$850,000 each year through 2001. The Moss Heart Trust was established in 1973 under the Will of the late Harry S. Moss. The Trust's chairman from its inception has been Mr. Frank M. Ryburn, Jr. Mr. Ryburn, a founding partner of the law firm, Burford & Ryburn, Dallas, Texas, has long been a civic leader in Dallas and a close friend of the U. T. Southwestern Medical Center - Dallas. The naming of the Center is fitting recognition of Mr. Ryburn's leadership and support of this institution.

See Item 39 on Page L&I - 34 related to acceptance of gift.

4. U. T. Health Science Center - San Antonio: Recommendation for Approval of Agreement with the Santa Rosa Health Care Corporation, San Antonio, Texas.--

#### RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and President Howe that the U. T. Board of Regents approve the Agreement between the U. T. Health Science Center - San Antonio and the Santa Rosa Health Care Corporation of San Antonio as set forth on Pages HAC 12 - 15.

BACKGROUND INFORMATION

This Agreement renews for another ten years a program that has been in existence since 1979 between the U. T. Health Science Center - San Antonio and the Santa Rosa Health Care Corporation, San Antonio, Texas, to provide for:

- a. The extent of the affiliations entered into at the departmental level
- b. Faculty appointments to hospital staff members, at various customary classifications
- c. Compensation
- d. Joint sponsorship of research activities
- e. Indemnification
- f. Review of the relationship.

**SANTA ROSA HEALTH CARE CORPORATION**

**AGREEMENT**

THE STATE OF TEXAS:

COUNTY OF BEXAR:

This AGREEMENT made and entered into this 27th day of June, 1989, by and between the BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM on behalf of The University of Texas Health Science Center at San Antonio, hereinafter sometimes called "University", and the SANTA ROSA HEALTH CARE CORPORATION of San Antonio, hereinafter sometimes called "Corporation",

WITNESSETH:

WHEREAS, during the past half century advances in medicine have been more significant and rapid than in any other pervious period of history, and over the past two decades the pace has increased dramatically and appears to be accelerating; and

WHEREAS, in recognition of contemporary trends and likely future requirements, University and Corporation agree on the desirability of establishing a closer working relationship between the two institutions, who share a common commitment to offer the people of San Antonio, Texas, and the Southwest a program of excellence in health care education and also share the desire to coordinate all health care resources for the benefit of improved patient care and the further development of San Antonio as a health science center:

NOW, THEREFORE, with these objectives in mind and with an intent to develop both institutions to the maximum extent consistent with the interests of each, University and Corporation hereby agree as follows:

1. **EXTENT OF AFFILIATION AT THE DEPARTMENTAL LEVEL**

The purpose of this agreement is to establish a broad framework of policy to facilitate cooperation between University and Corporation. It is agreed that the initiative for establishing definitive relationships will be vested in the respective department heads of the departments within institutions of University and the corresponding departments or division of Corporation hospitals. It is further understood that individual departments of University may or may not establish affiliations with the hospitals, depending upon their needs and circumstances and subject to appropriate action by the respective governing bodies.

2. **PROVISION FOR FACULTY APPOINTMENTS FOR HOSPITAL STAFF MEMBERS**

Both parties agree that academic status is a strong inducement for attracting well qualified individuals for teaching positions at hospitals, and the academic appointment

made by University for individuals in full-time key positions at Corporation hospitals should include tenure or assurances of continuation of employment, if possible. This will be granted on an individual basis subject to the approval of University and hospitals. In order to achieve satisfactory financial arrangements, the fiscal alternatives for obtaining appointments in this category are:

(1) **Unqualified Tenure Appointment:**

Guarantee by hospital for all future salary costs for any tenure appointments by University

There will be a contract negotiated between the individual physician and hospital with the approval of the University, whereby hospital will guarantee to pay University the salary provided by said contract. These payments would continue as long as University is required to maintain these personnel under the terms of said contract.

(2) **Qualified Tenure Appointment**

Guarantee by hospital of the future salary costs for a limited term tenure appointment of a period of time to be agreed upon following termination or discontinuation of a hospital position

Under this agreement the faculty member would receive a tenure guarantee covering a period of time to be contracted for between hospital and physician, and so long as the physician occupies a full-time faculty position at University. Thus, if his position were discontinued at hospital, he would receive salary from hospital for the period agreed upon, but only if he continued as a full-time faculty member of University.

(3) **Hospital Staff without Compensation:**

Rules and procedures established by hospital will be used in appointment of medical staff of hospital without teaching assignment, faculty designation, or compensation through University.

(4) **Hospital Staff with Partial Compensation and/or University Faculty Appointment:**

Mutual agreement between hospital and University is required for appointment in either category in this section with definition of faculty title, duties, amount of compensation (if any), and term of appointment (annual unless otherwise agreed upon).

3. COMPENSATION ARRANGEMENTS FOR FULL- AND PART-TIME FACULTY AND SERVICES

- (1) Physicians employed full- or part-time by University and based at hospital with academic appointments will be subject to The University of Texas System policy regarding salary plan.

- (2) Special Services desired by Corporation hospitals, not now in place, and agreed upon by University will be provided as delineated in separate agreements between University and Corporation hospitals specifying arrangements in respect to funding, personnel, time, location, and other related matters.

4. JOINT SPONSORSHIP OF RESEARCH ACTIVITIES

Corporation will provide research facilities for physicians who are geographically full time on its campus. Research projects at Corporation may be jointly sponsored by University. In such cases there will be prior agreement as to the extent of the responsibility of each institution in the administration of research funds, provision of staff and facilities and ownership of equipment purchased with research funds.

5. INDEMNIFICATION

- (1) University shall, to the extent authorized under the constitution and laws of the State of Texas, hold Corporation harmless from liability resulting from University's acts or omissions within the terms of this Agreement; provided, however, University shall not hold Corporation harmless from any claims, demands, or causes of action arising in favor of any person or entity, growing out of, incident to, or resulting directly or indirectly from negligence (whether sole, joint, concurring or otherwise) of Corporation, its officers, agents, representatives, or employees, or any person or entity not subject to University's supervision or control.
- (2) Corporation shall hold University harmless from liability resulting from Corporation's acts or omissions within the terms of this Agreement; provided, however, Corporation shall not hold University harmless from any claims, demands, or causes of action arising in favor of any person or entity, growing out of, incident to, or resulting directly or indirectly from negligence (whether sole, joint, concurring or otherwise) of University, its officers, agents, representatives, or employees, or any person or entity not subject to Corporation's supervision or control.

6. PROVISION FOR REVIEW OF RELATIONSHIP

Both parties agree that a productive and harmonious relationship between the two institutions depends upon maintaining effective channels of communication. The parties anticipate that routine matters will be handled and decided mutually through continuous contracts at the department level. At least annually, and more frequently if necessary, a group representing each institution shall review and discuss over-all relationships and policies and other matters of common concern.

If any aspect of this agreement becomes unsatisfactory, a joint committee shall be responsible for discussing and resolving the questions involved. If a change in the

agreement is necessary, the committee shall make recommendations to the authorities in each institution. If problems develop which are sufficiently serious and cannot be resolved, dissolution of the agreement may be indicated. Effective date of such dissolution shall be mutually agreed upon with adequate time to allow each institution to make necessary arrangements in an orderly manner.

It is agreed that Santa Rosa Health Care Corporation shall retain all jurisdictional powers incident to separate ownership, including the power to determine the general and fiscal policy of the institution, selection of the directing head of the hospitals and the determination of the acceptability and desirability of hospital professional staff.

This agreement shall be for a term of ten (10) years from and after its effective date and may be terminated at any time upon mutual consent of the parties. It may also be amended in writing to include such provisions as the parties may agree upon.

EXECUTED by the parties on the day and year first above written.

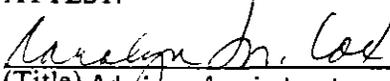
ATTEST:

  
\_\_\_\_\_  
(Title) Executive Director of  
Institutional Services

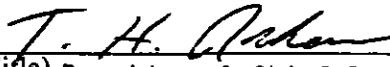
UNIVERSITY

By   
\_\_\_\_\_  
(Title) John P. Howe, III, M.D.  
President

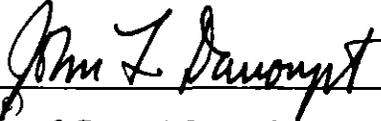
ATTEST:

  
\_\_\_\_\_  
(Title) Adm'n. Assistant

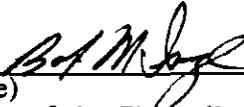
FACILITY

  
\_\_\_\_\_  
(Title) President & Chief Executive  
Officer

FORM APPROVED:

  
\_\_\_\_\_  
(Title)  
Office of General Counsel  
The University of Texas System

CONTENT APPROVED:

By:   
\_\_\_\_\_  
(Title)  
Office of the Chancellor  
The University of Texas System

5. U. T. M.D. Anderson Cancer Center: Proposed Appointments to Endowed Academic Positions Effective September 1, 1989.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and President LeMaistre that the following initial appointments to endowed academic positions at U. T. M.D. Anderson Cancer Center be effective September 1, 1989:

<u>Name of Proposed Appointee</u>	<u>Endowed Academic Position</u>
David T. Carr, M.D. Professor of Medicine	The Clifton D. Howe Professorship in Pulmonary Medicine; established May 1980; redesignated August 1983
Howard D. Thames, Ph.D. Professor of Biomathematics	Helen Buchanan and Stanley Joseph Seeger Research Professorship; established July 1980

The appointment of Dr. Thames is contingent upon the redesignation of the Professorship as proposed in Item 45 on Page L&I - 37.

BACKGROUND INFORMATION

Dr. Carr is uniquely qualified to become the initial holder of The Clifton D. Howe Professorship in Pulmonary Medicine which was established to advance pulmonary medicine at the U. T. M.D. Anderson Cancer Center and to recognize outstanding achievement in this area. His leadership in both pulmonary medicine and thoracic medical oncology fulfills both of these objectives. Prior to joining the staff of the U. T. M.D. Anderson Cancer Center in 1979, he was on the faculty of the Mayo Medical School in Rochester, Minnesota. Dr. Carr received his medical degree from the Medical College of Virginia in 1937, served a residency in the chest service at Bellevue Hospital in New York and was appointed as staff physician at Mt. Morris Tuberculosis Hospital in New York.

Dr. Thames received his doctorate in chemistry from Rice University in 1970, and was appointed to the staff of U. T. M.D. Anderson Cancer Center in 1971. He is an internationally recognized expert on problems in theoretical and experimental radiobiology. He coauthored Fractionation in Radiotherapy which has become the definitive text on the role of fractionation in radiation treatment. In addition, he has authored or coauthored numerous publications and is on the editorial board for the International Journal of Oncology. Dr. Thames is an invited lecturer at numerous international conferences.

6. U. T. Southwestern Medical Center - Dallas, U. T. Medical Branch - Galveston, U. T. Health Science Center - Houston, U. T. Health Science Center - San Antonio, U. T. M.D. Anderson Cancer Center and U. T. Health Center - Tyler: Approval of Revisions to Standard Format for Bylaws of the Medical Service, Research and Development Plan/Physician Referral Service (MSRDP/PRS) Effective September 1, 1989.--

#### RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and the chief administrative officers of the health-related components that revised Appendices A and B, as set forth on Pages HAC 18 - 22, be included as a part of the "Standard Format for Bylaws of the Medical Service, Research and Development Plan/Physician Referral Service (MSRDP/PRS)" originally approved by the U. T. Board of Regents in June 1984. The revised appendices will be effective September 1, 1989.

#### BACKGROUND INFORMATION

These revised appendices have been developed and approved by the Council of Health Institutions and provide the guidelines for the expenditure of MSRDP/PRS income. They are in compliance with the Rider in the current Appropriations Bill. In addition, each MSRDP/PRS plan will have an annual audit of its collections and expenditures which will be provided to the U. T. Board of Regents within 90 days of the end of each fiscal year.

APPENDIX A

MSRDP/PRS AUTHORIZED FRINGE BENEFITS  
FOR MEMBERS; ANY OTHER PERSONS BY APPROVED EXCEPTION

Effective September 1, 1989

<u>Authorized Benefit</u>	<u>Maximum</u>
1. Medical Insurance	<ul style="list-style-type: none"> <li>° UT Plan A for member and family</li> <li><u>OR</u></li> <li>° UT HMO Plan for member and family</li> <li><u>NOTE: Deductibles, copayments, and coinsurance do not qualify for reimbursement</u></li> </ul>
2. Dental Insurance	<ul style="list-style-type: none"> <li>° UT Plan for member and family</li> <li><u>AND</u></li> <li>° Supplemental "umbrella" coverage for member and family</li> <li><u>NOTE: Deductibles, copayments, and coinsurance do not qualify for reimbursement</u></li> </ul>
3. Long-Term Disability Insurance	<ul style="list-style-type: none"> <li>° UT Plan for member</li> <li><u>AND</u></li> <li>° Supplemental "umbrella" coverage</li> <li><u>AND</u></li> <li>° TMA Plan for member</li> </ul>
4. Term Life Insurance	<ul style="list-style-type: none"> <li>° UT Plan, maximum of four (4) times annual total compensation</li> </ul>
5. Accidental Death	<ul style="list-style-type: none"> <li>° UT Plan for member and family</li> </ul>
6. College-Educational Allowance	<ul style="list-style-type: none"> <li>° In accordance with approved yearly limits, established by the Chancellor's office, per dependent in post-high school educational institution, not to exceed eight years. To include only tuition and fees for part-time enrollment.</li> </ul>
7. Membership Dues	<ul style="list-style-type: none"> <li>° Memberships in Faculty Clubs, Medical Center Clubs, or equivalent as approved by President</li> </ul>
8. Auto Lease Allowance	<ul style="list-style-type: none"> <li>° In accordance with U. T. System policy as may be amended by the Chancellor's office</li> </ul>
9. Supplemental Retirement	<ul style="list-style-type: none"> <li>° In accordance with U. T. System policy</li> </ul>



APPENDIX B

MSRDP/PRS AUTHORIZED PROFESSIONAL  
BUSINESS EXPENDITURES:

Effective September 1, 1989

INSTITUTIONAL TRUST FUNDS AND CLINICAL DEPARTMENT FUNDS

<u>Authorized Benefit</u>	<u>Maximum</u>
1. Malpractice insurance	UT Self-insurance rates
2. Official travel, including policy registration fees and established by tuition (see No. 17, Official Institutional Functions and Official Entertainment)	In accordance with policy and limits, established by U. T. System and institution not to exceed actual expense
3. Faculty Development Leave	In accordance with <u>Regents' Rules and Regulations</u> and institutional policy
4. Uniforms or Lab Coats	Through institutional purchasing
5. Membership Dues in Professional Scientific Organizations	In accordance with institutional policy
6. Texas State Board of Medical Examiners License	Annual fee; reimbursement expenditure only
7. Medically-Related Educational Aids (such as books, journals slides, audiotapes, videotapes)	In accordance with institutional policy
8. Salary or Augmentation of Salary for Faculty and/or Staff	In accordance with U. T. System policy
9. Purchase, maintenance and operation of equipment and maintenance and operation of U. T. facilities	In accordance with institutional policy
10. Ordinary and necessary business expenses incurred by the member in earning the professional fees charged by said member, excluding entertainment (see No. 17, Official Institutional Functions and Official Entertainment)	In accordance with institutional policy
11. Registration fees and tuition incident to attendance at meetings and courses as <u>requested or approved</u> by institution	In accordance with institutional policy

- |     |  |  |
|-----|--|--|
| 12. | Consultant fees and expenses including guest speakers at official institutionally sponsored or sanctioned meetings   | In accordance with U. T. System and institutional policy   |
| 13. | Expenses incident to faculty or staff recruitment (see No. 17)   | In accordance with institutional policy  |
| 14. | Establishment or endowment of lectureships, professorships, or chairs  | In accordance with U. T. System policy   |
| 15. | Support of academic programs and projects involving education, research or patient care  | In accordance with institutional policy  |
| 16. | Institutional participation in community, organizations or events  | In accordance with institutional policy  |
| 17. | Official Institutional Functions and Official Entertainment. Official entertainment is defined as business-related events or expenditures which are of documented benefit to the institution or The University of Texas System | Prior presidential approval required for any expenditures greater than \$2,500. A quarterly report of all expenditures approved in this category shall be filed with the Executive Vice Chancellor for Health Affairs. |

- NOTES:
- ° No MSRDP/PRS funds may be expended for the benefit of any single individual person or member except as herein approved.
  - ° All requests for reimbursement must contain adequate documentation and must be signed by the person seeking reimbursement.
  - ° Previous sections "Additional Expenditures" and Appendix B, "Expenditures Allowable from Clinical Department Fund" are merged into this new Appendix B, "Authorized Professional Business Expenditures."
  - ° All expenditures are subject to the Rules and Regulations of the Board of Regents of The University of Texas System and applicable institutional regulations and procedures. This list of authorized expenditures may be periodically amended by action of the Chancellor's office.

Accounting/Auditing Guidelines for  
MSRDP/DSRDP/PRS

Reference: Business Procedure Memorandum No. 31-04-89

- ° Normal institutional purchasing procedures should be followed whenever possible;
- ° All requests for reimbursements should be signed by the employee seeking reimbursement. The voucher, if prepared by a staff member, should be reviewed for accuracy before the voucher is signed;
- ° Special care with the use of individual credit cards, club memberships, and charges to facilities for entertaining business associates should be exercised, and care should be taken to document each use, indicating the number of persons, function, title or name of people entertained;
- ° All requests for reimbursement should be fully supported with documentation. The documentation should include who was involved and state the benefit to the institution;
- ° A report to the President should be prepared annually, detailing by each approved expenditure category how much has been spent. Specifically, entertainment expenses need to be reviewed, and any questionable expenditures should be investigated;
- ° Each institution shall insure that MSRDP/PRS income and expenditures are audited annually and a report made to the MSRDP Board, the President, the Executive Vice Chancellor for Health Affairs and the U. T. Board of Regents within 90 days of the end of each fiscal year.

## **Finance and Facilities Committee**

FINANCE AND FACILITIES COMMITTEE  
Committee Chairman Moncrief

Date: August 10, 1989  
Time: Following the meeting of the Health Affairs Committee  
Place: Regents' Meeting Room, Ninth Floor, Ashbel Smith Hall

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5. U. T. Medical Branch - Galveston: Recommendation to Accept Gift of Real Property Located in Galveston County, Texas 28
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7. U. T. M.D. Anderson Cancer Center - U. T. M.D. Anderson Hospital - Modifications and Renovations - Phase III (Project No. 703-695): Request for Approval of Final Plans of First Segment (Phase III-A) and Authorization for Completion of Final Plans for Second Segment (Phase III-B); Authorization to Advertise for Bids for Both Segments and for Executive Committee to Award Contracts 29

I. Finance Matters

1. U. T. System: Recommendation to Approve Chancellor's Docket No. 47.--

RECOMMENDATION

It is recommended that Chancellor's Docket No. 47 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: Recommendation for Approval of Additional Depository Bank.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Asset Management that First City National Bank of San Antonio, San Antonio, Texas, be approved as an additional depository bank for the U. T. System, subject to execution of the standard Bank Depository Agreement.

BACKGROUND INFORMATION

The U. T. System currently has 41 active depository banks in which institutional funds are deposited. The last bank added was in August 1988. Currently, the San Antonio area has only three banks servicing the U. T. System component institutions in San Antonio, and these banks are not aggressive in bidding on institutional deposits.

First City National Bank of San Antonio will not only provide an additional depository in San Antonio but can provide point-of-sale terminals for the credit card operations at the component institutions in San Antonio under the U. T. System agreement.

3. U. T. System: Recommended Approval of Non-Personnel Aspects of the 1989-90 Operating Budgets, Including Auxiliary Enterprises, Grants and Contracts, Designated Funds, Restricted Current Funds, and Medical and Dental Service, Research and Development Plans.--

#### RECOMMENDATION

The Chancellor, with the concurrence of the appropriate Executive Vice Chancellors and chief administrative officers of the component institutions of the U. T. System, recommends that the non-personnel aspects of the 1989-90 Operating Budgets, Including Auxiliary Enterprises, Grants and Contracts, Designated Funds, Restricted Current Funds, and Medical and Dental Service, Research and Development Plans be approved.

It is also recommended that the Chancellor be authorized to make editorial corrections therein and that subsequent adjustments be reported to the U. T. Board of Regents through the institutional dockets.

This item requires the concurrence of the Academic Affairs and Health Affairs Committees.

#### BACKGROUND INFORMATION

The Chancellor will present a statement in support of the budget recommendation at the committee meeting.

4. U. T. System: Request to Approve Transfer of Funds Between Legislative Appropriation Items During the Biennium Beginning September 1, 1989.--

#### RECOMMENDATION

The Chancellor, with the concurrence of the appropriate Executive Vice Chancellors and the chief administrative officers of the U. T. System component institutions, recommends that the U. T. Board of Regents adopt the Resolution which follows in order to provide for the most effective utilization of the General Revenue Appropriations during the biennium beginning September 1, 1989:

#### RESOLUTION

Pursuant to the appropriate transfer provisions of Article III, S.B. 222, 71st Legislature, Regular Session, 1989, it is hereby resolved that the State Comptroller be requested to make necessary transfers within the Legislative Appropriations from the General Revenue Fund for each of the following components as authorized by the Chief Financial Officers of The University of Texas System institution concerned:

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 - Pan American and  
The University of Texas - Pan American at  
Brownsville  
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 Southwestern Medical  
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 M.D. Anderson  
Cancer Center  
The University of Texas Health Center at Tyler

#### BACKGROUND INFORMATION

The above Resolution is a standard action by the U. T. Board of Regents at the beginning of each biennium and is pursuant to provisions of the General Appropriations Bill by the 71st Legislature.

5. U. T. System: Proposed Rules and Regulations for the Administration of Line Item Scholarships Appropriated by the 71st Legislature.--

#### RECOMMENDATION

The Chancellor, with the concurrence of the appropriate Executive Vice Chancellors and the chief administrative officers of the U. T. System component institutions, recommends that the following rules and regulations for the administration of line item scholarships appropriated in the General Appropriations Bill of the 71st Legislature be adopted for implementation at all component institutions of The University of Texas System for the biennium beginning September 1, 1989:

#### Rules and Regulations for Administration of Line Item Scholarships

##### a. Scholarships

1. Scholarships from said fund may be awarded only to students who have been accepted for enrollment and who actually enroll on at least a half-time basis in the term or terms for which the scholarship is awarded.
2. Scholarships are to be awarded based on the financial need of the applicant as determined by the component institution and based on accepted need analysis procedures generally in use in other "need based" financial assistance programs.

3. Each student shall first use any other grant funds for support of educational expenses for which the student may reasonably be eligible before receiving state scholarship funds.
  4. The amount of the scholarship award, when combined with all other grant or gift funds awarded to the student, shall not exceed 70% of the reasonable expenses to be incurred by the student in the semester or term for which the scholarship is awarded.
  5. No student shall receive an amount in excess of demonstrated need.
  6. No more than 10% of total scholarship funds awarded through the program in a fiscal year shall be awarded to nonresident students.
- b. Institutional matching share of earnings in the Federal College Work-Study Program
1. Any or all of the scholarship funds appropriated may be used for the institutional matching share of earnings in the College Work-Study Program.
  2. Funds used in this manner will not be subject to the restriction governing the scholarship.
- c. No funds appropriated in this Act for scholarships to institutions of higher education may be used to provide athletic scholarships.

#### BACKGROUND INFORMATION

The proposed "Rules and Regulations" provide for the implementation of Section 14 of Article III (the "riders") of the General Appropriations Bill of the 71st Legislature, Regular Session, as cited below:

- "1. Out of the moneys appropriated by this Article in the items described as 'Other Educational and General Income' or 'Other Educational, General and Patient Income,' the respective governing boards of the general academic teaching institutions and of the health centers, health science centers, medical education programs or technical institutes may allocate and expend the actual receipts in such appropriation for student scholarships pursuant to the provisions of V.T.C.A., Education Code 56.031 to 56.038, cited as the Texas Public Educational Grants Program.
- "2. Out of the funds appropriated by this Article in the line-item described as 'Scholarships,' the respective governing boards may allocate and expend for student scholarships and the institutional share required to match Federal Work Study Funds such amounts as said boards may determine; provided, however, that each student receiving such scholarship first shall have utilized any federal grant funds

for which the student may reasonably be eligible; and, that such scholarship, when combined with all other grant or gift funds awarded to the student, shall not exceed seventy percent (70%) of the reasonable expenses to be incurred by the student in the semester or term for which the scholarship is awarded; and provided, however, that no student shall receive an amount in excess of demonstrated need. The respective governing boards may transfer up to one-half of the amount to be awarded as scholarship to each otherwise eligible student to the Texas Higher Education Coordinating Board for use as matching funds to be awarded to that student through the Texas Public Educational Grants Program.

- "3. Copies of such approved allocations together with copies of rules and regulations adopted by the respective governing boards concerning the award of such scholarships shall be filed with the Coordinating Board and with the Comptroller prior to the disbursement of any moneys for scholarships. Copies of any subsequent changes in such allocations or rules shall be similarly filed with the Coordinating Board and with the Comptroller.
- "4. No funds appropriated in this Act for Scholarships to institutions of higher education may be used to provide athletic scholarships.
- "5. Out of the additional funds appropriated for the 1990-1991 biennium for the line-item described as 'Scholarships,' it is the intent of the Legislature that the respective governing boards shall allocate and expend such funds for need-based student scholarships regardless of the race, sex, color or ethnicity of the student recipient."

## II. Facilities Matters

1. U. T. System: Permanent University Fund (PUF) Bond Proceeds Capital Improvement Plan - Proposed Allocation of Reserves for Equipment and Library Purchases and Major Repair and Rehabilitation Projects for FY 1990.--

### RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellors for Academic Affairs and Health Affairs and the chief administrative officers of the U. T. System component institutions to approve allocation of Permanent University Fund (PUF) Bond Proceeds reserved in the U. T. System Capital Improvement Plan for: I. Institutional Equipment and Library

Purchases and II. Major Repair and Rehabilitation Projects  
for FY 1990 as detailed in Tables I and II on Pages F&F 10-14.  
Descriptive information on projects proposed for funding is  
contained in the Background Information.

It is further recommended that the component institutions be authorized to purchase approved equipment items and library materials following standard purchasing procedures and within approved PUF Bond Proceeds dollar limits or a combination of allocated bond proceeds and other funds, where appropriate. Substitute equipment purchases are to receive prior approval by the Chancellor and appropriate Executive Vice Chancellor and, where required, the U. T. Board of Regents. Transfer by U. T. System Administration of allocated funds to institutional control or to vendors will coincide with vendor payment requirements.

Final approval of specific repair and rehabilitation projects will be in accordance with Board established procedures for construction projects.

These proposed project allocations are also incorporated as Part B of the FY 1990 U. T. System Capital Budget in Item 2 on Page F&F - 25.

#### Recommended Appropriation Explanations

"Project Cost" includes costs to be funded both from PUF bond proceeds and institutional sources. In many cases, partial funding is to come from matching grants, from budgeted institutional funds and from savings from prior appropriations.

The "Estimated PUF" column represents the institutions' estimates of PUF Bond Proceeds required to support the project. Lump sum proposed appropriations are shown under "Recommended PUF Appropriation" rather than specific amounts for each individual project. In some cases, limits to PUF Bond Proceeds or the scope of the project prevent full funding. With at least partial funding and project approval in principle, institutions will either partially fund a project or exercise discretion on which projects in a list of approved projects to fund.

### BACKGROUND INFORMATION

#### Allocation Process

The Capital Improvement Plan provides for an annual allocation to U. T. System component institutions of \$10 million for repair and renovation projects and \$10 million for equipment (\$20 million annual total). The allocations are made at the same meeting at which the annual operating budget is approved.

This recommendation was developed from prioritized lists of projects submitted by component institutions, reviewed by U. T. System staff, and discussed with the presidents and institutional staff during reviews of proposed operating budgets and capital funding requests.

The following major factors influenced this particular list of projects:

- (a) the need to protect the current investment in buildings and laboratories which support important ongoing programs;
- (b) the desire to take advantage of opportunities to enhance the University's budget through energy conservation, obtaining matching grants, and increasing the prospects for obtaining competitive research contracts and grants;
- (c) the desire to implement selected strategic plans and enhance the strength of selected academic areas; and,
- (d) the desire to equip laboratories with advanced instrumentation and computational power in order that scholars and students working in those laboratories will have maximum opportunity to make significant contributions in their fields of inquiry.

#### Special Considerations

Because all institutions have a continuing need for additional resources and because the exact cost of implementing any project is unknown until completion of design and the end of a competitive bidding process, it is recommended that all institutions be permitted to redistribute funds among authorized projects as needed to adjust for the uncertainty associated with initial cost estimates. Authorization to use remaining funds in this way creates incentives to implement the projects in the most cost effective manner.

In a few cases, the lump sum amount recommended for appropriation is less than the funds requested for the set of recommended authorized projects. In these cases, partial funding of a project is anticipated and the institution is encouraged to seek additional funding from other sources to implement as much of the project as possible or in some cases to consider project phasing options.

In some cases, total funding requirements for a project exceed the amount of PUF Bond Proceeds requested. In such cases, the institution has identified other sources of funding which will be combined with the PUF Bond Proceeds to implement the total project. If a matching grant is not obtained, the institution will have the option to apply the appropriated funds to partially fund the project, hold those funds until matching funds can be found from another source, or use the funds on other authorized projects, if appropriate. The dollar amount shown for each project is the best estimate available at the present stage of project planning. Slight adjustments will be necessary as equipment bids are received and repair and rehabilitation designs are refined.

Brief descriptions of each institution's repair projects and equipment/library projects begin on Page F&F - 15. It is anticipated that several energy conservation projects [designated by asterisk (\*) in Table II] will be at least partially funded by the "LoanStar" Revolving Loan Fund administered by the Office of the Governor. PUF Bond Proceeds are to be used to cover costs not eligible for "LoanStar" funding.

I. Recommended Institutional Equipment and Library Purchases

	<u>Project Cost</u>	<u>Estimated PUF</u>	<u>Recommended PUF Appropriation</u>
Brown and Goldstein - Equipment			<u>\$ 100,000</u>
U. T. Arlington			
Library Furnishings	\$ 150,000	\$ 150,000	
X-Ray Photoelectron Spectrometer	350,000	350,000	
Accounting Computer Laboratory	257,000	257,000	
Academic Computing Services Upgrade	263,717	221,117	
Optical Fiber Telecommu- nications Link	556,000	200,000	
Fourier Mass Spectrometer	<u>200,000</u>	<u>150,000</u>	
TOTAL	\$1,776,717	\$1,328,117	\$1,200,000
U. T. Dallas			
Computer Facility for Callier Center	\$ 365,544	\$ 203,000	
Instructional Computing Support for Academic Programs	275,000	230,000	
Laser Flash Photolysis System	195,500	107,500	
Acquisition of 2 Dual Frequency GPS Satellite Receivers	138,700	79,800	
Raman and Photolumi- nescence Spectroscopy	120,500	120,500	
Perception and Learning in Early Infancy	113,800	88,800	
High Resolution Graphics Facility	180,000	150,000	
Scanning Electron Microscope	<u>200,000</u>	<u>120,000</u>	
TOTAL	\$1,589,044	\$1,099,600	\$1,000,000
U. T. El Paso			
Campus Communications System	\$ 596,000	\$ 298,000	
Computer and Engineering Lab	1,300,000	100,000	
Thin Film Devices	375,000	85,000	
Library/Computer Upgrade	200,000	200,000	
Materials Science Research Equipment	395,000	95,000	
Transmission Electron Microscope	318,000	318,000	
Laboratories in Psychology	<u>183,496</u>	<u>183,496</u>	
TOTAL	\$3,367,496	\$1,279,496	\$1,100,000

I. Recommended Institutional Equipment and Library Purchases  
(continued)

	<u>Project Cost</u>	<u>Estimated PUF</u>	<u>Recommended PUF Appropriation</u>
U. T. Permian Basin			
Renovation of Teaching Labs-Phase I	\$ 691,600	\$ 691,600	
Upgrade Computer Hardware	111,600	111,600	
Classroom Refurbishing	90,000	90,000	
Library Equipment and Materials	<u>60,000</u>	<u>60,000</u>	
TOTAL	\$ 953,200	\$ 953,200	\$ 810,000
U. T. San Antonio			
Student Computing Lab	\$ 685,000	\$ 500,000	
Library Enhancement	149,000	125,000	
ITC-Computer Replace- ment	91,800	91,800	
ITC-Library Photo Storage	48,267	48,267	
Computer Hardware & Software to Support Teaching & Research	<u>275,000</u>	<u>275,000</u>	
TOTAL	\$ 1,249,067	\$1,040,067	\$ 821,390
U. T. Tyler			
Library Materials	\$ 138,500	\$ 138,500	
Library Materials and Media Service	<u>105,825</u>	<u>105,825</u>	
TOTAL	\$ 244,325	\$ 244,325	\$ 150,000
U. T. Southwestern Medical Center - Dallas			
New Cytometric & Sorting Technology & Renovation of Exist- ing Equipment	<u>\$ 1,086,000</u>	<u>\$ 886,000</u>	
TOTAL	\$ 1,086,000	\$ 886,000	\$ 886,000
U. T. Medical Branch - Galveston			
Animal Resources Center Equipment	<u>\$ 825,000</u>	<u>\$ 725,000</u>	
TOTAL	\$ 825,000	\$ 725,000	\$ 725,000
U. T. Health Science Center - Houston			
Replacement of Out-of- Date Equipment	3,143,931	600,000	
Student Dental Instruments	<u>1,196,720</u>	<u>500,000</u>	
TOTAL	\$ 4,340,651	\$1,100,000	\$1,100,000
U. T. Health Science Center - San Antonio			
Library Enhancement	\$ 300,000	\$ 300,000	
Orthopaedic Research	438,610	438,610	
Student Dental Instruments	<u>2,540,000</u>	<u>500,000</u>	
TOTAL	\$ 3,278,610	\$1,238,610	\$1,238,610

I. Recommended Institutional Equipment and Library Purchases  
(continued)

	<u>Project Cost</u>	<u>Estimated PUF</u>	<u>Recommended PUF Appropriation</u>
U. T. M.D. Anderson Cancer Center			
Laser	\$ 250,000	\$ 250,000	
Locally Based Bibliographic Database	<u>238,000</u>	<u>238,000</u>	
TOTAL	\$ 488,000	\$ 488,000	\$ 488,000
U. T. Health Center - Tyler Library Enhancement and Automation	\$ 31,000	\$ 31,000	
Macromolecular Analyti- cal Core Facility	<u>350,000</u>	<u>350,000</u>	
TOTAL	\$ 381,000	\$ 381,000	\$ 381,000
Total Equipment and Library Purchases	<u>\$19,579,110</u>	<u>\$10,763,415</u>	<u>\$10,000,000</u>

II. Recommended Major Repair and Rehabilitation Projects

	<u>Project Cost</u>	<u>Estimated PUF</u>	<u>Recommended PUF Appropriation</u>
U. T. Arlington Central Library Renovation Phase II	\$ 605,000	\$ 605,000	
Removal of PCBs from Campus	383,900	383,900	
* Thermal Energy Plant - Free Cooling	345,000	345,000	
* Thermal Energy Plant - Small Boiler	<u>390,000</u>	<u>390,000</u>	
TOTAL	\$1,723,900	\$1,723,900	\$1,000,000
U. T. Austin Asbestos Removal (Phase IV)	\$ 190,000	\$ 190,000	
Fire Safety	270,000	270,000	
Building Egress Improvements	250,000	250,000	
Elevator Safety Project	250,000	250,000	
Plaza Repairs-Press Bldg.	250,000	250,000	
Roof Replacements	620,000	620,000	
Exterior Restorations	<u>625,000</u>	<u>625,000</u>	
TOTAL	\$2,455,000	\$2,455,000	\$2,000,000
U. T. Dallas * Callier Center-Safety and Energy Conservation	\$ 300,000	\$ 300,000	
Service Building	293,000	293,000	
McDermott Library Renovation	<u>184,000</u>	<u>184,000</u>	
TOTAL	\$ 777,000	\$ 777,000	\$ 750,000

\* At least partial funding from the "LoanStar" Revolving Loan Fund is anticipated.

II. Recommended Major Repair and Rehabilitation Projects  
(continued)

	<u>Project Cost</u>	<u>Estimated PUF</u>	<u>Recommended PUF Appropriation</u>
U. T. El Paso			
Installation of Fire Alarm System	\$ 285,435	285,435	
Create Developmental Education Laboratory	100,000	100,000	
Campus Asbestos Study	150,598	150,598	
Refurbish Liberal Arts Building	297,930	297,930	
* Modify HVAC	<u>295,000</u>	<u>260,000</u>	
TOTAL	\$ 1,128,963	\$1,093,963	\$ 525,000
U. T. San Antonio			
Roof Repair	\$ 80,000	\$ 60,000	
* Refurbish Air Conditioning Equipment-ITC	400,000	400,000	
Power Systems Laboratory	250,000	235,000	
Renovation of Research Laboratory/Faculty Office Space/Studio Space	265,000	230,000	
Carpet Replacement and Lecture Hall Seats	<u>450,000</u>	<u>400,000</u>	
TOTAL	\$ 1,445,000	\$1,325,000	\$ 900,000
U. T. Tyler			
Domestic Water System	\$ 800,000	\$ 800,000	
Power Plant Repairs	30,000	30,000	
* Electric Peak Shaving	<u>153,280</u>	<u>153,280</u>	
TOTAL	\$ 983,280	\$ 983,280	\$ 153,000
U. T. Southwestern Medical Center - Dallas			
Replacement of Electrical Transformers Containing PCBs	<u>\$ 1,500,000</u>	<u>\$1,150,000</u>	
TOTAL	\$ 1,500,000	\$1,150,000	\$1,150,000
U. T. Medical Branch - Galveston			
Animal Resources Center Renovation	\$ 200,000	\$ 200,000	
* Modifications to Air Conditioning System to Save Energy in the Basic Science Building	<u>253,000</u>	<u>-0-</u>	
TOTAL	\$ 453,000	\$ 200,000	\$ 200,000

\* At least partial funding from the "LoanStar" Revolving Loan Fund is anticipated.

II. Recommended Major Repair and Rehabilitation Projects  
(continued)

	<u>Project Cost</u>	<u>Estimated PUF</u>	<u>Recommended PUF Appropriation</u>
U. T. Health Science Center -			
Houston			
Retrofit Reverse Osmosis Water Systems and Seal Roof and Floor Pene- trations in Roof of the Mechanical Room	\$ 315,000	\$ 315,000	
Preclinical Dental Laboratory and Student Lockers	2,200,000	500,000	
* Power Factor Correction & High Efficiency Lighting	487,026	-0-	
Retrofit Chilled Water System in the Medical School, Phase II	<u>473,000</u>	<u>473,000</u>	
TOTAL	\$ 3,475,026	\$ 1,288,000	\$ 1,288,000
U. T. Health Science Center -			
San Antonio			
Energy Conservation Project	\$ 467,470	\$ 233,700	
Dog Pen Facility	121,300	121,300	
Occupational Therapy Laboratory	100,000	100,000	
Dental Laboratory Technology Lab (Phase I)	<u>175,000</u>	<u>175,000</u>	
TOTAL	\$ 863,770	\$ 630,000	\$ 630,000
U. T. M.D. Anderson			
Cancer Center			
Upgrade Sewage Treatment Plant - Science Park Research Division	\$ 120,000	\$ 120,000	
Rehabilitate Water System Bates- Freeman Building	52,000	52,000	
Research Animal Holding Facilities - Science Park Vet Division	<u>463,000</u>	<u>463,000</u>	
TOTAL	\$ 635,000	\$ 635,000	\$ 635,000
U. T. Health Center - Tyler			
Roof Repair of Main Campus Buildings	\$ 240,000	\$ 240,000	
Facility Systems Replacement	<u>529,000</u>	<u>529,000</u>	
TOTAL	\$ 769,000	\$ 769,000	\$ 769,000
Total Repair and Rehabilitation Projects	<u>\$16,208,939</u>	<u>\$13,030,143</u>	<u>\$10,000,000</u>

\* At least partial funding from the "LoanStar" Revolving Loan Fund is anticipated.

## I. EQUIPMENT AND LIBRARY PROJECTS

BROWN AND GOLDSTEIN - \$100,000

Equipment - This allocation is the final installment of a five-year, \$500,000 allocation made to the Nobel Prize winners Dr. Michael Brown and Dr. Joseph Goldstein via Board action on October 24, 1985.

U. T. ARLINGTON - \$1,200,000

Library Furnishings - A phased, comprehensive, rehabilitation of the library is being undertaken. Included in this rehabilitation phase is the installation of compact or high density shelving and study carrels both of which permit more intensive use of existing space. This item will fund a portion of furnishings required for the project. The balance of this project is shown in Table II, Repair and Rehabilitation.

X-Ray Photoelectron Spectrometer - This item of equipment will be used in a number of research projects in Chemistry and Physics involving surface characterization of materials, including polymer chemistry, plasma chemistry, semi-conductor research, and research on metal surfaces. It will be especially important for a \$3 million research project on polymers.

Accounting Computer Laboratory - Students will be trained on a variety of accounting, auditing, tax, and general purpose software in MS-DOS, Unix, and Apple operating environments. Funds will be used to install a network of PCs, workstations and printers. The lab will also serve as an accounting software depository, taking advantage of agreements made with major software firms resulting in over \$500,000 in donations of software.

Academic Computing Services Upgrade - Academic computing capability will be expanded to allow more research computing. The CPU power will be doubled, extended memory will be added, and more terminals will be supported.

Optical Fiber Telecommunications Link - An optical fiber link between the College of Engineering and the off-campus Automation & Robotics Research Institute (ARRI) will provide two full motion video channels to support live laboratory demonstrations and video conferences. The ARRI will also be able to receive satellite transmissions via the College of Engineering's microwave dish.

Fourier Transform Mass Spectrometer - This instrument will be used to provide mass spectroscopic analysis to much larger mass ranges than currently available. Consequently, it will significantly increase the analytical capability of faculty research efforts in inorganic chemistry, organic chemistry, polymer chemistry, and physical chemistry. This added research capability is vital to certain elements of the doctoral and research programs.

U. T. DALLAS - \$1,000,000

Computer Facility for Callier Center - The Callier Center's antiquated DEC PDP-11 system will not support data processing needs related to a patient database, word processing, research, and communications link with U. T. Dallas. An up-to-date data processing system will be installed.

Instructional Computing Support for Academic Programs - A variety of small computers, related peripherals and software packages will be acquired to support different instructional tasks in several academic departments.

Laser Flash Photolysis System - This optical methods instrument will be used as matching funds for renewal of a major National Science Foundation (NSF) grant for research in the chemistry of biradicals and alkene triplets. It will also support Department of Defense funded work in fuel spray diagnostics. These two ongoing grants total about \$175,000 per year.

Acquisition of Two Dual Frequency GPS Satellite Receivers - These portable units will be used to support several geophysical, geologic and geodetic studies in conjunction with U. T. El Paso. Trimble Navigation will contribute \$38,900 toward the cost of the equipment. These receivers can provide latitude, longitude, and elevation information to an accuracy of less than a centimeter, and are thus invaluable in competing for grants and contracts.

Raman and Photoluminescence Spectroscopy - This spectroscopy apparatus will be used to study and characterize semiconductor thin films using the non-destructive optical techniques of Raman scattering and photoluminescence.

Perception and Learning in Early Infancy - This facility will include a variety of computers, video cameras, recorders, and sound equipment needed to perform sophisticated assessment of infants' sensory, cognitive and behavioral functions. This equipment will facilitate basic research into infant development, will provide assessment services, and will provide professional training. Matching funds of \$25,000 have been pledged by the Hillcrest Foundation.

High Resolution Graphics Facility - A stand-alone graphics workstation will support work in physics, chemistry, visual arts and computer science. It will share files from around the campus via an Ethernet.

Scanning Electron Microscope - This piece of equipment is a basic research tool in studying the processing and fabrication of microelectronic devices and systems. Matching funds of \$80,000 have been identified.

U. T. EL PASO - \$1,100,000

Campus Communication System - A fiber optic network will be constructed connecting all buildings, and a rudimentary Ethernet data network will connect the campus' principal buildings. The network will provide direct access to computers located elsewhere including the supercomputer in Austin. It will also permit remote use of computer graphics capabilities expected to be widely available in the next few years.

Computer and Information Science and Engineering Laboratory - These funds will fulfill U. T. El Paso's matching requirement for a five year, \$1.2 million NSF grant. This grant is made under the Computer and Information Science and Engineering Division for Minority Institutions Program (CISP) and will provide a network of workstations for faculty and graduate students.

Thin Film Devices for Displays, Solar Cells, and Superconductivity Applications - This electron beam evaporation and sputtering equipment will support continued research in the area of luminescence of electronic display devices. This research has been supported by NSF's Research Improvement in Minority Institution (RIMI) program.

Library/Computer Center Upgrade Materials Enhancement - Library automation capabilities will be enhanced by installing updated software. Special collections will be purchased to support anticipated new degree programs (Ph.D. in Psychology, Ph.D. in Electrical Engineering, Ph.D. in Chemistry and Physics of Materials and M.Ed. in Special Education). A Graphics Element Controller will be purchased to drive a donated plotter used by the Geological Science Department. Also, a Local Area Network (LAN) Controller will be acquired to link LANs with the mainframe.

Materials Science Research Equipment - This equipment will include a thin film facility, a solid probe, and a circular dichromous system. These instruments will be used by the faculty in physics, chemistry, and engineering to expand research on the surface properties of thin films and other materials.

Transmission Electron Microscope - This item of equipment will partially fulfill the institution's \$532,000 equipment match required under the terms of a new \$5 million NSF Science Foundation grant for Minorities Research Centers for Excellence Program (MRCE).

Laboratories in Psychology - Three labs will be enhanced with the purchase of video equipment for use in the forensic psychology lab; an ultracentrifuge and liquid chromatography system for research in Alzheimer's Disease; and, data recording equipment for studies in memory, information processing, and neuropsychology.

#### U. T. PERMIAN BASIN - \$810,000

Renovation of Teaching Labs - Phase I - Many teaching labs are in need of upgrading to accommodate new courses, new teaching methods, and current research efforts. Examples of equipment to be purchased include a new spectrometer, respiratory analysis equipment, DNA cell/tissue lab, fine arts lab equipment, mass communication lab, and a computer classroom.

Upgrade Computer Hardware - Laser printers, an additional disk drive, an additional tape drive and terminal servers will upgrade library automation capabilities and cut costs while improving service in the printing area.

Classroom Refurbishing - New desks, screens, overhead projectors, and other classroom essentials will be purchased.

Library Equipment and Materials - Additional and improved microform readers will make that part of the collection maintained in microforms more useable to faculty and students. Additional monographs will also be acquired.

U. T. SAN ANTONIO - \$821,390

Student Computing Laboratory - Space for this lab is being provided from PUF Bond Proceeds allocated in FY 1989. This facility will be operated out of proceeds from a computer use fee. Equipment to be purchased includes 120 AT-type personal computers; 80 mainframe connected terminals; 19 printers; \$42,000 in PC software; networking equipment; furniture; wiring; security; and, software and hardware for remediation programs.

Library Enhancement-New Programs - Special collections are needed to support several new degree programs including doctoral programs in biology, computer science, and engineering.

U. T. Institute of Texan Cultures - San Antonio - Computer Replacement - A new computer system is needed to support the cataloging of collections of the U. T. Institute of Texan Cultures - San Antonio and to provide ready catalogue access to the public. Unlike the existing computer, this new equipment will be compatible with U. T. San Antonio and U. T. System equipment.

U. T. Institute of Texan Cultures - San Antonio - Library Photo Storage and Educational Equipment - This equipment will support the San Antonio Light photographic collection. Educational supplies will support several exhibits.

Computer Hardware and Software to Support Teaching and Research - The microcomputers and computer programs will be used by the College of Business, the Division of Education and the College of Fine Arts and Humanities.

U. T. TYLER - \$150,000

Library Materials - These funds will be used to enhance collections in liberal arts, science and mathematics, medical technology, nursing, business, education and psychology, and general library reference.

Library and Media Service Equipment - These funds will be used to upgrade the library automation system and to upgrade media equipment available for all academic departments.

U. T. SOUTHWESTERN MEDICAL CENTER - DALLAS - \$886,000

New Cytometric and Sorting Technology and Renovation of Existing Equipment - State-of-the-art cell sorting equipment will support research efforts in both basic science and clinical departments. The requested equipment will do more work (increased cell sort rates) and will perform measurements beyond the capabilities of existing equipment. Operating expenses will be covered by charges to NIH research grants.

U. T. MEDICAL BRANCH - GALVESTON - \$725,000

Animal Resources Center Equipment - These funds will be used to purchase a tunnel cage washer, a large autoclave, a card access security system, a room temperature monitoring system, and links to the Physical Plant and Security Center. This equipment will alleviate serious deficiencies preventing accreditation by the American Association for Accreditation of Laboratory Animal Care (AAALAC).

U. T. HEALTH SCIENCE CENTER - HOUSTON - \$1,100,000

Replacement of Out of Date Equipment - Medical School - A recent survey identifies 250 items of equipment in need of replacement due to obsolescence or wear. Maintenance contracts are no longer available in many cases. Most of these items are in the \$10,000 to \$30,000 range and cannot be replaced out of regular departmental budgets.

Student Dental Instruments - Dental students are presently required to purchase all instruments in their training program, at a cost of between \$5,000 and \$7,000. A policy change would be implemented by this project to reduce the cost to the student to about \$2,000. Drillkits, articulators, and other instruments, would be purchased by the institution and rented to students, as is now done with microscopes in the medical school.

U. T. HEALTH SCIENCE CENTER - SAN ANTONIO - \$1,238,610

Library Enhancement - These funds will be used to buy books, monographic series, specialized databases and other reference material. These materials will support existing programs and will strengthen holdings in developing programs, including molecular studies, radiation science, parasitology and bio-materials. These purchases will be coordinated with U. T. San Antonio.

Orthopaedic Research Lab - Five major pieces of research equipment are needed to provide a core research lab in support of studies of bone formation and repair in order to enhance bone wound repair. The U. T. Health Science Center - San Antonio employs a number of scientists and clinicians of national and international repute, and a core lab will help focus interdisciplinary efforts in this area.

Student Dental Instruments - Dental students are presently required to purchase all instruments in their training program, at a cost of between \$5,000 and \$7,000. A policy change would be implemented by this project to reduce the cost to the student to about \$2,000. Drillkits, articulators, and other instruments would be purchased by the institution and rented to the student, as is now done with microscopes in the medical school.

U. T. M.D. ANDERSON CANCER CENTER - \$488,000

Laser to Support Research Center - An advanced technology laser will be used to help develop clinical applications in urology, neurosurgery, gynecology, head and neck surgery, general surgery, and plastic and reconstructive surgery.

Locally Based Bibliographic Database - Funds will be used to purchase additional equipment and software as well as a one-year subscription to a scientific database for increased operations support.

U. T. HEALTH CENTER - TYLER - \$381,000

Library Enhancement and Automation - Additional data processing equipment, printers, facsimile machines and other equipment will strengthen library automation efforts in progress.

Macromolecular Analytical Core Facility (Phase I) - Items of equipment to be procured include a Beckman TL-100 centrifuge, an amino acid analyzer, an automated peptide synthesizer, and a micro separation system for proteins and peptides. This core lab will be used to prepare and rapidly analyze proteins, nucleic acids, and cells, and thus to compete effectively for grant support.

## II. MAJOR REPAIR AND REHABILITATION PROJECTS

U. T. ARLINGTON - \$1,000,000

Central Library Renovation - Phase II - This project will provide needed additional stack space by moving 52 existing ranges of shelving into mobile compact storage carriers and by installing 61 new ranges of mobile compact storage.

Removal of PCBs from Campus - Federal EPA requirements mandate the removal or effective dilution of PCB material used in electrical transformers by October 1, 1990. Nine such transformers were removed with FY 1987 funding, and this project will permit removal of the remaining six transformers.

Thermal Energy Plant - Free Cooling - PUF funds will only be used if this project cannot be funded from "LoanStar." The project provides for the installation of three plate-type heat exchangers in the thermal energy plant to take advantage of free cooling under favorable climatic conditions.

Thermal Energy Plant - Small Boiler - PUF funds will only be used if this project cannot be funded from "LoanStar." A 12,000 pound per hour fire tube boiler will be installed so that the existing 22,000 pound per hour boiler can be shut down during periods of low demand. Estimated annual savings are slightly over \$100,000.

U. T. AUSTIN - \$2,000,000

Asbestos Removal (Phase IV) - The University of Texas at Austin has embarked on a ten-year program to remove all asbestos containing materials. Small projects are being handled by an in-house staff. Larger projects require contractor assistance. This request is for such assistance in Townes Hall-Moot Courtrooms and Communication Unit "B," 7th and 8th floors.

Fire Safety - In 1987, a comprehensive survey identified \$1.7 million of fire safety deficiencies. This project will fund Phase IV, including Gregory Gym, Anna Hiss Gym, Walter Webb Hall, Batts, and Benedict. To date, three phases totaling \$660,000 have either been completed or are currently in progress. Four more phases of some \$200,000 each are still in the planning stages.

Building Egress Improvements - In a recent survey, the Fire Marshall noted the following deficiencies: exit door swing direction; inadequate panic hardware; lack of firewalls in stairwells; and, improper materials for doors and frames. A future phase of \$250,000 will also be required.

Elevator Safety Project - This project will modify elevators in 15 buildings to provide firefighters' service. A future phase of \$250,000 will also be required.

Plaza Repairs - Press Building - The plaza at the north entrance to the Printing and Press Building leaks extensively. The area is directly above the presses. It is proposed to completely replace the plaza with a new system that will provide for positive drainage and ready access to drains for maintenance.

Roof Replacements - Deteriorating roofs will be replaced on about ten buildings, including six buildings at the Balcones Research Center, two buildings at the Marine Science Institute at Port Aransas, the Bauer House, and the University Police Building.

Exterior Restorations - Several Campus Buildings - These funds will be used to repair leaking caulk joints at Sid Richardson Hall. They will also be used to repair exteriors at the Marine Science Institute and the Balcones Research Center's Water Research facility. An elevator will be installed at the Huntington Gallery. Other projects include: plenum slab at the Graduate School of Business undermined by a water main break; tuck pointing and recaulking the Education Building; rewaterproofing utility tunnels; and, replacing and pointing the brick at Steindham Hall.

U. T. DALLAS - \$750,000

Callier Center - Safety and Energy Conservation Project - This project is phase two of a three phased, \$840,000 rehabilitation of the facilities. It consists of reworking the HVAC system, replacing and repairing the roof, and correcting a severe drainage problem. Partial funding from "Loan-Star" is anticipated.

Service Building - A new, pre-engineered metal building will house central receiving, central stores, mail service, property administration, and the print shop and thus provide more academic research space in a cost-effective manner.

McDermott Library - Renovation - These renovations will include a centralized reference desk to accommodate the library automation system, public access catalogue work stations, index cards shelving, automated service areas, expansions in the interlibrary loan area, and additional study space.

U. T. EL PASO - \$525,000

Installation of Fire Alarm System - Fire detection systems will be installed in four buildings (Old Main, Vowell Hall, Psychology and Liberal Arts) and connected to the central monitoring system. Also, five detection systems in four other buildings will be connected to the central monitoring system.

Create Developmental Education Laboratory - About 7,000 vacant square feet in the Education Building will be reconfigured to support new activities, including the development of computer-aided instruction for underprepared students using a \$400,000 IBM grant.

Campus Asbestos Study - A campus-wide survey of 67 buildings will be conducted, and priorities for abatement will be presented, along with cost estimates.

HVAC System - Control valves and fan coils will be installed and other HVAC modifications will be made in several buildings to increase efficiency and reduce operating cost. Partial funding from "LoanStar" is anticipated.

U. T. SAN ANTONIO - \$900,000

Roof Repair - The roofs at the Sculpture-Ceramics Building and the Library Annex will be replaced.

Refurbish Air Conditioning Equipment - U. T. Institute of Texan Cultures - San Antonio - The 20 year old air conditioning system will be reengineered and retrofitted to include replacement of air handlers, repiping of fluid lines, computerized controls, reworking of ducting, refurbishing fire control devices, and rebalancing the system. Partial funding from "LoanStar" is anticipated.

Power Systems Laboratory - This mechanical engineering teaching laboratory located on the West Campus, will be expanded to house additional machinery, and provide additional shop space and project design space.

Renovation of Research Laboratory/Faculty Office Space/Studio Space - Four research rooms will be partitioned for the Division of Life Science, four offices will be constructed for the Division of Engineering, and storage racks in the arts building will be upgraded. The Division of Life Science needs individual lab space, both to support its expanding research funding and to support the proposed Ph.D. program in Biology. The Division of Engineering needs office space for four additional faculty who are being recruited. The art program needs a safe facility dedicated to printmaking.

Carpet Replacement and Repair of Lecture Hall Seats - Original 14 year old carpeting and seats will be replaced. A total of 15 lecture halls and 17,000 square yards of floor space will be involved.

U. T. TYLER - \$153,000

Domestic Water System Improvements - Water pressure on the campus is so low that the operation of the power plant is affected and there is inadequate water flow for fighting a major fire. A 1987 engineering study suggested that the most cost effective solution to this problem is the replacement of the two undersized meters where the campus system connects to the city system and the installation of a new 18 inch main across the center of the campus. Partial funding of this \$800,000 project will cover the engineering design of the complete project, replacement of the existing meters and installation of the most critical portion of the new 18 inch main. Additional funding from a subsequent annual allocation of PUF Bond Proceeds is anticipated.

Power Plant Repairs - These funds will provide a major, six-year overhaul for two chillers. They were installed in 1984 and are in need of upgrading to maximize chiller operating efficiency.

Electric Peak Shaving - These funds will be used to install an 800KW standby generator to be operated during Texas Utilities' on-peak hours. Reduction of demand charges will result in a 3.6 year payback. These funds will not be used if "LoanStar" funding is procured.

U. T. SOUTHWESTERN MEDICAL CENTER - DALLAS - \$1,150,000

Replacement of Electrical Transformers Containing PCBs - Federal EPA requirements mandate the removal or effective dilution of PCB material used in electrical transformers by October 1, 1990. U. T. Southwestern Medical Center - Dallas has surveyed, recorded and tagged all electrical transformers in accordance with EPA guidelines and found that 25 of the campus' 35 transformers contain PCBs. Requested funding will permit replacement of these transformers.

U. T. MEDICAL BRANCH - GALVESTON - \$200,000

Animal Resources Center Renovation - Recommended funding will correct deficiencies in the animal resource center. These include providing for ventilation necessary to allow for quarantine; an automatic watering system; a modern cage washer; installation of an exhaust hood to avoid exposing employees to low and moderate risk chemicals; and providing a large sterilizer.

Modifications to Air Conditioning System to Save Energy in the Basic Science Building - These funds will be used to retrofit the building air conditioning system to make use of return air, to replace the oversized chilled water pump, to install speed control devices, and to rebalance the system. A ten month payback is projected. Funding is anticipated from the "LoanStar" Revolving Loan Fund.

U. T. HEALTH SCIENCE CENTER - HOUSTON - \$1,288,000

Retrofit Reverse Osmosis Water Systems and Seal Roof and Floor Penetrations in Roof of Mechanical Room of the Medical School - Requested funds will be used to retrofit the Reverse Osmosis Water System in the U. T. Medical School - Houston which has degenerated to the point that the water is unusable for research. These monies will also be used to seal the roof and floor penetrations in the mechanical room. Water now accumulates between the roofing membranes and decking and migrates to deck penetrations, resulting in leaks into the room and onto the 4,160 volt switchgear.

Pre-clinical Dental Laboratory and Student Lockers - This project consists of the renovation of adjacent Dental Branch basement areas into a pre-clinical dental laboratory and a student locker area. The laboratory will replace obsolete four-student lab units with open, flexible laboratories that will improve faculty supervision. The locker area is necessary to provide storage space for students' laboratory equipment, books, coats, and other school supplies.

Power Factor Correction and High Efficiency Lighting - This project includes fixture cleaning, relamping, and retrofitting of each ballast with a power reducer to provide proper lighting in each area, and the installation of a Power Factor Correction System. A 24 month payback is projected. Funding is anticipated from the "LoanStar" Revolving Loan Fund.

Retrofit Chilled Water System in the Medical School, Phase II and Phase III - These funds will be used to correct a humidity problem while also improving energy management by converting chilled water in air handlers to a two-way valve configuration.

U. T. HEALTH SCIENCE CENTER - SAN ANTONIO - \$630,000

Energy Conservation Project - These funds will be used to match a Department of Energy grant administered by the Governor's Office. Chilled water pumps in the U. T. Medical School - San Antonio will be replaced with variable speed pumps, and dampers will be installed in all the distribution ducts to shut off areas when they are not occupied. A four-year payback is projected.

Dog Pen Facility - Funds are requested for the purchase and installation of 42 stainless steel heavy duty runs to replace the undersized dog cages currently in use. Continued use of the old cages would jeopardize AAALAC accreditation and compromise compliance with the Animal Welfare Act.

Occupational Therapy Laboratory - This project will provide a clinical laboratory teaching facility for the occupational therapy program. The existing laboratory is too small and does not meet OSHA standards.

Dental Laboratory Technology Lab (Phase I) - This project will provide for simultaneous lecture/laboratory demonstration-type activities as well as provide and maintain a safe and healthy teaching environment in compliance with OSHA standards.

U. T. M.D. ANDERSON CANCER CENTER - \$635,000

Upgrade Sewage Treatment Plant - Science Park Research Division - The current system capacity has been far exceeded by expanded program demands, necessitating this expansion.

Rehabilitate Water System - Bates-Freeman Building - The present systems and equipment are in excess of 40 years of age, and their capacity has been far exceeded by expanded user program demands. New pipes will be installed.

Research Animal Holding Facility Science Park Vet Division - This facility upgrade consists of resurfacing floors in animal holding areas with epoxy grouting and making other corrections. These facilities have been cited by the AAALAC regulatory agency for animal handling areas as needing attention.

U. T. HEALTH CENTER - TYLER - \$769,000

Roof Repair of Main Campus Buildings - These funds will be used to reroof buildings A, B, C, and D. The roofs must be stripped of old material and replaced with new, and windows and flashing caulked.

Facility Systems Replacement - This project consists of replacing an obsolete fire alarm/detection system and installing an emergency radio paging and radio communications systems.

2. U. T. System: Recommended Approval of the Capital Budget for the Fiscal Year Ending August 31, 1990.--

#### RECOMMENDATION

The Chancellor, with the concurrence of the appropriate Executive Vice Chancellors and chief administrative officers of the component institutions of the U. T. System, recommends approval of The University of Texas System Capital Budget, Part A (Major Construction Projects) and Part B (Reserve Allocation for Repair and Equipment Projects) for the fiscal year ending August 31, 1990. The Capital Budget is presented in a separate document labeled U. T. System FY 1990 Capital Budget which was distributed in advance of the meeting.

#### BACKGROUND INFORMATION

The U. T. System FY 1990 Capital Budget appropriates funds from all sources to those capital projects which, in keeping with the Capital Improvement Program approved by the U. T. Board of Regents in June 1989, involve any expenditures during the fiscal year ending August 31, 1990. It is understood that approval of the Capital Budget involves approval of funds to be expended for projects in the fiscal year and that other phases of these projects will continue to be reviewed by the Board as required by appropriate provisions of the Regents' Rules and Regulations. The Capital Budget document includes summary information currently available on each project for both Part A (Major Construction) and Part B (Repair and Equipment) Projects.

3. U. T. Austin: Balcones Research Center, West Tract - Recommendation to Grant Easements to the State Department of Highways and Public Transportation.--

#### RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Cunningham to grant .724 and .312 acre easements from the Balcones Research Center, West Tract, to the State Department of Highways and Public Transportation for Highway 183 expansion. The consideration for granting these easements is \$704,743.

#### BACKGROUND INFORMATION

It has been the policy of the U. T. Board of Regents to furnish to the State Department of Highways and Public Transportation right-of-way easements which provide direct benefit to the University. The proposed easements will provide improved circulation to University property along the Highway 183 corridor. The loss of future opportunity to develop the land for income producing uses justifies the University's receiving payments for the proposed easements.

4. U. T. Austin - Biological Sciences - Molecular Biology Building: Request for Authorization of Project and Appointment of Project Architect to Prepare Preliminary Plans; and Appropriation Therefor.--

#### RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Cunningham that the U. T. Board of Regents:

- a. Authorize a project for construction of a new Molecular Biology Building on the campus of U. T. Austin at an estimated total project cost of \$25,000,000
- b. Appoint a Project Architect from the list set forth on Page F&F - 27 to prepare preliminary plans and a detailed cost estimate to be presented to the U. T. Board of Regents for consideration at a future meeting
- c. Appropriate \$450,000 from U. T. Austin General Fee Balances for fees and administrative expenses through completion of preliminary plans. Previous appropriations have been \$75,000 from the same source for the preparation of the project analysis. (The requested appropriation of \$450,000 and the previous appropriation of \$75,000 are included in the estimated total project cost of \$25,000,000 and are included in any appropriations that may be provided for this project in the Capital Improvement Program.)

#### BACKGROUND INFORMATION

In accordance with authorization of the U. T. Board of Regents in August 1986, a project analysis was undertaken to address facility needs in biological and other life sciences at U. T. Austin. The completed analysis indicated a need for (1) construction of new facilities totaling approximately 330,000 gross square feet, (2) construction of an annex of 20,000 gross square feet to the Animal Resources Center, and (3) renovation of the Experimental Science Building. The first step toward providing the needed facilities will be construction of a new Molecular Biology Building of approximately 180,000 gross square feet. Construction of approximately 150,000 gross square feet for additional biological sciences facilities will be accomplished at a future time when funds become available. Construction of the Animal Resources Center Annex and renovation of the Experimental Science Building will be accomplished as soon as practicable.

The proposed new Molecular Biology Building will be a research laboratory facility of approximately 180,000 gross square feet to accommodate a future Department of Molecular

Biology program at U. T. Austin. It will contain administrative offices, support space, specialized labs, and conference rooms as well as space dedicated for Research Center and Research Institute functions. The majority of the space, however, will be modular research laboratories with shared core functions.

The Molecular Biology Building is one of the projects approved by the U. T. Board of Regents at the June 1989 meeting for addition to the Capital Improvement Program. The estimated construction cost is approximately \$20,000,000 within an estimated total project cost of \$25,000,000. Funding for this project will be provided by \$13,000,000 from Permanent University Fund Bond Proceeds, \$4,000,000 from private gifts and \$8,000,000 from U. T. Austin General Fee balances.

#### List of Firms for Consideration

##### Project Architect

Harper Kemp Clutts and Parker, Inc.  
Dallas, Texas

3D/International  
Houston, Texas

The White Budd VanNess Partnership  
Austin, Texas

Marmon Barkley Souter Foster Hays  
San Antonio, Texas

##### Representative Projects

U.T.S.M.C.-Dallas:  
Cecil & Ida Green Biomedical  
Research Building  
C. C. Sprague Clinical  
Science Building  
Texas A&M:  
Biochemistry/Biophysics  
Building  
Southwest Texas State Univ.:  
Science Building

U.T.M.B.-Galveston:  
Medical Research Building  
U.T.H.S.C.-Houston:  
Medical School  
Phases II & III  
Texas A&M:  
CE/TTI/EDG Laboratory Bldg.  
Houston Area Research  
Center Building I

U. T. Austin:  
Pharmacy School Renovation  
and Addition  
University of Houston:  
Houston Science Center  
Addition  
State of Texas:  
Brown-Heatly State Office  
Building  
Baylor College of Medicine:  
Ben Taub Research Center

U.T.H.S.C.-San Antonio:  
Research Building  
Texas A&M:  
Chemistry Research Building  
Renovation  
San Antonio College:  
Multipurpose Lab & Class-  
room Building  
Bexar County Hospital  
District:  
Medical Center Hospital -  
Two Additions

5. U. T. Medical Branch - Galveston: Recommendation to Accept Gift of Real Property Located in Galveston County, Texas.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and President James that a gift of real property, the family home of Dr. and Mrs. Edward Randall, Jr., located at 3502 Galvez Avenue, Galveston, Texas, be accepted from the children and grandchildren of Dr. and Mrs. Edward Randall, Jr., to be used as the residence for future presidents of the U. T. Medical Branch - Galveston.

BACKGROUND INFORMATION

Dr. Edward Randall, Sr. served as one of the original faculty members of the U. T. Medical Branch - Galveston. His son, Dr. Edward Randall, Jr., joined the faculty at the U. T. Medical Branch - Galveston in 1927 as Professor of Therapeutics and Materia Medica. Dr. Randall, Jr., established the first fever therapy unit at the John Sealy Hospital and taught in the U. T. Medical School - Galveston continuously until his retirement in 1959 when he was made Emeritus Professor of Medicine.

Dr. Randall, Jr., deceased, also served as a director of The Sealy & Smith Foundation for the John Sealy Hospital.

Mrs. Edward Randall, Jr., deceased, was a member of the Development Board and the President's Club of the U. T. Medical Branch - Galveston and a member of The Chancellor's Council.

6. U. T. Health Science Center - San Antonio: Recommendation to Waive the Regents' Rules and Regulations, Part One, Chapter VIII, Section 1, Subsection 1.1 (Naming of Buildings) and to Name the U. T. Institute of Biotechnology Building.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and President Howe that the U. T. Board of Regents waive the Regents' Rules and Regulations, Part One, Chapter VIII, Section 1, Subsection 1.1, requiring that persons to be honored with the naming of a building "shall have been deceased at least five years," and name the Institute of Biotechnology Building of the U. T. Health Science Center - San Antonio now under construction in the Texas Research Park in San Antonio, Texas, as "The Hayden Head Building."

## BACKGROUND INFORMATION

The facility known as the U. T. Institute of Biotechnology is being constructed by the Texas Research and Technology Foundation on a site in the Texas Research Park, San Antonio, Texas. Upon completion of construction, title to the facility will be transferred to the U. T. Board of Regents for use by the U. T. Health Science Center - San Antonio. A new Research Building for the U. T. Health Science Center - San Antonio is also under construction on a site near the main campus in the South Texas Medical Center.

During discussions leading to a significant contribution by Mr. Ross Perot toward the construction of the research facilities in San Antonio, Mr. Perot expressed a specific interest in having one of the facilities named in honor of Mr. Hayden Head. The U. T. System Administration and President Howe agree that Mr. Head's many accomplishments and service to the U. T. System are deserving of the honor and request that the U. T. Institute of Biotechnology Building, now under construction in the Texas Research Park in San Antonio, carry the designation of "The Hayden Head Building." The Texas Research and Technology Foundation is in agreement with the naming of this facility. Approval by the U. T. Board of Regents of the naming of this facility is requested at this time in order that the name can be incorporated into the building while under construction.

Mr. Hayden Wilson Head was a distinguished attorney who resided in Corpus Christi, Texas. In addition to his law practice, he devoted much of his time and energy to the support of civic, professional, and governmental agencies including higher education. Mr. Head was a member of the U. T. Austin Development Board, The President's Associates, the U. T. Law School Foundation, The Chancellor's Council and the U. T. Foundation, Inc.

7. U. T. M.D. Anderson Cancer Center - U. T. M.D. Anderson Hospital - Modifications and Renovations - Phase III (Project No. 703-695): Request for Approval of Final Plans of First Segment (Phase III-A) and Authorization for Completion of Final Plans for Second Segment (Phase III-B); Authorization to Advertise for Bids for Both Segments and for Executive Committee to Award Contracts.--

## RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and President LeMaistre that the U. T. Board of Regents:

- a. Approve final plans and specifications for Phase III-A of modifications and renovations to the U. T. M.D. Anderson Hospital at the U. T. M.D. Anderson Cancer Center and authorize completion of final plans and specifications for Phase III-B at an estimated combined total project cost of \$6,900,000

- b. Authorize the Office of Facilities Planning and Construction to advertise for bids for both segments upon completion of final review
- c. Authorize the Executive Committee to award all contracts associated with this project within the authorized total project cost.

#### BACKGROUND INFORMATION

In accordance with authorization of the U. T. Board of Regents in February 1989, final plans and specifications for the first segment and preliminary plans for the second segment of the third phase of modifications and renovations to the U. T. M.D. Anderson Hospital at the U. T. M.D. Anderson Cancer Center have been prepared by the Project Architect, Page Southerland Page, Houston, Texas.

This project was divided into two segments primarily for sequencing purposes. One segment could be completed and functions and personnel could then be relocated prior to beginning the second segment. Further investigation has revealed that the sequencing can still be accomplished within a single construction contract and at the same time realize the economics of a single bid and one construction contract. Consequently, authorization is requested to complete final plans for both segments (Phase III-A and Phase III-B), to advertise for bids as a single project, and award one construction contract containing provisions for staging of the construction work.

This project involves the modification and renovation of approximately 51,600 square feet on the first floor of the Center Core area of the main hospital facility at an estimated construction cost of \$5,590,000. The estimated total project cost is \$6,900,000. Funds for this project, which have been previously appropriated, are \$5,000,000 from Permanent University Fund Bond Proceeds and \$1,900,000 from U. T. M.D. Anderson Cancer Center Institutional Reserves.

This project was approved by the Texas Higher Education Coordinating Board in April 1989.

## Land and Investment Committee

LAND AND INVESTMENT COMMITTEE  
Committee Chairman Ratliff

Date: August 10, 1989  
Time: Following the meeting of the Finance and  
Facilities Committee  
Place: Regents' Meeting Room, Ninth Floor, Ashbel Smith Hall

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I. PERMANENT UNIVERSITY FUND

INVESTMENT MATTERS

Report on Clearance of Monies to the Permanent University Fund for May and June 1989 and Report on Oil and Gas Development as of June 30, 1989.--The following reports with respect to (a) certain monies cleared to the Permanent University Fund for May and June 1989, and (b) Oil and Gas Development as of June 30, 1989, are submitted by the Executive Vice Chancellor for Asset Management:

	<u>May 1989</u>	<u>June 1989</u>	<u>Cumulative Through June of this Fiscal Year (1988-1989)</u>	<u>Cumulative Through June of Preceding Fiscal Year (1987-1988)</u>	<u>Per Cent Change</u>
Permanent University Fund					
Royalty					
Oil	\$ 4,795,576.31	\$ 4,857,338.41	\$ 38,134,314.18	\$ 45,197,922.77	-15.63%
Gas	1,643,263.97	1,547,977.53	17,182,284.47	18,635,609.18	-7.80%
Sulphur	23,696.35	21,957.82	234,567.65	65,091.65	260.37%
Water	109,474.45	104,021.39	730,068.12	509,272.94	43.35%
Brine	2,189.17	3,475.05	28,333.97	38,923.29	-27.21%
Trace Minerals	0.00	0.00	0.00	0.00	--
Rental					
Oil and Gas Leases	19,438.80	71,599.93	791,002.49	506,455.17	56.18%
Other	852.00	4,240.00	5,858.46	4,155.33	40.99%
Sale of Sand, Gravel, Etc.	442.80	270.83	35,601.08	24,721.26	--
Total University Lands Receipts Before Bonuses	<u>6,594,933.85</u>	<u>6,610,880.96</u>	<u>57,142,030.42</u>	<u>64,982,151.59</u>	<u>-12.07%</u>
Bonuses					
Oil and Gas Lease Sales	0.00	0.00	2,554,807.73	3,567,241.98	-28.38%
Amendments and Extensions to Mineral Leases	<u>0.00</u>	<u>0.00</u>	<u>641.11</u>	<u>724.98</u>	<u>--</u>
Total University Lands Receipts	<u>6,594,933.85</u>	<u>6,610,880.96</u>	<u>59,697,479.26</u>	<u>68,550,118.55</u>	<u>-12.91%</u>
Gain or (Loss) on Sale of Securities	<u>16,067,169.22</u>	<u>8,686,765.96</u>	<u>118,822,743.89</u>	<u>72,728,434.76</u>	<u>63.38%</u>
<b>TOTAL CLEARANCES</b>	<u><u>\$22,662,103.07</u></u>	<u><u>\$15,297,646.92</u></u>	<u><u>\$178,520,223.15</u></u>	<u><u>\$141,278,553.31</u></u>	<u><u>26.36%</u></u>

Oil and Gas Development - June 30, 1989  
Acreage Under Lease - 701,529

Number of Producing Acres - 543,811

Number of Producing Leases - 2,175

II. TRUST AND SPECIAL FUNDS

Gifts, Bequests and Estates

1. U. T. Austin: Recommendation to Accept Gift and Pledge to Establish the Andersen Consulting Endowed Professorship in Manufacturing Systems Engineering in the College of Engineering; Allocate Funds from the College of Engineering Challenge Grant and Eligibility for Matching Funds Under The Regents' Endowed Teachers and Scholars Program.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Cunningham that an \$18,168.75 gift and a \$54,506.25 pledge, payable by August 31, 1991, from Arthur Andersen & Co., Dallas, Texas, for a total of \$72,675.00 be accepted to establish the Andersen Consulting Endowed Professorship in Manufacturing Systems Engineering in the College of Engineering at U. T. Austin.

It is further recommended that \$104,650.00 be allocated from the College of Engineering Challenge Grant and used to increase the endowment to a total of \$177,325.00.

Additionally, it is recommended that \$72,675.00 in matching funds be allocated under The Regents' Endowed Teachers and Scholars Program and used to increase the endowment to a total of \$250,000.00.

BACKGROUND INFORMATION

Arthur Andersen & Co., an international accounting firm based in Chicago, Illinois, has contributed numerous gifts to U. T. Austin and to the U. T. System.

This endowment is being established under the College of Engineering Challenge for Excellence Program as set out in the Minutes of the June 1988 meeting of the U. T. Board of Regents whereby a challenge grant of \$4,500,000 was accepted from an anonymous donor to enhance and achieve a high level of excellence in the four areas of advanced research and teaching which relate closely to the mission of SEMATECH and the Microelectronics and Computer Technology Corporation (MCC).

2. U. T. Austin: Recommendation to Accept Trust Distributions to Establish the Mary D. Bold Scholarship Fund in the College of Fine Arts.--

#### RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Cunningham that distributions received to date totalling \$11,000 resulting from a one-fifth remainder interest in the Estates of Harold C. and Mary D. Bold, Austin, Texas, be accepted to establish the Mary D. Bold Scholarship Fund in the Department of Music, College of Fine Arts, at U. T. Austin.

Income earned from the endowment will be used for awarding scholarships to piano students in the Department of Music.

#### BACKGROUND INFORMATION

At its April 1988 meeting, the U. T. Board of Regents accepted a \$50,000 bequest and a \$50,000 trust distribution for a total of \$100,000 from the Estates of Harold C. and Mary D. Bold and established the Harold C. and Mary D. Bold Regents Professorship of Cryptogamic Botany (Phycology) in the Department of Botany, College of Natural Sciences. These gifts were matched with \$100,000 from The Regents' Endowed Teachers and Scholars Program and used to establish the Mary D. Bold Regents Professorship of Music in the Department of Music, College of Fine Arts, at U. T. Austin.

The Trust Agreement of Dr. and Mrs. Bold also provided that the remaining portion of the trust estate be divided into five shares. One of these shares was dedicated to the U. T. Board of Regents to create a scholarship fund in memory of Mary D. Bold.

Dr. Harold C. Bold, deceased, joined the U. T. Austin faculty in 1957 as Professor of Botany and was Chairman of the department from 1962 to 1967. He was named the C. L. Lundell Professor of Systematic Botany in 1975 and was Professor Emeritus of Botany at U. T. Austin at the time of his death.

3. U. T. Austin: Hal Box Endowed Scholarship in Architecture in the School of Architecture - Recommendation to Accept Additional Gifts and Pledges and Eligibility for Matching Funds Under The Regents' Endowed Student Fellowship and Scholarship Program.--

#### RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Cunningham that gifts from various donors of \$22,735 and pledges of \$2,265, payable by August 31, 1991, for a total of \$25,000 be accepted for addition to the Hal Box Endowed Scholarship in Architecture in the School of Architecture at U. T. Austin.

It is further recommended that \$12,500 in matching funds be allocated under The Regents' Endowed Student Fellowship and Scholarship Program and used to increase the endowment.

#### BACKGROUND INFORMATION

The Hal Box Endowed Scholarship in Architecture was established at the April 1987 meeting of the U. T. Board of Regents with gifts and pledges totalling \$12,440 from various donors. Mr. J. Harold (Hal) Box received his B.Arch. from U. T. Austin in 1950. He is currently the Dean of the School of Architecture and The W. L. Moody, Jr. Centennial Professor in Architecture at U. T. Austin.

4. U. T. Austin: Recommendation to Accept Gift and Pledge to Establish Eight Endowed Academic Positions Titled the Cullen Trust for Higher Education Endowed Professorships in Engineering in the College of Engineering; Allocate Funds from the College of Engineering Challenge Grant and Eligibility for Matching Funds Under The Regents' Endowed Teachers and Scholars Program.--

#### RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Cunningham that a \$193,800 gift and a \$387,600 pledge, payable by August 31, 1991, from the Cullen Trust for Higher Education, Houston, Texas, for a total of \$581,400 be accepted to establish eight Cullen Trust for Higher Education Endowed Professorships in Engineering in the College of Engineering at U. T. Austin.

It is further recommended that \$837,200 be allocated from the College of Engineering Challenge Grant and used to increase the endowments to a total of \$1,418,600.

Additionally, it is recommended that \$581,400 in matching funds be allocated under The Regents' Endowed Teachers and Scholars Program and used to increase each of the eight endowments to a total of \$250,000. The \$193,800 gift, \$279,066 in challenge grant funds, and \$193,800 of the matching funds will be used to establish the Cullen Trust for Higher Education Endowed Professorship in Engineering No. 1 and the Cullen Trust for Higher Education Endowed Professorship in Engineering No. 2 with \$250,000 each, and the Cullen Trust for Higher Education Endowed Professorship in Engineering No. 3 with initial funding of \$166,666. Subsequent pledge payments and the accompanying challenge grant and matching funds should first complete funding of the third Professorship at \$250,000 and then be applied to the fourth through eighth Professorships in turn.

## BACKGROUND INFORMATION

Mr. Corbin J. Robertson, Jr., Trustee for the Cullen Trust for Higher Education, received his B.B.A. from U. T. Austin in 1969. He is a member of The President's Associates and The Chancellor's Council and has made numerous gifts to U. T. Austin and to the U. T. System. The Cullen Trust for Higher Education previously established the Mr. and Mrs. Isaac Arnold, Sr. Regents Chair in Molecular Biology in the College of Natural Sciences and the Hugh Roy Cullen Centennial Chair in Business Administration in the College of Business Administration.

This endowment is being established under the College of Engineering Challenge for Excellence Program as set out in the Minutes of the June 1988 meeting of the U. T. Board of Regents whereby a challenge grant of \$4,500,000 was accepted from an anonymous donor to enhance and achieve a high level of excellence in the four areas of advanced research and teaching which relate closely to the mission of SEMATECH and the Microelectronics and Computer Technology Corporation (MCC).

5. U. T. Austin: Engineering Foundation Endowed Faculty Fellowship No. 1 in the College of Engineering - Recommendation to Accept Additional Gift and Redesignate as the Archie W. Straiton Endowed Faculty Fellowship in Engineering; Allocate Funds from the College of Engineering Challenge Grant; and Eligibility for Matching Funds Under The Regents' Endowed Teachers and Scholars Program.--

## RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Cunningham that a \$15,000 gift from Dr. Archie W. Straiton, Austin, Texas, be accepted for addition to the Engineering Foundation Endowed Faculty Fellowship No. 1 in the College of Engineering at U. T. Austin and to redesignate as the Archie W. Straiton Endowed Faculty Fellowship in Engineering.

It is further recommended that \$21,600 be allocated from the College of Engineering Challenge Grant funds and used to increase the endowment to a total of \$86,600.

Additionally, it is recommended that \$15,000 in matching funds be allocated under The Regents' Endowed Teachers and Scholars Program and used to increase the endowment to a total of \$101,600.

## BACKGROUND INFORMATION

The Engineering Foundation Endowed Faculty Fellowship No. 1 was established at the December 1986 meeting of the U. T. Board of Regents with a \$50,000 gift from an anonymous donor.

Dr. Archie W. Straiton, an Ashbel Smith Professor in Electrical and Computer Engineering, received his B.S.E.E. in 1929, his M.A. in Physics in 1931, and his Ph.D. in 1939 from U. T. Austin.

This endowment is being increased under the College of Engineering Challenge for Excellence Program as set out in the Minutes of the June 1988 meeting of the U. T. Board of Regents whereby a challenge grant of \$4,500,000 was accepted from an anonymous donor to enhance and achieve a high level of excellence in the four areas of advanced research and teaching which relate closely to the mission of SEMATECH and the Microelectronics and Computer Technology Corporation (MCC).

6. U. T. Austin: Report of Acceptance of Two Gift Annuities.--

REPORT

The Chancellor and the Executive Vice Chancellor for Academic Affairs report that The University of Texas Foundation, Inc. (an external foundation) has accepted two gift annuities totaling \$400,000 from Mr. and Mrs. Aubrey Fariss, Houston, Texas, for the benefit of U. T. Austin. Upon the death of Mr. and Mrs. Fariss, the principal will be combined with a gift annuity previously given by Mr. and Mrs. Fariss and distributed to the U. T. Board of Regents to benefit the Department of Accounting, College of Business Administration and Graduate School of Business.

BACKGROUND INFORMATION

At its February 1987 meeting, the U. T. Board of Regents received a report that The University of Texas Foundation, Inc. (an external foundation) had accepted a gift annuity from Mr. and Mrs. Aubrey Fariss for the benefit of U. T. Austin. It was noted that upon the deaths of Mr. and Mrs. Fariss, the principal was to be distributed to the U. T. Board of Regents to benefit the College of Business Administration and the Graduate School of Business. The original annuity and the two new gift annuities will be held and administered by The University of Texas Foundation, Inc.

Mr. Aubrey Fariss, a retired partner of Peat, Marwick, Mitchell & Company in Houston, Texas, received his B.B.A. in 1925 from U. T. Austin. He is a member of The Chancellor's Council.

7. U. T. Austin: Geology Foundation Advisory Council Special Maintenance Fund in the College of Natural Sciences - Recommendation to Accept Additional Gifts and Redesignate as the J. Ben Carsey, Sr. Special Maintenance Fund.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Cunningham that \$10,945 in gifts from various donors be accepted for addition to the Geology Foundation Advisory Council Special Maintenance Fund in the Department of Geological Sciences,

College of Natural Sciences, at U. T. Austin and that the Fund be redesignated as the J. Ben Carsey, Sr. Special Maintenance Fund.

This recommendation is being made by the donors in recognition of Mr. Carsey's many years of service to the Geology Foundation and the Department of Geological Sciences.

#### BACKGROUND INFORMATION

The Geology Foundation Advisory Council Special Maintenance Fund was established at the October 1986 meeting of the U. T. Board of Regents with \$32,140 in gifts from members of the Geology Foundation Advisory Council. The Fund was dedicated for the maintenance of existing equipment and purchase of new equipment for the Department of Geological Sciences.

Mr. J. Ben Carsey, Sr. received his B.A. in Geology in 1946 from U. T. Austin. He joined the Geology Foundation Advisory Council in 1972 and was named an honorary life member in 1981. In 1980, Mr. Carsey was named a Distinguished Graduate of the Department of Geological Sciences.

8. U. T. Austin: Geology Foundation Advisory Council Special Operations Fund in the College of Natural Sciences - Recommendation to Accept Additional Gift and Redesignate as the J. Donald Langston Special Operations Fund.--

#### RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Cunningham that a gift of Exxon Corporation common stock valued at \$107,187.50 from Mr. J. Donald Langston, Kailua-Kona, Hawaii, be accepted for addition to the Geology Foundation Advisory Council Special Operations Fund in the Department of Geological Sciences, College of Natural Sciences, at U. T. Austin and that the Fund be redesignated as the J. Donald Langston Special Operations Fund.

This recommendation is being made by the donors in recognition of Mr. Langston's gift.

#### BACKGROUND INFORMATION

The Geology Foundation Advisory Council Special Operations Fund was established at the October 1986 meeting of the U. T. Board of Regents with \$18,500 in gifts from members of the Geology Foundation Advisory Council. The Fund was dedicated for the maintenance of existing equipment and purchase of new equipment for the Department of Geological Sciences.

Mr. Langston received his B.A. in Geology in 1949 from U. T. Austin. He joined the Geology Foundation Advisory Council in 1979 and continues as an active member. Mr. Langston retired as Vice President of Exploration from Exxon Company, U.S.A. in 1983.

9. U. T. Austin: Burton and Miriam Grossman Centennial Endowed Professorship - Recommendation to Delete Position (NO PUBLICITY).--

#### RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Cunningham that the Burton and Miriam Grossman Centennial Endowed Professorship at U. T. Austin be deleted from the record since funding will not be available.

#### BACKGROUND INFORMATION

The Burton and Miriam Grossman Centennial Endowed Professorship was established at the June 1982 meeting of the U. T. Board of Regents with a \$100,000 pledge from Dr. and Mrs. Burton Grossman, Tampico, Tamaulipas, Mexico. The pledge was due by January 31, 1984. Matching funds of \$100,000 from The Centennial Teachers and Scholars Program were also approved in June 1982 and were to be used to establish a second professorship. In November 1982, Dr. Grossman requested an extension date of August 1985 to fulfill his pledge. This was administratively approved. Reservation of matching funds lapsed due to changes in the matching program and priorities of U. T. Austin. Due to the prolonged economic recession in Mexico, Dr. Grossman will be unable to fulfill his pledge.

#### NO PUBLICITY

10. U. T. Austin: Recommendation to Accept Gifts to Establish the Karl Frederick Hagemeyer, Jr. Memorial Endowed Presidential Scholarship in the College of Natural Sciences.--

#### RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Cunningham that a \$21,000 gift from Karl F. Hagemeyer, M.D., Kerrville, Texas, a \$1,000 gift from Ms. Jean Ann Hagemeyer, Austin, Texas, and \$3,575 in gifts from various donors for a total of \$25,575 be accepted to establish the Karl Frederick Hagemeyer, Jr. Memorial Endowed Presidential Scholarship in the Department of Geological Sciences, College of Natural Sciences, at U. T. Austin.

Income earned from the endowment will be used to award scholarships to undergraduate and graduate geology students with first preference given to students from Brazoria and Kerr Counties, Texas. A second preference will be given to students from other areas of Texas and final preference given to non-resident students.

#### BACKGROUND INFORMATION

Mr. Karl Frederick Hagemeyer, Jr., deceased, received his B.A. in Geological Sciences from U. T. Austin in 1949. His son, Dr. Karl F. Hagemeyer, received his B.A. in English in 1976 from U. T. Austin. Mr. Hagemeyer's daughter, Ms. Jean Ann Hagemeyer, received her B.S. in Speech from U. T. Austin in 1984. She received a second B.S. in 1986 from the U. T. Health Science Center - San Antonio.

11. U. T. Austin: Recommendation to Accept Gift and Transfer of Funds to Establish the Ross H. and Annie Seymour Hemphill Endowed Presidential Scholarship in Law in the School of Law.--

#### RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Cunningham that a \$12,500 gift from Mr. and Mrs. Ross H. Hemphill, Dallas, Texas, and a \$12,500 transfer of previously reported gifts from current restricted funds for a total of \$25,000 be accepted to establish the Ross H. and Annie Seymour Hemphill Endowed Presidential Scholarship in Law in the School of Law at U. T. Austin. Funds in the amount of \$12,500 will be held and administered by The University of Texas Law School Foundation (an external foundation) in accordance with the Regents' Rules and Regulations, and \$12,500 will be held and administered by the U. T. Board of Regents.

Income earned from the endowment will be used to award scholarships to students based on need or merit at the discretion of the Dean of the Law School.

#### BACKGROUND INFORMATION

Mr. Ross H. Hemphill received his LL.B. from U. T. Austin in 1942. He is a member of The Chancellor's Council. Mrs. Annie Seymour Hemphill attended U. T. Austin in 1942.

12. U. T. Austin: Recommendation to Accept Gifts and Pledge of Corporate Matching Funds to Establish the George Herbert Endowed Scholarship in the School of Social Work.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Cunningham that a \$10,000 gift from the Kalman & Ida Wolens Foundation, Corsicana, Texas, \$7,500 in gifts from various donors, and a \$7,500 corporate matching pledge, payable by August 31, 1991, from Tenneco Inc., Houston, Texas, for a total of \$25,000 be accepted to establish the George Herbert Endowed Scholarship in the School of Social Work at U. T. Austin.

Income earned from the endowment will be used to award scholarships to undergraduate or graduate students in the School of Social Work. Recipients may be chosen on the basis of merit or financial need, at the discretion of the Dean and on recommendation of the School of Social Work Scholarship Committee.

BACKGROUND INFORMATION

This endowment honors Dr. George K. Herbert who has been on the faculty of U. T. Austin since 1970. He has served as Associate Dean of the School of Social Work and as Executive Secretary of the School of Social Work Foundation Advisory Council since 1974. Mr. Dean Milkes, President of the Kalman & Ida Wolens Foundation, is a member of the School of Social Work Foundation Advisory Council, The President's Associates, and The Chancellor's Council.

13. U. T. Austin: Recommendation to Accept Gift and Transfer of Funds to Establish the Home Economics Special Activities Fund in the College of Natural Sciences.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Cunningham that a \$19,177.92 gift from the Texas Exes of Home Economics and a \$4,383.08 transfer of previously reported gifts from current restricted funds for a total of \$23,561.00 be accepted to establish an endowment in the College of Natural Sciences, Department of Home Economics, at U. T. Austin to be named the Home Economics Special Activities Fund.

Income earned from the endowment will be used to fund the Home Economics Newsletter and other outreach activities of the Department of Home Economics.

#### BACKGROUND INFORMATION

Activities supported by this endowment will further the relationship between the Department of Home Economics and alumni who are interested in teaching and research programs in the Department.

14. U. T. Austin: Recommendation to Accept Gift to Establish the Houston Endowment Library Fund in the School of Law.--

#### RECOMMENDATION

The University of Texas Law School Foundation (an external foundation) has expressed the desire that the Houston Endowment Library Fund be established in the School of Law at U. T. Austin. The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Cunningham that this Endowment Fund be established in accordance with the Regents' Rules and Regulations. Funds in the amount of \$1,000,000 will be held and administered by The University of Texas Law School Foundation.

Income earned from the endowment will be used to support the Tarlton Law Library.

#### BACKGROUND INFORMATION

The University of Texas Law School Foundation has reported receiving a \$1,000,000 gift from Houston Endowment Inc., Houston, Texas. Houston Endowment Inc. is a philanthropic foundation endowed by Mr. and Mrs. Jesse H. Jones. The foundation has previously established several endowments including endowed academic positions and scholarships.

15. U. T. Austin: Recommendation to Accept Pledge to Establish the W. K. Kellogg Professorship of Community College Leadership in the College of Education and Eligibility for Matching Funds Under The Regents' Endowed Teachers and Scholars Program.--

#### RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Cunningham that a \$100,000 pledge, payable by August 31, 1991, from the League for Innovation in the Community College, Laguna Hills, California, be accepted to establish the W. K. Kellogg Professorship of Community College Leadership in the College of Education at U. T. Austin.

It is further recommended that \$50,000 in matching funds be allocated under The Regents' Endowed Teachers and Scholars Program and used to increase the endowment.

Income earned from the endowment will be used to support the Professorship and to support programmatic efforts of the Community College Leadership Program.

#### BACKGROUND INFORMATION

This endowment is in honor of the W. K. Kellogg Foundation for over 20 years of support to the College of Education's Community College Leadership Program and also for the Foundation's support of the League for Innovation in the Community College, which is an international consortium of two-year colleges.

16. U. T. Austin: Recommendation to Accept Gift to Establish the Jack Kilby/Texas Instruments Endowed Faculty Fellowship in Computer Engineering in the College of Engineering; Allocate Funds from the College of Engineering Challenge Grant; and Eligibility for Matching Funds Under The Regents' Endowed Teachers and Scholars Program.--

#### RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Cunningham that an \$87,210 gift from Texas Instruments Incorporated, Dallas, Texas, be accepted to establish the Jack Kilby/Texas Instruments Endowed Faculty Fellowship in Computer Engineering in the College of Engineering at U. T. Austin.

It is further recommended that \$125,580 be allocated from the College of Engineering Challenge Grant received from an anonymous donor and used to increase the endowment to a total of \$212,790.

Additionally, it is recommended that \$87,210 in matching funds be allocated under The Regents' Endowed Teachers and Scholars Program and used to increase the endowment to a total of \$300,000.

#### BACKGROUND INFORMATION

Texas Instruments Incorporated (TI) is funding this endowment in honor of Mr. Jack Kilby. His invention of the integrated circuit in a TI laboratory in Dallas in 1958 led to the high-speed logic and high-capacity memory chips that have made possible today's sophisticated computers and the information age.

This endowment is being established under the College of Engineering Challenge for Excellence Program as set out in the Minutes of the June 1988 meeting of the U. T. Board of Regents whereby a challenge grant of \$4,500,000 was accepted from an anonymous donor to enhance and achieve a high level of excellence in the four areas of advanced research and teaching which relate closely to the mission of SEMATECH and the Microelectronics and Computer Technology Corporation (MCC).

17. U. T. Austin: Recommendation to Accept Gift, Pledge, and Corporate Matching Funds Pledge to Establish the David and Doris Lybarger Endowed Faculty Fellowship in Engineering in the College of Engineering; Allocate Funds from the College of Engineering Challenge Grant and Eligibility for Matching Funds Under The Regents' Endowed Teachers and Scholars Program.--

#### RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Cunningham that a \$3,634 gift and a \$10,902 pledge, payable by August 31, 1991, from Mr. and Mrs. David D. Lybarger, Rancho Santa Fe, California, and a corporate matching pledge of \$14,536, payable by August 31, 1991, from BP America Inc., Cleveland, Ohio, for a total of \$29,072 be accepted to establish the David and Doris Lybarger Endowed Faculty Fellowship in Engineering in the College of Engineering at U. T. Austin.

It is further recommended that \$41,860 be allocated from the College of Engineering Challenge Grant and used to increase the endowment to a total of \$70,932.

Additionally, it is recommended that \$29,072 in matching funds be allocated under The Regents' Endowed Teachers and Scholars Program and used to increase the endowment to a total of \$100,004.

#### BACKGROUND INFORMATION

Mr. David D. Lybarger is a senior active member and former Chairman of the College of Engineering Foundation Advisory Council. A Distinguished Graduate of the College of Engineering at U. T. Austin, Mr. Lybarger received his B.S.P.E. in 1950.

This endowment is being established under the College of Engineering Challenge for Excellence Program as set out in the Minutes of the June 1988 meeting of the U. T. Board of Regents whereby a challenge grant of \$4,500,000 was accepted from an anonymous donor to enhance and achieve a high level of excellence in the four areas of advanced research and teaching which relate closely to the mission of SEMATECH and the Microelectronics and Computer Technology Corporation (MCC).

18. U. T. Austin: Recommendation to Accept Gift of Real Property Located in Austin, Travis County, Texas, from Judge Oscar H. Mauzy and Anne Mauzy, Both of Austin, Texas, to Establish the Oscar and Anne Mauzy Regents Professorship for Educational Research and Development in the College of Education and Eligibility for Matching Funds Under The Regents' Endowed Teachers and Scholars Program.--

#### RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Cunningham to accept a gift of real property from Judge Oscar H. Mauzy and Anne Mauzy, both of Austin, Texas. The property, located at 809 Rio Grande, Austin, Travis County, Texas, being the North 64' of Lot Eight (8), and the West 31' of the North 64' of Lot Seven (7), Block 103, Original City of Austin, Travis County, Texas, contains 6,400 square feet of land and 3,394 square feet of commercial office space which is currently leased. The appraised value of the property is \$250,000.

Proceeds from the rental or sale of the property are to be used to establish the Oscar and Anne Mauzy Regents Professorship for Educational Research and Development in the College of Education at U. T. Austin. Income earned from the endowment will be used for salary supplementation and in support of educational research, development, and school-related programs within the College. As a qualified gift under The Regents' Endowed Teachers and Scholars Program, matching funds should be based on the proceeds from the sale of the property, to a maximum of \$250,000 and allocated on a basis of \$1 of matching funds for every \$2 of donated funds and used to increase the endowment.

#### BACKGROUND INFORMATION

Judge Mauzy served in the Texas State Senate before becoming Justice of the Supreme Court of Texas. Anne Mauzy is a retired educator and a current civic leader in the field of investments.

19. U. T. Austin: Recommendation to Accept Gifts to Establish the Mike and Maxine K. Mebane Endowed Traveling Scholarship in Architecture in the School of Architecture.--

#### RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Cunningham that a \$6,000 gift from Mr. Mike Mebane, San Angelo, Texas, a \$125,000 gift from The Mike and Maxine K. Mebane Arts and Architecture Foundation, San Angelo, Texas, and \$6,500 in gifts from The President's Associates for a total of \$137,500 be accepted to establish the Mike and Maxine K. Mebane Endowed Traveling Scholarship in Architecture in the School of Architecture at U. T. Austin.

Income earned from the endowment will be used to provide scholarships for School of Architecture students enrolled in architecture study abroad programs.

#### BACKGROUND INFORMATION

Mr. Mike Mebane received his B.S. in Architectural Engineering from U. T. Austin in 1928. He is retired from Pitts Mebane Phelps & White Architects and Engineers in Beaumont, Texas. Mrs. Maxine K. Mebane, who died August 10, 1986, received her B.S. in 1935 from U. T. Austin.

See Item 14 on Page AAC - 17 related to naming a room in Goldsmith Hall at U. T. Austin.

20. U. T. Austin: Recommendation to Accept Gift of Securities and Pledge to Establish The Thomas O. and Thelma Miller Charitable Remainder Trust.--

#### RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Cunningham that a gift of American Brands common stock valued at \$41,041.87 and a \$40,000 pledge from Mr. and Mrs. Thomas O. Miller, Corpus Christi, Texas, for a total in excess of \$80,000 be accepted to establish The Thomas O. and Thelma Miller Charitable Remainder Trust at U. T. Austin.

The Trust Agreement provides for the payment of six and one-half percent of the annual net fair market value of the Trust assets to be paid quarterly to Thomas O. Miller and Thelma Miller for their joint lives, and to the survivor for his or her life. In any year when the income is more than six and one-half percent of the market value, excess income will be added to the corpus of the Trust.

Upon the termination of the Trust, the corpus and any accumulated or undistributed income of the Trust will be used to establish the following endowments equally, or, if funding is insufficient, to establish as many as possible in the following order:

- a. Nancy Miller Pfeifer Endowed Presidential Scholarship in Education in the College of Education
- b. Carol Miller Norwood Endowed Presidential Scholarship in Nursing in the School of Nursing
- c. Thomas O. and Thelma Miller Endowed Presidential Scholarship in Social Work in the School of Social Work.

## BACKGROUND INFORMATION

Mr. Thomas O. Miller attended the College of Engineering at U. T. Austin from 1944 to 1949. He is a member of The President's Associates. Mr. Miller's daughter, Carol Miller Norwood, received her B.S. in Nursing in 1983 from U. T. Austin. Another daughter, Nancy Miller Pfeifer, received her B.S. in Secondary Education from U. T. Austin in 1973.

21. U. T. Austin: Paul V. Montgomery Centennial Memorial Professorship in Actuarial Science and Paul V. Montgomery Centennial Fellowship in Actuarial Science in the College of Business Administration - Recommendation to Accept Transfer of Funds and Redesignate as the Paul V. Montgomery Centennial Memorial Professorship in Actuarial Mathematics and the Paul V. Montgomery Centennial Memorial Professorship in Mathematics in the College of Natural Sciences.--

## RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Cunningham that a \$150,000 transfer of funds from The Business School Foundation be accepted and combined with funds totaling \$150,000 currently held by the U. T. Board of Regents for a total of \$300,000 to be divided equally and distributed to the Paul V. Montgomery Centennial Memorial Professorship in Actuarial Science and the Paul V. Montgomery Centennial Fellowship in Actuarial Science in the College of Business Administration at U. T. Austin.

It is further recommended that the Paul V. Montgomery Centennial Memorial Professorship in Actuarial Science and the Paul V. Montgomery Centennial Fellowship in Actuarial Science be redesignated as the Paul V. Montgomery Centennial Memorial Professorship in Actuarial Mathematics and the Paul V. Montgomery Centennial Memorial Professorship in Mathematics in the College of Natural Sciences. A change in the structure of the program for actuarial science studies is being effected at U. T. Austin, by which the program will be administered by the Department of Mathematics, College of Natural Sciences, rather than by the College of Business Administration.

This recommendation is being made in accordance with the Deans of these Colleges and with U. T. Austin Administration.

## BACKGROUND INFORMATION

The Paul V. Montgomery Centennial Memorial Professorship in Actuarial Science was established at the August 1983 meeting of the U. T. Board of Regents with a \$150,000 pledge to The Business School Foundation from various donors in memory of Mr. Montgomery, a 1907 U. T. Austin graduate. The Centennial Teachers and Scholars Program matching funds in the amount of \$150,000 were approved and \$50,000 was designated to establish the Paul V. Montgomery Centennial Fellowship in Actuarial Science. At its August 1984 meeting, the

U. T. Board of Regents approved the designation of the remaining \$100,000 in matching funds, with \$90,000 directed to the Paul V. Montgomery Centennial Memorial Professorship in Actuarial Science and \$10,000 directed to the Paul V. Montgomery Centennial Fellowship in Actuarial Science.

22. U. T. Austin: Recommendation to Accept Gifts and Pledges to Establish the William J. (Bill) Murray, Jr. Endowed Chair of Engineering in the College of Engineering; Allocate Funds from the College of Engineering Challenge Grant and Eligibility for Matching Funds Under The Regents' Endowed Teachers and Scholars Program.--

#### RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Cunningham that \$195,541 in gifts and \$94,459 in pledges, payable by August 31, 1991, from various donors for a total of \$290,000 be accepted to establish the William J. (Bill) Murray, Jr. Endowed Chair of Engineering in the College of Engineering at U. T. Austin.

It is further recommended that \$420,000 be allocated from the College of Engineering Challenge Grant and used to increase the endowment to a total of \$710,000.

Additionally, it is recommended that \$290,000 in matching funds be allocated under The Regents' Endowed Teachers and Scholars Program and used to increase the endowment to a total of \$1,000,000.

#### BACKGROUND INFORMATION

Mr. William J. Murray, Jr., received his B.S.P.E. in 1936 and his M.S.P.E. in 1937 from U. T. Austin. As a member and Chairman of the Texas Railroad Commission, Mr. Murray was the guiding force behind regulations to save casinghead gas. The economic impact on the Permanent University Fund and the Available University Fund has been significant, as approximately 60 percent of the University's gas income is from the production and by-products of casinghead gas. Mr. Murray was named a Distinguished Graduate of the College of Engineering in 1965.

This endowment is being established under the College of Engineering Challenge for Excellence Program as set out in the Minutes of the June 1988 meeting of the U. T. Board of Regents whereby a challenge grant of \$4,500,000 was accepted from an anonymous donor to enhance and achieve a high level of excellence in the four areas of advanced research and teaching which relate closely to the mission of SEMATECH and the Microelectronics and Computer Technology Corporation (MCC).

23. U. T. Austin: Recommendation to Accept Gift of Securities, Corporate Matching Funds, and Accrued Interest to Establish the Eleanor and Robert Pulver Scholarship in the College of Communication.--

#### RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Cunningham that a gift of International Business Machines Corporation common stock valued at \$5,433.75 from Mr. and Mrs. Robert Pulver, San Marcos, Texas, \$5,428.50 in corporate matching funds from the General Electric Foundation, Lake Buena Vista, Florida, and \$1,199.90 in accrued interest for a total of \$12,062.15 be accepted to establish the Eleanor and Robert Pulver Scholarship in the College of Communication at U. T. Austin.

Income earned from the endowment will be used to award scholarships to students in the College of Communication with preference given to senior level students majoring in advertising or public relations.

#### BACKGROUND INFORMATION

Mr. Robert Pulver is a former member of the College of Communication Foundation Advisory Council. He received his B.J. in 1956 from U. T. Austin. Mrs. Eleanor Pulver received her B.A. in Microbiology in 1956 from U. T. Austin.

24. U. T. Austin: Recommendation to Accept Gift and Pledge to Establish the Quantum Chemical Corporation Endowed Faculty Fellowship in Engineering in the College of Engineering; Allocate Funds from the College of Engineering Challenge Grant and Eligibility for Matching Funds Under The Regents' Endowed Teachers and Scholars Program.--

#### RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Cunningham that a \$14,535 gift and a \$14,535 pledge, payable by August 31, 1991, from Quantum Chemical Corporation, New York, New York, for a total of \$29,070 be accepted to establish the Quantum Chemical Corporation Endowed Faculty Fellowship in Engineering in the College of Engineering at U. T. Austin.

It is further recommended that \$41,860 be allocated from the College of Engineering Challenge Grant and used to increase the endowment to a total of \$70,930.

Additionally, it is recommended that \$29,070 in matching funds be allocated under The Regents' Endowed Teachers and Scholars Program and used to increase the endowment to a total of \$100,000.

## BACKGROUND INFORMATION

Quantum Chemical Corporation, formerly National Distillers and Chemical Corporation, is establishing this endowment as part of its University Giving Program.

This endowment is being established under the College of Engineering Challenge for Excellence Program as set out in the Minutes of the June 1988 meeting of the U. T. Board of Regents whereby a challenge grant of \$4,500,000 was accepted from an anonymous donor to enhance and achieve a high level of excellence in the four areas of advanced research and teaching which relate closely to the mission of SEMATECH and the Microelectronics and Computer Technology Corporation (MCC).

25. U. T. Austin: Recommendation to Accept Gift and Pledge to Establish the Charles L. Sandahl, Jr. Endowed Scholarship for Physically Disabled Students.--

## RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Cunningham that a \$20,000 gift and a \$20,000 pledge, payable by August 31, 1991, from the family of the late Mr. Charles L. Sandahl, Jr., Austin, Texas, and the Weir Foundation, Washington, D. C., for a total of \$40,000 be accepted to establish the Charles L. Sandahl, Jr. Endowed Scholarship for Physically Disabled Students at U. T. Austin.

Income earned from the endowment will be divided equally between the College of Business Administration/Graduate School of Business and the School of Law to be used by each for one or more annual awards to physically disabled students who are Texas residents.

## BACKGROUND INFORMATION

Mr. Charles L. Sandahl, Jr. received his B.B.A. in 1949 and his LL.B. in 1951 from U. T. Austin. He was a former President of the Pepsi Cola Bottling Company of Austin. Mr. Sandahl served in the Texas House of Representatives from 1953 to 1963.

26. U. T. Austin: Recommendation to Accept Gifts and Pledges to Establish the Stanley H. and Kathleen F. Simonsen Fellowship in Chemistry in the College of Natural Sciences.--

## RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Cunningham that gifts of \$2,690 and pledges totalling \$8,310, payable by August 31, 1991, from various donors and a \$14,000 pledge,

payable by August 31, 1991, from Dr. Stanley H. Simonsen, Austin, Texas, for a total of \$25,000 be accepted to establish an endowment in the Department of Chemistry, College of Natural Sciences at U. T. Austin, to be named the Stanley H. and Kathleen F. Simonsen Fellowship in Chemistry.

Income earned from the endowment will be used to award fellowships to deserving undergraduate and graduate students in the Department of Chemistry.

#### BACKGROUND INFORMATION

This endowment honors Professor Stanley H. Simonsen, who joined the Department of Chemistry faculty in 1949, and his wife, Kathleen F. Simonsen. Dr. Simonsen is a recognized expert in the field of structural determination utilizing x-ray diffraction techniques. He is a dedicated classroom teacher and active in the supervision of graduate and post-doctoral students.

27. U. T. Austin: Recommendation to Accept Gift, Corporate Matching Funds, and Accrued Interest to Establish the John Witherspoon Slaughter Endowed Memorial Scholarship in the College of Business Administration.--

#### RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Cunningham that a \$3,200 gift from the family of Mr. John Witherspoon Slaughter, \$6,400 in corporate matching funds from the Halliburton Foundation, Inc., Dallas, Texas, and \$400 in accrued interest for a total of \$10,000 be accepted to establish the John Witherspoon Slaughter Endowed Memorial Scholarship in the College of Business Administration at U. T. Austin.

Income earned from the endowment will be used to award scholarships to undergraduate students in the College of Business Administration who have financial need.

#### BACKGROUND INFORMATION

Mr. John Witherspoon Slaughter, deceased, attended the College of Business Administration at U. T. Austin from 1980 to 1981. His father and two brothers are funding this endowment in his memory.

28. U. T. Austin: Recommendation to Accept Transfer of Funds to Establish the Amy Gaston Smith and Beulah M. Smith Centennial Scholarship in Home Economics in the College of Natural Sciences.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Cunningham that a \$10,359 transfer of previously reported gifts from current restricted funds be accepted to establish the Amy Gaston Smith and Beulah M. Smith Centennial Scholarship in Home Economics in the Department of Home Economics, College of Natural Sciences, at U. T. Austin.

Income earned from the endowment will be used to award a scholarship, on the basis of financial need and academic performance, to a student in Home Economics majoring in nutrition and dietetics.

BACKGROUND INFORMATION

This endowment is in memory of Miss Beulah M. Smith, a former U. T. Austin student whose career was in the food service field, and her mother, Mrs. Amy Gaston Smith.

29. U. T. Austin: Recommendation to Accept Transfer of Funds to Establish the C. Aubrey Smith Center for Auditing Education and Research in the College of Business Administration and the Graduate School of Business.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Cunningham that a \$242,665 transfer of previously reported gifts from current restricted funds be accepted to establish an endowment in the College of Business Administration and the Graduate School of Business at U. T. Austin to be named the C. Aubrey Smith Center for Auditing Education and Research.

Income earned from the endowment will be used to promote and improve auditing education and to conduct and disseminate research to advance the theory and practice of auditing.

BACKGROUND INFORMATION

This endowment is being funded in honor of Dr. Charles Aubrey Smith, Professor Emeritus in Accounting, who began his career at U. T. Austin in 1925. Dr. Smith received his B.B.A. in 1921 and his M.B.A. in 1926 from U. T. Austin.

30. U. T. Austin: Recommendation to Accept Gift and Pledge to Establish the Southwestern Bell Foundation Endowed Professorship in Engineering in the College of Engineering; Allocate Funds from the College of Engineering Challenge Grant and Eligibility for Matching Funds Under The Regents' Endowed Teachers and Scholars Program.--

#### RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Cunningham that a \$24,230 gift and a \$48,460 pledge, payable by August 31, 1991, from the Southwestern Bell Foundation, Dallas, Texas, for a total of \$72,690 be accepted to establish the Southwestern Bell Foundation Endowed Professorship in Engineering in the College of Engineering at U. T. Austin.

It is further recommended that \$104,620 be allocated from the College of Engineering Challenge Grant and used to increase the endowment to a total of \$177,310.

Additionally, it is recommended that \$72,690 in matching funds be allocated under The Regents' Endowed Teachers and Scholars Program and used to increase the endowment to a total of \$250,000.

#### BACKGROUND INFORMATION

The Southwestern Bell Foundation, believing that partnerships between its corporation and colleges and universities are mandatory, is pleased to make this contribution to U. T. Austin.

This endowment is being established under the College of Engineering Challenge for Excellence Program as set out in the Minutes of the June 1988 meeting of the U. T. Board of Regents whereby a challenge grant of \$4,500,000 was accepted from an anonymous donor to enhance and achieve a high level of excellence in the four areas of advanced research and teaching which relate closely to the mission of SEMATECH and the Microelectronics and Computer Technology Corporation (MCC).

31. U. T. Austin: Robert S. Strauss Fellowship Fund in the Lyndon B. Johnson School of Public Affairs - Recommendation to Accept Additional Gifts and Corporate Matching Funds and Eligibility for Matching Funds Under The Regents' Endowed Student Fellowship and Scholarship Program.--

#### RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Cunningham that a \$35,000 gift from Mr. Robert S. Strauss, Dallas, Texas, and corporate matching funds of \$20,000 from PepsiCo Foundation, Purchase, New York, \$2,000 from Archer-Daniels-Midland Foundation, Decatur, Illinois, \$1,000 from Lone Star Industries, Inc., Greenwich, Connecticut, and \$1,000 from

MCA Inc., Universal City, California, for a total of \$59,000 be accepted for addition to the Robert S. Strauss Fellowship Fund in the Lyndon B. Johnson School of Public Affairs at U. T. Austin, for a total of \$115,587.50.

It is further recommended that \$29,500 in matching funds be allocated under The Regents' Endowed Student Fellowship and Scholarship Program and used to increase the endowment to a total of \$145,087.50.

#### BACKGROUND INFORMATION

The Robert S. Strauss Fellowship Fund was established at the June 1988 meeting of the U. T. Board of Regents with a \$37,725 transfer of previously reported gifts from current restricted funds. Matching funds of \$18,862.50 were allocated under The Regents' Endowed Student Fellowship and Scholarship Program and used to further increase the endowment. Mr. Robert S. Strauss received his LL.B. from U. T. Austin in 1941 and is a Distinguished Alumnus. Mr. Strauss is a partner in the law firm of Akin, Gump, Strauss, Hauer & Feld, Dallas, Texas, and serves as a director to the corporations contributing to the Robert S. Strauss Fellowship Fund. Mr. Strauss was a special representative for trade negotiations for the Office of the U. S. President from 1977 to 1979 and was the President's personal representative for Middle East negotiations from 1979 to 1981.

32. U. T. Austin: Recommendation to Accept Gifts and Corporate Matching Pledge to Establish the August "Gus" N. Swain Endowed Scholarship in the School of Social Work.--

#### RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Cunningham that \$17,500 in gifts from various donors and a corporate matching pledge of \$7,500, payable by August 31, 1991, from Tenneco Inc., Houston, Texas, for a total of \$25,000 be accepted to establish the August "Gus" N. Swain Endowed Scholarship in the School of Social Work at U. T. Austin.

Income earned from the endowment will be used to award scholarships to undergraduate or graduate students of the School of Social Work with preference given to minority students.

#### BACKGROUND INFORMATION

This endowment is being funded to honor Mr. August N. Swain, a 1976 Distinguished Alumnus of the School of Social Work and an active Honorary Member of the School of Social Work Foundation Advisory Council. Mr. Swain received his M.S. in Social Work from U. T. Austin in 1953.

33. U. T. Austin: Recommendation to Accept Gift and Pledge to Establish the Annie Whittenburg Walker Memorial Endowed Presidential Scholarship in the College of Business Administration (NO PUBLICITY).--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Cunningham that a \$15,000 gift and a \$10,000 pledge, payable by February 1, 1990, from an anonymous donor for a total of \$25,000 be accepted to establish the Annie Whittenburg Walker Memorial Endowed Presidential Scholarship in the College of Business Administration at U. T. Austin.

Income from the endowment will be used to award an annual scholarship to a student in the College of Business Administration who has at least a 3.6 grade point average, with preference given to students who are members of the Phi Gamma Delta Fraternity.

NO PUBLICITY

34. U. T. Austin: Recommendation to Accept Gifts and Pledges and to Allocate Pledged Funds and Matching Funds from the Graduate Fellowships in the Fine and Performing Arts to Establish the J. Robert Wills Endowed Graduate Fellowship in the College of Fine Arts.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Cunningham that \$12,670 in gifts and \$2,330 in pledges from members of the College of Fine Arts Foundation Advisory Council for a total of \$15,000 be accepted to establish an endowment in the College of Fine Arts at U. T. Austin to be named the J. Robert Wills Endowed Graduate Fellowship.

It is further recommended that \$30,000 in pledged funds and \$15,000 in matching funds be allocated from the Graduate Fellowships in the Fine and Performing Arts and used to increase the endowment to a total of \$60,000.

Income earned from the endowment will be used to make awards based on merit to incoming and continuing graduate students who are U. S. citizens.

BACKGROUND INFORMATION

Dr. J. Robert Wills has recently resigned from his position as Dean of the College of Fine Arts at U. T. Austin. He has given eight years of outstanding service to the College of Fine Arts and to U. T. Austin.

35. U. T. El Paso: Recommendation to Accept Bequest to Establish the Marshall G. Mustain Scholarship Fund.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Natalicio that a \$10,000 specific bequest from the Estate of Marshall G. Mustain, Contra Costa, California, be accepted to establish the Marshall G. Mustain Scholarship Fund at U. T. El Paso.

Income earned from the endowment will be used to provide scholarships to worthy undergraduate students who are involved in chemical process studies in the Departments of Civil, Mechanical or Metallurgical Engineering in the College of Engineering.

BACKGROUND INFORMATION

Mr. Marshall G. Mustain, deceased, attended the Texas School of Mines (now U. T. El Paso) in the late 1920s. He later became a member of the alumni Matrix Society and maintained contact with U. T. El Paso through this donor organization until 1971. Mr. Mustain was the principal organization consultant for Standard Oil Company of California.

36. U. T. El Paso: Recommendation to Accept Gift and Accrued Interest to Establish the Dorrance D. Roderick Foundation Professorship in English.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Natalicio that a \$100,000 gift from the El Paso Community Foundation, El Paso, Texas, and \$3,722 in accrued interest for a total of \$103,722 be accepted to establish the Dorrance D. Roderick Foundation Professorship in English at U. T. El Paso.

Income earned from the endowment will be used to support the Professorship.

BACKGROUND INFORMATION

The El Paso Community Foundation administers the Dorrance D. Roderick Foundation account. Mr. Dorrance D. Roderick retired in 1974 after 46 years as President and Publisher of the El Paso Times. Mr. Roderick, who died in 1981, was a strong supporter of U. T. El Paso and a member of The Chancellor's Council.

37. U. T. San Antonio: Recommendation to Accept Gifts to Establish the Bess Hieronymus Endowed Scholarship.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Wagener that \$15,075 in gifts from various donors be accepted to establish the Bess Hieronymus Endowed Scholarship at U. T. San Antonio.

Income earned from the endowment will be used to award scholarships to promising students for the study of organ.

BACKGROUND INFORMATION

Dr. Bess Hieronymus is a professor of music at U. T. San Antonio and the first recipient of the Doctor of Musical Arts degree in organ performance and musicology from U. T. Austin.

38. U. T. Southwestern Medical Center - Dallas: Recommendation to Accept Gift to Establish Two Distinguished Chairs in Biomedical Science and Eligibility for Matching Funds Under the Texas Eminent Scholars Program.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and President Wildenthal that a \$2,000,000 gift from an anonymous donor be accepted to establish two \$1,000,000 Distinguished Chairs in Biomedical Science at the U. T. Southwestern Medical Center - Dallas. Specific names for these endowments will be submitted at a later date.

It is further recommended that the actual income which will be earned on the \$2,000,000 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

The U. T. Southwestern Medical Center - Dallas wishes to reserve the opportunity to rename these Chairs to honor special friends at such time as that may be appropriate. Additional funds may be added to these Chairs at a later date.

See Item 1 on Page HAC - 2 related to proposed appointments to these Chairs.

39. U. T. Southwestern Medical Center - Dallas: Recommendation to Accept Pledge of an Annual Gift from the Harry S. Moss Heart Trust.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and President Wildenthal that a pledge of an annual \$850,000 gift, payable each year through the year 2001, from the Harry S. Moss Heart Trust, Dallas, Texas, be accepted for use in support of research in basic cardiovascular function, cardiac disease, cholesterol metabolism, and cardiac transplantation at the U. T. Southwestern Medical Center - Dallas.

BACKGROUND INFORMATION

Mr. Harry S. Moss, deceased, left the residue of his estate to fund the Harry S. Moss Trust for the Prevention and Cure of Heart Disease. This Trust was enhanced by Florence M. Moss, deceased, who left one-third of her estate to the Trust.

See Item 3 on Page HAC - 10 related to establishment of The Frank M. Ryburn, Jr. Cardiac Center.

40. U. T. Medical Branch - Galveston: Recommendation to Accept Bequest to Establish the Clarence Ross Miller Professorship in Psychiatry and Eligibility for Matching Funds Under the Texas Eminent Scholars Program.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and President James that a \$100,000 specific bequest from the Estate of Bertha G. Miller, Temple, Texas, be accepted to establish the Clarence Ross Miller Professorship in Psychiatry at the U. T. Medical Branch - Galveston.

It is further recommended that the actual income which will be earned on the \$100,000 bequest 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

Mrs. Bertha G. Miller bequeathed these funds to the U. T. Medical Branch - Galveston in honor of her deceased husband, Dr. Clarence Ross Miller. Dr. Miller was a 1913 graduate of the U. T. Medical School - Galveston.

41. U. T. Medical Branch - Galveston: The John Sealy Memorial Endowment Fund for Biomedical Research ("Part A" and "Part B") - Recommendation to Accept Additional Gift and Transfer of Funds.--

#### RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and President James that a \$5,000,000 gift from The Sealy & Smith Foundation for the John Sealy Hospital, Galveston, Texas, for addition to Biomedical Fund - Part A, and a \$5,000,000 transfer of institutional funds for addition to Biomedical Fund - Part B, for a total of \$10,000,000 be accepted for addition to The John Sealy Memorial Endowment Fund for Biomedical Research at the U. T. Medical Branch - Galveston. The acceptance of this gift and transfer of funds brings the endowment to a total of \$30,000,000.

Distributions from the Fund, as outlined in the previously established Endowment Agreement, will be used to support biomedical research, defined as "all investigative endeavors into the biological and physical systems that relate to the understanding, prevention and treatment of human diseases and trauma."

#### BACKGROUND INFORMATION

The John Sealy Memorial Endowment Fund for Biomedical Research was established at the December 1986 meeting of the U. T. Board of Regents with \$5,000,000 from the Foundation and \$5,000,000 in institutional matching funds. It is both funded and managed in two separate segments ("Part A" and "Part B"). Biomedical Fund - Part A is seeded by The Sealy & Smith Foundation grant and is under the joint management and control of The Sealy & Smith Foundation and the U. T. Board of Regents. Biomedical Fund - Part B is to remain at NCNB Texas National Bank, Galveston Banking Center, as the trustee bank. The U. T. Board of Regents is to retain exclusive management, custody and control of Biomedical Fund - Part B, in the University's Common Trust Fund or otherwise, at the discretion of the U. T. Board of Regents. Both Part A and Part B of The John Sealy Memorial Endowment Fund for Biomedical Research are authorized to accept additional grants from any source, including but not limited to additional Sealy & Smith Foundation grants, subject to the terms of the Endowment Agreement and Regental approval.

42. U. T. Health Science Center - Houston: Recommendation to Accept Gift to Establish the J. Ralph Meadows Professorship in Internal Medicine and Eligibility for Matching Funds Under the Texas Eminent Scholars Program.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and Interim President Ribble that a \$100,000 distribution from a gift annuity received from the late Mr. J. Ralph Meadows, Columbus, Texas, be accepted to establish the J. Ralph Meadows Professorship in Internal Medicine at the U. T. Health Science Center - Houston.

It is further recommended that the actual income which will be earned on the \$100,000 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

This Professorship is being funded by a distribution to the U. T. Board of Regents of the proceeds of a \$100,000 gift annuity contributed prior to Mr. J. Ralph Meadows' death.

Mr. Meadows first became interested in the U. T. System through his business activities and friendship with Governor Ross Sterling and his son, Mr. Walter Sterling. Mr. Meadows was a member of The Chancellor's Council and The President's Club of the U. T. Health Science Center - Houston.

43. U. T. Health Science Center - San Antonio: Recommendation to Accept Transfer of Funds to Establish the Distinguished Professorship in Oral and Maxillofacial Surgery.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and President Howe that a \$250,000 transfer of MSRDP funds be accepted to establish the Distinguished Professorship in Oral and Maxillofacial Surgery at the U. T. Health Science Center - San Antonio.

Income earned from the endowment will be used to support the Professorship.

#### BACKGROUND INFORMATION

Members of the Division of Oral and Maxillofacial Surgery at the U. T. Dental School - San Antonio are proposing the establishment of this endowed position.

44. U. T. M.D. Anderson Cancer Center: Recommendation to Accept Bequest from the Estate of Dorothy Elizabeth Brown, Albuquerque, New Mexico.--

#### RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and President LeMaistre that a residual bequest of approximately \$464,000 from the Estate of Dorothy Elizabeth Brown, Albuquerque, New Mexico, be accepted for use in research and hospital purposes at the U. T. M.D. Anderson Cancer Center. A final report will be made at a later date.

#### BACKGROUND INFORMATION

Ms. Dorothy Elizabeth Brown was a former patient of the U. T. M.D. Anderson Cancer Center.

45. U. T. M.D. Anderson Cancer Center: Helen Buchanan and Stanley Joseph Seeger Clinical Professorship - Recommendation to Redesignate as the Helen Buchanan and Stanley Joseph Seeger Research Professorship.--

#### RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and President LeMaistre that the Helen Buchanan and Stanley Joseph Seeger Clinical Professorship be redesignated as the Helen Buchanan and Stanley Joseph Seeger Research Professorship at the U. T. M.D. Anderson Cancer Center.

#### BACKGROUND INFORMATION

Mrs. Helen Buchanan (Seeger) and Mr. Stanley Joseph Seeger were the parents of Mrs. Wirt Davis, Jr., Dallas, Texas. Mrs. Davis is a former associate member of the University Cancer Foundation Board of Visitors.

See Item 5 on Page HAC - 16 related to a proposed appointment to this Professorship.

46. U. T. M.D. Anderson Cancer Center: Recommendation to Accept Remainder Interest in the A. Lewis Jacobs Estate Trust.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and President LeMaistre that a fifty percent remainder interest in the A. Lewis Jacobs Estate Trust, Houston, Texas, comprised of cash totaling \$124,279.27, be accepted for use in ovarian cancer research at the U. T. M.D. Anderson Cancer Center.

BACKGROUND INFORMATION

Under the Last Will and Testament of Mr. A. Lewis Jacobs, a trust was established in which his wife and later his sister had life interests. They are now both deceased. Mrs. Jacobs was a patient at the U. T. M.D. Anderson Cancer Center and in accordance with the terms of the Trust, the U. T. M.D. Anderson Cancer Center is the beneficiary of half of her Estate.

47. U. T. M.D. Anderson Cancer Center: Recommendation to Accept Bequest from the Estate of Samuel H. Kahn, Dallas, Texas.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and President LeMaistre that a bequest of four percent of the residual Estate of Samuel H. Kahn, Dallas, Texas, comprised of cash in the amount of \$78,355.31 be accepted for use in cancer research at the U. T. M.D. Anderson Cancer Center.

BACKGROUND INFORMATION

Dr. Samuel H. Kahn, deceased September 17, 1987, stated in his Last Will and Testament that this bequest be used for cancer research purposes, in memory of his first wife, Louise H. Kahn, who was a patient at the U. T. M.D. Anderson Cancer Center.

LAND AND INVESTMENT COMMITTEE

ADDITIONAL ITEM

AUGUST 10, 1989

48. U. T. Austin: Recommendation to Accept Gift to Establish the Engineering Foundation Endowed Undergraduate Scholarship Fund in the College of Engineering and Eligibility for Matching Funds Under The Regents' Endowed Student Fellowship and Scholarship Program.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Cunningham that a \$100,000 gift from an anonymous donor be accepted to establish the Engineering Foundation Endowed Undergraduate Scholarship Fund in the College of Engineering at U. T. Austin.

It is further recommended that \$50,000 in matching funds be allocated under The Regents' Endowed Teachers and Scholars Program and used to increase the endowment to a total of \$150,000.

Income earned from the endowment will be used to award 15 or more annual scholarships based on academic merit to undergraduate engineering students who are U. S. citizens or permanent residents of the United States.

LAND AND INVESTMENT COMMITTEE

ADDITIONAL ITEM

AUGUST 10, 1989

49. U. T. Austin: Recommendation to Accept Gift to Establish the Regents Endowed Graduate Fellowships in Mathematics in the College of Natural Sciences and Eligibility for Matching Funds Under The Regents' Endowed Student Fellowship and Scholarship Program.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Cunningham that a \$400,000 gift from an anonymous donor be accepted to establish an endowment in the Department of Mathematics, College of Natural Sciences, at U. T. Austin to be named the Regents Endowed Graduate Fellowships in Mathematics.

It is further recommended that \$200,000 in matching funds be allocated under The Regents' Endowed Teachers and Scholars Program and used to increase the endowment to a total of \$600,000.

Income earned from the endowment will be used to award fellowships based on academic merit to graduate students in the Department of Mathematics who are U. S. citizens or permanent residents of the United States. No more than ten fellowships will be awarded in any year in order to ensure sufficient award amounts to attract the best students.

LAND AND INVESTMENT COMMITTEE

ADDITIONAL ITEM

AUGUST 10, 1989

50. U. T. Austin: T. Brockett Hudson Professorship in Chemical Engineering in the College of Engineering - Recommendation to Accept Additional Gift and Pledge; Allocate Funds from the College of Engineering Challenge Grant and Eligibility for Matching Funds Under The Regents' Endowed Teachers and Scholars Program.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Cunningham that a \$29,163.72 gift and a \$30,000 pledge, payable by December 31, 1992, from Mr. T. Brockett Hudson, Austin, Texas, for a total of \$59,163.72 be accepted for addition to the T. Brockett Hudson Professorship in Chemical Engineering in the College of Engineering at U. T. Austin.

It is further recommended that \$62,790 be allocated from the College of Engineering Challenge Grant and used to increase the endowment.

Additionally, it is recommended that \$43,000 in matching funds be allocated under The Regents' Endowed Teachers and Scholars Program and used to further increase the endowment.

BACKGROUND INFORMATION

The T. Brockett Hudson Professorship in Chemical Engineering was established at the October 1978 meeting of the U. T. Board of Regents with a \$100,000 gift from Mr. T. Brockett Hudson, Mr. E. H. Groppe, Jr. and Mr. Joseph Magliolo, Jr. Mr. Hudson received his B.S. in Chemical Engineering in 1947 and his M.S. in Chemical Engineering in 1949 from U. T. Austin.

This endowment is being increased under the College of Engineering Challenge for Excellence Program as set out in the Minutes of the June 1988 meeting of the U. T. Board of Regents whereby a challenge grant of \$4,500,000 was accepted from an anonymous donor to enhance and achieve a high level of excellence in the four areas of advanced research and teaching which relate closely to the mission of SEMATECH and the Microelectronics and Computer Technology Corporation (MCC).

LAND AND INVESTMENT COMMITTEE

ADDITIONAL ITEM

AUGUST 10, 1989

51. U. T. Austin: Recommendation to Accept Pledge to Establish Four Endowments and Increase Eight Previously Established Endowments in the College of Engineering; Allocate Funds from the College of Engineering Challenge Grant and Eligibility for Matching Funds Under The Regents' Endowed Teachers and Scholars Program and The Regents' Endowed Student Fellowship and Scholarship Program.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Cunningham that a \$1,565,260 pledge, payable in equal annual installments by August 31, 1991, from the T. L. L. Temple Foundation, Lufkin, Texas, be accepted to benefit the College of Engineering at U. T. Austin. From this pledge, a total of \$342,396 will be used at this time to establish or increase previously established student and faculty endowments. A request to utilize the remaining pledge for further endowment support and to provide supplemental research funding for selected areas in the College of Engineering will be submitted at a later date. A recommendation to name a center will be made at the October 1989 meeting of the U. T. Board of Regents to honor the Temple Foundation commitment.

It is further recommended that \$494,998 be allocated from the College of Engineering Challenge Grant and combined with \$342,396 of the pledge for a total of \$837,394 and used to increase the new and previously established endowments. Challenge Grant funds in the amount of \$318,976 should also be reserved against the Temple Foundation pledge. A request for allocation of these funds will be submitted at a later date.

Additionally, it is recommended that \$202,896 in matching funds be allocated under The Regents' Endowed Teachers and Scholars Program and that \$139,500 in matching funds be allocated under The Regents' Endowed Student Fellowship and Scholarship Program and used to further increase four new endowments and the eight existing endowments. Matching funds in the amount of \$222,864 from The Regents' Endowed Teachers and Scholars Program should also be reserved against the Temple Foundation pledge, allocations of which will be requested at a later date.

A list of the four new endowments and their proposed funding structures including, respectively, the Temple Foundation pledge, Challenge Grant, matching funds from The Regents'

Endowed Teachers and Scholars Program (RETSP) and The Regents' Endowed Student Fellowship and Scholarship Program (RESFSP) and totals follow:

a.	Engineering Foundation Graduate Fellowship Fund	\$ 36,000		
		53,000		
		(RESFSP)	36,000	
			<u>125,000</u>	
b.	Endowed Graduate MCD Fellowships in Engineering	\$103,500		
		149,000		
		(RESFSP)	103,500	
			<u>356,000</u>	
c.	Engineering Foundation Endowed Faculty Fellowship No. 6	\$ 29,072		
		41,856		
		(RETSP)	29,072	
			<u>100,000</u>	
d.	Engineering Foundation Endowed Faculty Fellowship No. 7	\$ 29,072		
		41,856		
		(RETSP)	29,072	
			<u>100,000</u>	

Increases to the eight existing endowments will be as follows:

a.	Engineering Foundation Endowed Professorship No. 2	\$ 43,000		
		62,790		
		(RETSP)	43,000	
			<u>148,790</u>	
b.	Engineering Foundation Endowed Faculty Fellowship No. 1	\$ 14,536		
		20,928		
		(RETSP)	14,536	
			<u>50,000</u>	
c.	Engineering Foundation Endowed Faculty Fellowship No. 2	\$ 14,536		
		20,928		
		(RETSP)	14,536	
			<u>50,000</u>	
d.	Engineering Foundation Endowed Faculty Fellowship No. 3	\$ 14,536		
		20,928		
		(RETSP)	14,536	
			<u>50,000</u>	
e.	Engineering Foundation Endowed Faculty Fellowship No. 4	\$ 14,536		
		20,928		
		(RETSP)	14,536	
			<u>50,000</u>	
f.	Engineering Foundation Endowed Faculty Fellowship No. 5	\$ 14,536		
		20,928		
		(RETSP)	14,536	
			<u>50,000</u>	
g.	Engineering Foundation Centennial Teaching Fellowship in Engineering No. 1	\$ 14,536		
		20,928		
		(RETSP)	14,536	
			<u>50,000</u>	
h.	Engineering Foundation Centennial Teaching Fellowship in Engineering No. 2	\$ 14,536		
		20,928		
		(RETSP)	14,536	
			<u>50,000</u>	

## BACKGROUND INFORMATION

The T. L. L. Temple Foundation was established in 1962 by Mrs. Georgie Temple Munz, T. L. L. Temple's daughter. Mr. Temple founded Southern Pine Lumber Company in 1894 which became Temple Industries, Inc. The Foundation supports hospitals, education, child welfare, community funds and libraries.

These endowments are being established under the College of Engineering Challenge for Excellence Program as set out in the Minutes of the June 1988 meeting of the U. T. Board of Regents whereby a challenge grant of \$4,500,000 was accepted from an anonymous donor to enhance and achieve a high level of excellence in the four areas of advanced research and teaching which relate closely to the mission of SEMATECH and the Microelectronics and Computer Technology Corporation (MCC).

### III. INTELLECTUAL PROPERTY MATTERS

1. U. T. Austin: Recommendation for Approval of Patent and Technology License Agreement and Sponsored Research Agreement with Astec Industries, Inc. (Astec) of Chattanooga, Tennessee, and Request for Approval of Continued Service by Individual on Astec Board of Directors.--

#### RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Cunningham that the U. T. Board of Regents approve the Patent and Technology License Agreement and the Sponsored Research Agreement between the U. T. Board of Regents for and on behalf of U. T. Austin and Astec Industries, Inc., Chattanooga, Tennessee, for the development and licensing of technology relating to electric power pulse consolidated tungsten carbide powder metal parts as set out on Pages L&I 41 - 73. It is further recommended that the U. T. Board of Regents approve the continued service by Professor William F. Weldon, U. T. Austin, on the Board of Directors of Astec Industries, Inc. concurrent with approval of the agreements.

#### BACKGROUND INFORMATION

Astec Industries, Inc. (Astec) is a Tennessee corporation with principal offices in Chattanooga, Tennessee. Astec manufactures and markets machinery for all aspects of the generation and laying of aggregate, rock mining and asphalt milling. Under the proposed License Agreement, Astec is granted a royalty-bearing, exclusive, worldwide license to manufacture, have manufactured, and/or sell products made using U. T. Austin's currently existing rights, or those which may arise under the proposed Sponsored Research Agreement, in patentable technology developed by Professor William F. Weldon and his colleagues at the U. T. Austin Center for Electromechanics (CEM) and which relate to the manufacture, use or sale of electric power pulse consolidated tungsten carbide powder metal parts for rock mining and/or asphalt milling applications or machinery. Astec would also be granted a royalty-bearing license in related unpatentable technical information and know-how which are necessary for practicing the licensed patentable technology. The proposed license to Astec is subject to a field of use restriction, namely, the manufacture and sale of parts equipped with tungsten carbide for use in rock crushing, trenching, or mining machinery and/or asphalt milling machinery.

Under the proposed Sponsored Research Agreement, Astec will provide \$37,764 for a two-month project during which CEM will explore pulsed electrical sintering of powdered metals to produce complex shapes and to join tungsten carbide to a steel substrate during the consolidation process. The CEM process may produce superior tungsten carbide teeth for rock mining and asphalt milling.

The terms and conditions of the proposed agreements are consistent with the U. T. System Intellectual Property Policy. However, the proposed agreements are submitted for approval because Professor Weldon is a member of the Board of Directors of Astec. This Board membership is authorized by Section 51.912 of the Texas Education Code allowing business participation by employees of institutions of higher education with governing board approval. Section 2, Subdivision 2.47, Chapter V, Part Two, Regents' Rules and Regulations (related to business participation by an employee who conceives, creates, discovers, invents or develops intellectual property in an entity that has an agreement with the U. T. System relating to the research, development, licensing or exploitation of that intellectual property) also requires approval by the U. T. Board of Regents for Professor Weldon's continued service on the Astec Board of Directors concurrent with approval of the proposed agreements with Astec.

**PATENT AND TECHNOLOGY 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 ASTEC INDUSTRIES, INC., (LICENSEE), a TENNESSEE corporation, having a principal place of business located at 4101 Jerome Avenue, Chattanooga, Tennessee, 37407.

WITNESSETH

Whereas, BOARD owns certain TECHNOLOGY RIGHTS related to LICENSED SUBJECT MATTER, which were developed at The University of Texas at Austin (UNIVERSITY), a component institution of The University of Texas System, and with sufficient development intends to file a related patent application;

Whereas, BOARD desires to have the LICENSED SUBJECT MATTER developed and used for the benefit of LICENSEE, the inventors, the 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 August 10, 1989.

## 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 the LICENSED FIELD, specifically, CONSOLIDATION OF TUNGSTEN CARBIDE POWDER METAL ALLOYS USING PULSED ELECTRIC POWER.

2.2 PATENT RIGHTS shall mean BOARD's currently existing rights or those which may arise under the RESEARCH AGREEMENT 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, developed at the Center for Electromechanics, The University of Texas at Austin, and which relate to the manufacture, use or sale of ELECTRIC POWER PULSE CONSOLIDATED TUNGSTEN CARBIDE POWDER METAL PARTS FOR ROCK MINING AND/OR ASPHALT MILLING APPLICATIONS OR MACHINERY.

2.3 TECHNOLOGY RIGHTS shall mean BOARD's currently existing rights or those which may arise under the RESEARCH AGREEMENT in any technical information, know-how, process, procedure, composition, device, method, formula, protocol, technique, software, design, drawing or data relating to ELECTRIC POWER

PULSE CONSOLIDATED TUNGSTEN CARBIDE POWDER METAL PARTS FOR ROCK MINING AND/OR ASPHALT MILLING APPLICATIONS OR MACHINERY and developed by the Center for Electromechanics, The University of Texas at Austin, which is not covered by PATENT RIGHTS but which is necessary for practicing the invention at any time.

2.4 LICENSED FIELD shall mean the field of MANUFACTURE AND SALE OF PARTS EQUIPPED WITH TUNGSTEN CARBIDE FOR USE AS PARTS IN ROCK CRUSHING, TRENCHING, OR MINING MACHINERY AND/OR ASPHALT MILLING MACHINERY.

2.5 LICENSED TERRITORY shall mean the WORLD.

2.6 LICENSED PRODUCT shall mean any product SOLD by LICENSEE manufactured using LICENSED SUBJECT MATTER pursuant to 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.

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 taxes actually paid, outbound transportation prepaid or allowed, and amounts allowed or credited due to returns (not to exceed the original billing or invoice amount).

2.10 RESEARCH AGREEMENT shall mean the Sponsored Research Agreement dated of even date herewith between LICENSEE and The

University of Texas at Austin which shall be incorporated herein by reference.

### III. WARRANTY: SUPERIOR RIGHTS

3.1 Except for the rights, if any, of the Government of the United States, as set forth hereinbelow, BOARD represents and warrants its belief 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 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 BOARD hereby grants to LICENSEE a royalty-bearing, exclusive 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 further be 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 education-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 sublicensees 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 a 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

exclusivity of the license granted herein in any national political jurisdiction within LICENSED TERRITORY if LICENSEE, within ninety (90) days after written notice from BOARD as to such intended termination of exclusivity, fails to provide written evidence that it has commercialized or is actively attempting to commercialize an invention hereunder within such jurisdiction. BOARD agrees to negotiate in good faith with LICENSEE for adjusting terms under such a nonexclusive arrangement. BOARD shall have the right at any time after three (3) years from the date of this Agreement to terminate the license completely in any national political jurisdiction if LICENSEE, within ninety (90) days after written notification from BOARD of such intended termination, fails to provide written evidence that it has commercialized or is actively attempting to commercialize an invention licensed hereunder within such jurisdiction. Evidence provided by LICENSEE that it has an ongoing and active research, development, manufacturing, marketing or licensing program as appropriate, directed toward production and sale of products based on the invention disclosed and claimed in PATENT RIGHTS or incorporating TECHNOLOGY RIGHTS within such jurisdiction shall be deemed satisfactory evidence.

#### 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 four percent (4%) of NET SALES, or if only TECHNOLOGY RIGHTS are licensed and no PATENT RIGHTS are applicable a running royalty equal to two percent (2%) of NET SALES; and

(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 sublicensees'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 at the address listed in paragraph 5.5 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 a 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 The University of Texas at Austin and mailed to: Executive Vice President and Provost, The University of Texas at Austin, Main Building 201, Austin, Texas 78712-1111.

5.6 LICENSEE shall reimburse BOARD for all its out-of-pocket expenses thus far incurred in filing, prosecuting, enforcing and maintaining PATENT RIGHTS exclusively licensed hereunder and shall pay all such future expenses so long as and in such countries as its license remains exclusive.

## 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;
- (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.
- (c) Under the terms of paragraph 4.4, if invoked.

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 therefore that

it may have on hand at the date of termination, provided that it pays earned royalty thereon as provided in this Agreement.

6.4 Upon and effective as of the date of termination of this Agreement pursuant to Paragraph 4.4 above, LICENSEE grants to BOARD a nonexclusive license with the right to sublicense others with respect to improvements made by LICENSEE in the LICENSED SUBJECT MATTER. BOARD's right to sublicense others hereunder shall be solely for purposes of permitting others to develop and commercialize the entire technology package.

#### 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 (BOARD retaining all recoveries from such enforcement) and/or reduce the license granted hereunder to nonexclusive.

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 purpose of this Agreement, and not discussed 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 a 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 a 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 by the recipient party 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 at least the 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 LICENSEE shall reimburse BOARD for all expenses incurred by BOARD in searching, preparing, filing, prosecuting and maintaining patent applications and patents relating to PATENT RIGHTS. If after consulting with LICENSEE it is agreed by BOARD and LICENSEE that a patent application should be filed for LICENSED SUBJECT MATTER, BOARD will prepare and file appropriate patent applications, and LICENSEE will pay the cost of searching, preparing, filing, prosecuting and maintaining same. 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 of the subject invention, then BOARD may file such application at its own expense, and LICENSEE shall have no rights to such invention.

### XIV. GENERAL

14.1 This Agreement and the RESEARCH AGREEMENT constitute the entire and only agreement between the parties for LICENSED SUBJECT MATTER and all other prior negotiations, representations, agreements, 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 the BOARD to:

BOARD OF REGENTS  
The University of Texas System  
201 West 7th Street  
Austin, Texas 78701  
ATTENTION: System Intellectual Property Office

and with copy to:

EXECUTIVE VICE PRESIDENT AND PROVOST  
The University of Texas at Austin  
Main Building 201  
Austin, Texas 78712-1111

or in the case of LICENSEE to:

CHIEF EXECUTIVE OFFICER  
Astec Industries, Inc.  
4101 Jerome Avenue  
Chattanooga, Tennessee 37407

or such other address as may be given from time to time under the terms of this notice provision.

14.3 LICENSEE shall comply with applicable federal, state and local laws and regulations in connection with its activities pursuant to this Agreement.

14.4 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.

14.5 Failure of the 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.

14.6 Headings included herein are for convenience only and shall not be used to construe this Agreement.

14.7 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, the parties hereto have caused their duly authorized representatives to execute this AGREEMENT.

ATTEST:

BOARD OF REGENTS OF THE  
UNIVERSITY OF TEXAS SYSTEM

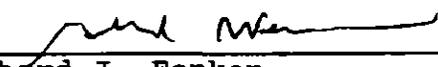
By \_\_\_\_\_  
Executive Secretary  
Arthur H. Dilly

By \_\_\_\_\_  
Michael E. Patrick  
Executive Vice Chancellor for  
Asset Management

APPROVED AS TO FORM:

APPROVED AS TO CONTENT:

By \_\_\_\_\_  
Dudley R. Dobie, Jr.  
Office of General Counsel

By  \_\_\_\_\_  
Gerhard J. Fonken  
Executive Vice President and Provost  
The University of Texas at Austin

ASTEC INDUSTRIES, INC.

By \_\_\_\_\_

## SPONSORED RESEARCH AGREEMENT

This Sponsored Research Agreement (hereinafter referred to as AGREEMENT) is made by and between The University of Texas at Austin, Austin, Texas, 78712, a State agency governed by the Board of Regents of The University of Texas System (hereinafter referred to as UNIVERSITY) and Astec Industries, Inc., 4101 Jerome Avenue, Chattanooga, Tennessee, a Corporation in the State of Tennessee (hereinafter referred to as SPONSOR).

WHEREAS, SPONSOR desires that UNIVERSITY perform certain research work hereinafter described and is willing to advance funds to sponsor such research;

WHEREAS, SPONSOR has entered into a Patent and Technology License Agreement with the BOARD of REGENTS of THE UNIVERSITY OF TEXAS SYSTEM which grants to SPONSOR an exclusive, royalty-bearing license for the commercialization of patents and technology related to such research, whether developed during the course of such research or existing prior to this research, with a view to profitable commercialization of such patents and technology for the SPONSOR's benefit; and

WHEREAS, UNIVERSITY is willing to perform such research and to grant rights to such patents and technology;

NOW THEREFORE, in consideration of the mutual covenants and promises herein contained, UNIVERSITY and SPONSOR agree as follows:

## I. EFFECTIVE DATE

This Agreement shall be effective as of August 10, 1989.

## II. RESEARCH PROGRAM

2.1 UNIVERSITY shall use its best efforts to conduct the Research Program (herein so called) described in Attachment A, "Statement of Research Activities and Objectives," attached hereto and incorporated herein, and will furnish the facilities necessary to carry out said Research Program. The Research Program will be under the direction of Professor William F. Weldon (hereinafter referred to as "Principal Investigator"), Director, Center for Electromechanics, a research center within the Bureau of Engineering Research, College of Engineering, The University of Texas at Austin, and will be conducted by the Center for Electromechanics.

2.2 The Research Program will be performed during the period from September 1, 1989, through October 31, 1989. SPONSOR shall have the option of extending the Research Program under mutually agreeable support terms.

2.3 SPONSOR understands that UNIVERSITY's primary mission is education and advancement of knowledge, and, consequently, the Research Program will be designed to carry out that mission. The manner of performance of the Research Program shall be determined solely by the Principal Investigator. UNIVERSITY does not guarantee specific results and the Research Program will be conducted only on a best efforts basis.

2.4 UNIVERSITY will keep accurate financial and scientific records relating to the Research Program and will make such records available to SPONSOR or its authorized representative throughout the Term of the Agreement during normal business hours upon reasonable notice.

2.5 SPONSOR understands that UNIVERSITY may be involved in similar research through other researchers on behalf of itself and others. UNIVERSITY shall be free to continue such research provided that it is conducted separately and by different investigators from the Research Program hereinafter defined, and SPONSOR shall not gain any rights via this Agreement to such other research.

2.6 UNIVERSITY does not guarantee that any patent rights will result from the Research Program, that the scope of any patent rights obtained will cover SPONSOR's commercial interests, or that any such patent rights will be free of dominance by other patents, including those based on inventions made by other inventors in The University of Texas System independent of the Research Program.

### III. COMPENSATION

3.1 As consideration for performance by UNIVERSITY of its obligations under this Agreement, SPONSOR will pay UNIVERSITY an amount equal to its expenditures and overhead at the University's established rate of forty-six percent (46%), modified total direct costs, in conducting the Research Program subject to a

maximum expenditure limitation of \$37,764.00. An initial payment of \$18,882.00 shall be made at the time of execution of this Agreement. A final invoice for remaining funds due UNIVERSITY shall be made to SPONSOR after completion of all tasks in the Research Program and shall be paid to UNIVERSITY within thirty (30) days.

3.2 UNIVERSITY shall maintain all Research Program funds in a separate account and shall expend such funds for wages, supplies, equipment, travel, and other operational expenses in connection with the Research Program.

3.3 UNIVERSITY shall retain title to all equipment purchased and/or fabricated by it with funds provided by SPONSOR under this Agreement.

#### IV. CONSULTATION AND REPORTS

4.1 SPONSOR's designated representative for consultation and communication with the Principal Investigator shall be Dr. Don Brock or such other person as SPONSOR may designate from time to time in writing to UNIVERSITY and Principal Investigator.

4.2 During the Term of Agreement, SPONSOR's representative may consult informally with UNIVERSITY's representatives regarding the project, both personally and by telephone. Access to work carried on in University laboratories in the course of these investigations shall be entirely under the control of UNIVERSITY personnel and shall be available on a reasonable basis.

4.3 The Principal Investigator will make as many as one oral report each month as requested by the SPONSOR's Designated Representative. At the conclusion of the Research Program, the Principal Investigator shall submit to the SPONSOR a written report summarizing the research which shall contain:

- (a) A summary of income and expenses of the Research Program; and,
- (b) A report of all activities undertaken and accomplishments achieved through the Research Program.

#### V. PUBLICITY

Except as required by the Texas Open Records Act or other law or regulation, no press release or other written statements in connection with work performed under this Agreement for use in the public media making any reference to one party hereunder shall be made by the other party. UNIVERSITY, however, shall have the right to acknowledge SPONSOR's support of the investigations under this Agreement in scientific or academic publications and other scientific or academic communications, without SPONSOR's prior approval. In any such statements, the parties shall describe the scope and nature of their participation accurately and appropriately.

#### VI. PUBLICATION AND ACADEMIC RIGHTS

6.1 UNIVERSITY and the Principal Investigator have the right to publish or otherwise publicly disclose information

gained in the course of this Agreement. In order to avoid loss of patent rights as a result of premature public disclosure of patentable information, UNIVERSITY will submit any prepublication materials to SPONSOR for review and comment at least sixty (60) days prior to planned submission for publication. SPONSOR shall notify UNIVERSITY within thirty (30) days of receipt of such materials whether it desires UNIVERSITY to file patent applications on any inventions contained in the materials and, if UNIVERSITY agrees to do so, UNIVERSITY will proceed to file the patent application(s) in due course. UNIVERSITY shall have the final authority to determine the scope and content of any publications.

6.2 It is understood that UNIVERSITY investigators may discuss the research being performed under this Agreement with other investigators but shall not reveal information which is SPONSOR's confidential information under Article VII hereof. In the event that any joint inventions result, UNIVERSITY shall grant to SPONSOR the rights outlined in Article VIII to this Agreement, to the extent that these are not in conflict with obligations to another party as a result of the involvement of the other investigator(s). In this latter case, UNIVERSITY shall, in good faith, exercise reasonable efforts to enable SPONSOR to obtain the rights to the joint invention.

#### VII. CONFIDENTIALITY OF INFORMATION

The parties may wish, from time to time, in connection with work contemplated under this Agreement, to disclose confidential

information to the other party. The receiving party shall use reasonable efforts to prevent the disclosure of any of the disclosing party's confidential information to third parties for a period of three (3) years from receipt thereof provided that the obligation hereunder shall not apply to information that:

- (1) is not disclosed in writing or reduced to writing and so marked with an appropriate confidentiality legend within thirty (30) days of disclosure thereof;
- (2) is already in the receiving party's possession at the time of disclosure thereof;
- (3) is or later becomes part of the public domain through no fault of the receiving party;
- (4) is received from a third party having no obligations of confidentiality to the disclosing party;
- (5) is independently developed by the receiving party; or,
- (6) is required by law or regulation to be disclosed.

#### VIII. PATENTS, COPYRIGHTS, AND TECHNOLOGY RIGHTS

Title to all inventions and discoveries made by UNIVERSITY resulting from the research performed hereunder shall reside in UNIVERSITY. Notwithstanding the foregoing, however, UNIVERSITY agrees to grant a royalty-bearing, exclusive license to licensed subject matter relevant to or resulting from the research performed hereunder in accordance with the existing Patent and Technology License Agreement between SPONSOR and the BOARD OF

REGENTS of THE UNIVERSITY OF TEXAS SYSTEM, such Agreement made effective on August 10, 1989.

#### IX. LIABILITY

9.1 SPONSOR agrees to indemnify and hold harmless THE UNIVERSITY OF TEXAS SYSTEM (SYSTEM), UNIVERSITY, their Regents, officers, agents and employees from any liability, loss or damage they may suffer as a result of claims, demands, costs or judgments against them arising out of the activities to be carried out pursuant to the obligations of this Agreement, and the use by SPONSOR of the results obtained from the activities performed by UNIVERSITY under this Agreement; provided, however, that any such liability, loss or damage resulting from the following Subsections (a) or (b) is excluded from this Agreement to indemnify and hold harmless:

- (a) the negligent failure of UNIVERSITY to substantially comply with any applicable FDA or other governmental requirements; or
- (b) the negligence or willful malfeasance of any Regent, officer, agent or employee of UNIVERSITY or SYSTEM.

9.2 Both parties agree that upon receipt of a notice of claim or action arising out of the activities to be carried out pursuant to the project described in Attachment A, the party receiving such notice will notify the other party promptly. SPONSOR agrees, at its own expense, to provide attorneys to defend against any actions brought or filed against UNIVERSITY,

SYSTEM, their Regents, officers, agents and/or employees with respect to the subject of the indemnity contained herein, whether such claims or actions are rightfully brought or filed, and subject to the statutory duty of the Texas Attorney General, UNIVERSITY agrees to cooperate with SPONSOR in the defense of such claim or action.

#### X. INDEPENDENT CONTRACTOR

For the purpose of this Agreement and all services to be provided hereunder, the parties shall be, and shall be deemed to be, independent contractors and not agents or employees of the other party. Neither party shall have authority to make any statements, representations or commitments of any kind, or to take any action which shall be binding on the other party, except as may be expressly provided for herein or authorized in writing.

#### XI. TERM AND TERMINATION

11.1 This Agreement shall begin with the Effective Date hereof and extend until the end of the Research Program as described hereinabove, unless sooner terminated in accordance with the provisions of this Article.

11.2 This Agreement may be terminated by the agreement of both Parties.

11.3 In the event that either party shall be in default of its material obligations under this Agreement and shall fail to remedy such default within sixty (60) days after receipt of

written notice thereof, this Agreement shall terminate upon expiration of the sixty (60) day period.

11.4 Termination or cancellation of this Agreement shall not affect the rights and obligations of the parties accrued prior to termination. SPONSOR shall pay UNIVERSITY for all reasonable expenses incurred or committed to be expended as of the effective termination date, including salaries for appointees for the remainder of their appointment.

11.5 Any provisions of this Agreement which by their nature extend beyond termination thereof shall survive such termination.

#### XII. ATTACHMENTS

Attachment A is incorporated herein and made of a part hereof for all purposes.

#### XIII. GENERAL

13.1 This Agreement may not be assigned by either party without the prior written consent of the other party; provided, however, that subject to the approval of UNIVERSITY, which may not be unreasonably withheld, SPONSOR may assign this Agreement to any purchaser or transferee of all or substantially all of SPONSOR's assets or stock upon prior written notice to UNIVERSITY, and UNIVERSITY may assign its right to receive payments hereunder.

13.2 This Agreement and the Patent and Technology License Agreement dated of even date herewith constitute the entire and

only agreements between the parties related to the Research Program, and all prior negotiations, representations, agreements and understandings are superseded hereby. No agreements altering or supplementing the terms hereof shall be made except by means of a written document signed by the duly authorized representatives of the parties.

13.3 No provision of this Agreement shall be construed to replace, modify or supersede any provision of the Patent and Technology License Agreement made effective on August 10, 1989, between the BOARD OF REGENTS of THE UNIVERSITY OF TEXAS SYSTEM and SPONSOR. In the event that any provision of this Agreement is deemed to be in conflict with or not compatible with any provision of said Patent License Agreement, then such latter provision shall dominate.

13.4 Any notice and other communication regarding the day-to-day administration and operations of this agreement shall be mailed or delivered, addressed in the case of University to:

THE UNIVERSITY OF TEXAS AT AUSTIN  
Office of Sponsored Projects  
Post Office Box 7726  
Austin, Texas 78713-7726  
ATTENTION: Mr. W. K. Kuenstler, Director

with a copy to:

Professor William F. Weldon  
Center for Electromechanics  
The University of Texas at Austin  
10100 Burnet Road  
Austin, Texas 78712

or in the case of SPONSOR to:

ASTECH INDUSTRIES, INC.  
4101 Jerome Avenue  
Chattanooga, Tennessee 37404  
ATTENTION: Dr. Don Brock

Any notice required by paragraphs VIII, IX, or XI shall be given by prepaid, first class, certified mail, return receipt requested, addressed in the case of University to:

The University of Texas at Austin  
Executive Vice President and Provost  
Main Building 201  
Austin, Texas 78712-1111

with a copy to:

The University of Texas System  
Office of General Counsel  
201 West 7th Street  
Austin, Texas 78701  
ATTENTION: System Intellectual Property Office

or in the case of Sponsor to:

ASTECH INDUSTRIES, INC.  
4101 Jerome Avenue  
Chattanooga, Tennessee 37404  
ATTENTION: Dr. Don Brock

or at such other addresses as may be given from time to time in accordance with the terms of this notice provision.

13.5 This Agreement shall be governed by, construed, and enforced in accordance with the internal laws of the State of Texas.

IN WITNESS WHEREOF, the parties have caused this Agreement to become executed by their duly authorized representatives.

ASTEC INDUSTRIES, INC.

THE UNIVERSITY OF TEXAS  
AT AUSTIN

By \_\_\_\_\_

By 

Title \_\_\_\_\_

G. J. Fonken  
Executive Vice President  
and Provost

Date \_\_\_\_\_

Date July 12, 1989

FOR: THE UNIVERSITY OF TEXAS  
SYSTEM

Approved as to Content:

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

Approved as to Form:

\_\_\_\_\_  
Dudley R. Dobie, Jr.  
Office of General Counsel

Attested:

\_\_\_\_\_  
Arthur H. Dilly  
Executive Secretary to the  
Board of Regents

ATTACHMENT A TO SPONSORED RESEARCH AGREEMENT

PROPOSAL FOR THE PRODUCTION OF  
SAMPLES OF TUNGSTEN CARBIDE COATED ROCK MINING TEETH

Presented to:  
ASTEC INDUSTRIES

**CENTER FOR ELECTROMECHANICS**  
The University of Texas at Austin  
10100 Burnet Road, Building 133  
Austin, TX 78758-4497

512/471-4496

May 1989

## **ASTEC INDUSTRIES**

### **INTRODUCTION**

The Center for Electromechanics at The University of Texas at Austin (CEM-UT) is a not-for-profit contract research center. The University of Texas at Austin is a component of The University of Texas System and an agency of the State of Texas. Costs reflected in the budget are direct charges. G&A and fee are not applicable.

CEM-UT will provide research and technical support in accordance with Attachment A for the production of samples of tungsten carbide coated rock mining teeth for testing by Astec.

All work performed will be under the direction of William F. Weldon, Principal Investigator.

### **METHOD OF COST BUILDUP**

Following is an explanation of each cost/price buildup element.

#### **Salaries and Wages**

A principal investigator at UTA must hold a faculty position or equivalent status and may authorize purchases and direct research. Research engineers, technical staff assistants, and student assistants are assigned directly to the project in a technical capacity.

Labor rates are governed by the Office of Management and Budget (OMB) Circular No. A-21, Cost Principles for Educational Institutions (FAR 31.3). Salaries paid from grant funds at The University of Texas at Austin conform to rates approved by the Board of Regents for salaries paid from regular University funds. Administrative support includes secretarial assistance for purchasing, accounting, contract monitoring and laboratory supervision.

#### **Fringe Benefits**

Rates established for fringe benefits have been approved by DHHS. The current rate used for estimating purposes is 24.8 percent of direct salaries and wages for employees eligible for all fringe benefits, and 16.0 percent of direct salaries and wages for employees not eligible for group insurance, retirement, vacation and sick leave.

#### **Operating Expenses**

CEM-UT has no access to overhead funds. The operating costs are a direct charge and typically include office supplies, telephones, long-distance charges, office machine lease/rental, photo-processing, reproduction, vugraphs, hand tools, oil and lubricants, maintenance of machine tools, gases, and cleaning solutions.

### Travel

CEM-UT utilizes travel rates based on the Joint Travel Regulations (JTRs).

### Overhead

The University's current negotiated overhead rate is 46% of modified total direct costs (DHHS) for government contracts.

## **PUBLICATIONS**

UT has the right to publish or otherwise publicly disclose information gained in the course of this agreement. UT will provide sponsor with an advance copy of any intended publication resulting from research under this agreement (30 days prior to planned submission to publisher).

## **CONFIDENTIALITY**

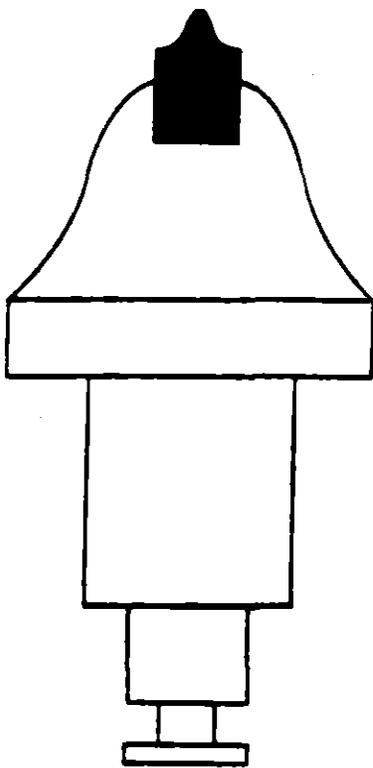
CEM-UT agrees to keep confidential any technical information or data and information concerning the business and research plans and activities of Astec Industries, its affiliates or third parties, which is made available to CEM-UT by Astec Industries or its affiliates. CEM-UT also agrees not to use said information or data except for the purpose of performing the work specified by Attachment A.

## **STATEMENTS**

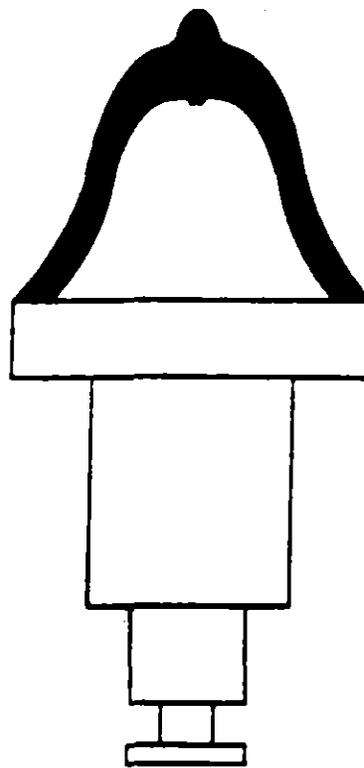
Budgetary figures quoted in this proposal are valid for 150 days beyond the submission deadline.

ATTACHMENT A

The Center for Electromechanics of The University of Texas at Austin (CEM-UT) will, on a best effort basis, attempt to produce twelve samples of tungsten carbide coated rock mining teeth for testing by Astec.



**PRESENT  
CONFIGURATION**



**PROPOSED  
CONFIGURATION**

1001.0173

The cost estimate is based upon two weeks to design and make dies and procure materials, two weeks to produce samples for our own testing, and two weeks to produce samples for Astec. A detailed cost estimate is attached.

ASTEC INDUSTRIES  
COST ESTIMATE

CATEGORY	PERCENT	MONTHS	TOTAL
ENGINEERING			\$10,141
Co-principal Investigator	5.00	1.50	
Co-principal Investigator	5.00	1.50	
Research Associate	25.00	1.50	
Research Engineer III	100.00	1.50	
TECHNICAL			1,969
Technical Staff Assistant IV	100.00	1.00	
ADMINISTRATIVE			2,162
Contract Specialist	5.00	1.50	
Administrative Associate	10.00	1.50	
Word Processing Supervisor	10.00	1.50	
Word Processing	30.00	1.50	
Accounting	15.00	1.50	
Procurement	15.00	1.50	
SALARIES & WAGES			\$14,272
FRINGE BENEFITS (24.8% S&W)			3,539
MATERIALS			3,000
OPERATING			3,000
MODIFIED TOTAL DIRECT COSTS			\$23,811
OVERHEAD (46% MTDC)			10,953
HPG USAGE			3,000
TOTAL			\$37,764

ENGINEERING MANHOURS	351.00
TECHNICAL MANHOURS	173.33
ADMINISTRATIVE MANHOURS	221.00

2. U. T. Austin: Recommendation for Approval of Patent and Technology License Agreement with Research Applications, Inc. (RAI) of Austin, Texas; Request for Approval for Individual to Serve as Officer and Director of Biotect Corporation (Biotect) of Austin, Texas, and Approval of Biotect Equity Ownership by this Individual.--

#### RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Cunningham that the U. T. Board of Regents approve the Patent and Technology License Agreement between the U. T. Board of Regents and Research Applications, Inc. (RAI) of Austin, Texas, for the development and licensing of insect assay technology to detect insects and insect fragments as set out on Pages L&I 76 - 87. It is further recommended that the U. T. Board of Regents approve service by Professor G. Barrie Kitto, U. T. Austin, as an officer and director of Biotect Corporation of Austin, Texas, (a subsidiary of RAI) and approve his equity ownership in Biotect Corporation.

#### BACKGROUND INFORMATION

Research Applications, Inc. (RAI), Austin, Texas, is a Texas corporation established to assist universities in the commercialization of technologies. Under the proposed agreement, RAI will receive a royalty-bearing, exclusive, worldwide license under U. T. Austin's currently existing patent and technology rights, or those which may arise under a companion sponsored research agreement, in inventions by Professor G. Barrie Kitto (Department of Chemistry, U. T. Austin) which relate to the manufacture, use or sale of insect assay technology to detect insects and insect fragments. The license grant is restricted to the field of uses and applications of the patent and technology rights to whole and milled grain and to herbs and spices. U. T. Austin is completing a license agreement with the U. S. Department of Agriculture (USDA) under its co-ownership rights in the technology; therefore, the proposed grant to RAI will be exclusive in the licensed field, subject only to U. T. Austin's right to use the technology for educational/research purposes and the USDA's retention of a nonexclusive, royalty-free license to use the technology for government purposes.

RAI will not manufacture or sell products using the technology but will sublicense its rights to a new company named Biotect Corporation (Biotect), a Texas corporation, Austin, Texas, that will be formed around this technology. The U. T. Board of Regents and RAI will own equal amounts of stock in Biotect, initially forty-two and nine tenths percent (42.9%) each. While the U. T. Board of Regents will not have a seat on the Biotect Board of Directors, it will have the right to have a representative present for all discussions and meetings of the Biotect Board. It is anticipated that after the first round of outside financing for Biotect (approximately \$250,000), the U. T. Board of Regents and RAI will retain equal shares totalling approximately sixty percent (60%) of the new company. The responsibility for securing outside funding will rest with RAI. Biotect will pay RAI royalties based on sales of products, and RAI will pay the U. T. Board of Regents fifty percent (50%) of royalties or like income received from Biotect or other sublicensee.

The terms and conditions of the proposed Agreement are consistent with the U. T. System Intellectual Property Policy. However, the proposed Agreement is submitted for approval because Professor Kitto, in his personal capacity, will initially be granted a fourteen and three tenths percent (14.3%) equity interest in Biotect, will be a member of the Board of Directors of Biotect, and will serve as Biotect's Vice President for Technology in a part-time consulting capacity at least in the initial phase. Dr. Cunningham is convinced that the activities to be performed by Professor Kitto for Biotect in his personal capacity are distinguishable from and compatible with those he will perform in his University research capacity. The proposed arrangement is authorized by Section 51.912 of the Texas Education Code concerning equity ownership and business participation by employees of institutions of higher education following governing board approval. Section 2, Subdivisions 2.46 and 2.47, Chapter V, Part Two, Regents' Rules and Regulations (related to equity interests and business participation by an employee who conceives, creates, discovers, invents or develops intellectual property in an entity that has an agreement with the U. T. System relating to the research, development, licensing or exploitation of that intellectual property) also requires approval by the U. T. Board of Regents for Professor Kitto's proposed service to Biotect and his equity ownership in Biotect concurrent with approval of the proposed license agreement between the U. T. System and RAI.

PATENT AND TECHNOLOGY 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, on behalf of THE UNIVERSITY OF TEXAS AT AUSTIN, and RESEARCH APPLICATIONS, INC. (LICENSEE), a Texas corporation having its principal place of business at 400 West 15th Street, Suite 1003, Austin, Texas 78701.

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 Austin, a component institution of The University of Texas System;

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 August 10, 1989.

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 presently existing information or discoveries and all future improvements and discoveries created as the result of the research sponsored through and funded by the SPONSORED RESEARCH AGREEMENT covered by patents and/or patent applications whether domestic or foreign,

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and all divisions, continuations, continuations-in-part, reissues, reexaminations or extensions thereof, and any letters patent that issue thereon, which name Professor G. Barrie Kitto as either sole or joint inventor and which relate to the manufacture, use or sale of insect assay technology to detect insects and insect fragments in or on plant material.

2.3 TECHNOLOGY RIGHTS shall mean BOARD'S rights in presently existing technical information, know-how, process, procedure, composition, device, method, formula, protocol, technique, software, design, drawing or data relating to stored product insect assay technology to detect insects and insect fragments in or on plant material which is not covered by PATENT RIGHTS but which is necessary for practicing the invention at any time covered by PATENT RIGHTS, and any future improvements and discoveries created as the result of and funded by the research sponsored through the SPONSORED RESEARCH AGREEMENT.

2.4 LICENSED FIELD shall mean all uses and applications of the PATENT RIGHTS and the TECHNOLOGY RIGHTS to whole and milled grain and to herbs and spices and any other applications of the PATENT RIGHTS and the TECHNOLOGY RIGHTS discovered or developed as the result of research sponsored through the SPONSORED RESEARCH AGREEMENT. BOARD shall be free to license other parties in all other fields of use.

2.5 LICENSED TERRITORY shall mean the entire world.

2.6 LICENSED PRODUCT shall mean any product SOLD by LICENSEE comprising LICENSED SUBJECT MATTER pursuant to 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 SPONSORED RESEARCH AGREEMENT shall mean the Sponsored Research Agreement dated of even date herewith between BOARD and LICENSEE.

2.9 NET SALES shall mean the gross revenues received by LICENSEE from the SALE of LICENSED PRODUCTS less sales and/or use taxes 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).

2.10 NET PROFIT BEFORE TAXES of a sublicensee for any fiscal year shall mean the net profit of such sublicensee for such fiscal year before payment or provision for payment of federal, state or local income taxes, determined in accordance with Generally Accepted Accounting Principles, consistently applied.

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2.11 AVAILABLE CASH FLOW of Biotect for any fiscal year shall mean the NET PROFIT BEFORE TAXES of Biotect for such fiscal year, less (a) federal, state and local income taxes actually paid during the current year, (b) capital expenditures actually incurred, and (c) principal actually paid in respect of any loan or capitalized obligation, in such fiscal year, plus depreciation and amortization expenses in such fiscal year.

2.12 GROSS REVENUE shall mean (i) revenue actually received by LICENSEE or any person claiming any right under LICENSEE (including, but not limited to any revenue received by any employee of LICENSEE, but excluding salary received for services rendered) in respect of any sublicense to be granted to a sublicensee as contemplated hereunder, (ii) the value of securities or the property actually received from or in connection with the creation of a sublicensee other than Biotect, and (iii) any dividends or other distributions actually received by LICENSEE in respect of any such securities or property.

### III. WARRANTY; SUPERIOR-RIGHTS

3.1 Except for the rights, if any, of United States Department of Agriculture ("USDA"), as set forth hereinbelow, BOARD represents and warrants its belief 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 in cooperation with an employee of the USDA under funding provided by the USDA and, if so, that the USDA may have certain rights relative thereto. BOARD represents that it has obtained a valid and enforceable exclusive worldwide license from the USDA to exploit the LICENSED SUBJECT MATTER for all commercial uses and applications, subject only to any rights retained by the United States Government by law and pursuant to the agreement between BOARD and USDA license. BOARD further represents that it has the right to grant the licenses to LICENSEE hereunder pursuant to its agreement with the USDA, subject only to any rights retained by the United States Government by law and pursuant to the USDA license. BOARD has furnished LICENSEE with a complete copy of each license agreement with USDA as in effect on the date hereof. BOARD will not modify or amend the terms of any license agreement with USDA or waive or release any rights thereunder without the prior written consent of LICENSEE. This Agreement is expressly made subject to the USDA's rights under any applicable law or regulation.

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#### IV. LICENSE

4.1 BOARD hereby grants to LICENSEE a royalty-bearing, exclusive license under LICENSED SUBJECT MATTER to manufacture, have manufactured, and/or sell LICENSED PRODUCTS within LICENSED TERRITORY for use within LICENSED FIELD. This license shall be subject to any right retained by the USDA by law and in its license to BOARD. 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 grant sublicenses consistent with this Agreement provided that LICENSEE shall be responsible for the operations of its sublicensees relevant to this Agreement as if such operations were carried out by LICENSEE. 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 by LICENSEE to BOARD.

4.3 BOARD shall have the right at any time after two (2) years from the date of this Agreement, to terminate the exclusivity of the license granted herein in any national political jurisdiction within LICENSED TERRITORY if LICENSEE, within ninety (90) days after written notice from BOARD as to such intended termination of exclusivity, fails to provide written evidence that it has commercialized or is attempting to commercialize LICENSED SUBJECT MATTER within such jurisdiction. BOARD agrees to negotiate in good faith with LICENSEE for adjusting terms under such a non-exclusive arrangement. BOARD shall have the right at any time after three (3) years from the date of this Agreement to terminate the license completely in any national political jurisdiction if LICENSEE, within ninety (90) days after written notice from BOARD of such intended termination, fails to provide written evidence that it has commercialized or is actively attempting to commercialize an invention licensed hereunder within such jurisdiction. Satisfactory evidence that LICENSEE has commercialized or is attempting to commercialize LICENSED SUBJECT MATTER shall be: (i) evidence provided by LICENSEE that it has an ongoing and active research, development, manufacturing, marketing or licensing program directed toward production and sale of products based on LICENSED SUBJECT MATTER

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within such jurisdiction, and (ii) that LICENSEE has met its minimum royalty payment obligation pursuant to paragraph 5.3 herein.

#### V. PAYMENTS AND REPORTS

5.1 It is not contemplated that LICENSEE will manufacture or sell LICENSED PRODUCTS; instead it is contemplated that LICENSEE will sublicense Biotect or other sublicensees to manufacture and sell LICENSED PRODUCTS and will receive royalties from Biotect or such other sublicensees based on their SALES or NET SALES. In consideration of rights granted by BOARD to LICENSEE under this Agreement, LICENSEE agrees to pay BOARD one-half of: (i) royalties received by LICENSEE from Biotect based upon SALES or NET SALES of LICENSED PRODUCTS by Biotect, and (ii) GROSS REVENUES received by LICENSEE from all sublicensees other than Biotect. There shall be credited against any royalty payable hereunder one-half of the amount of expenses paid by LICENSEE as provided in to part XIV hereof.

5.2 The terms of any sublicense by LICENSEE shall provide that sublicensee shall pay LICENSEE a running royalty equal to five percent (5%) of NET SALES of LICENSED PRODUCTS provided, however, that if no patent issues in respect of the LICENSED SUBJECT MATTER, (i) the royalty shall be reduced to two and one-half percent (2.5%) beginning with the sixth anniversary of the date of the original patent application, and (ii) continuing royalty obligations (except for royalties previously accrued) shall terminate on the tenth anniversary thereof. Each sublicense to Biotect shall further provide that Biotect may defer (without interest or penalty) the payment to LICENSEE of the amount by which royalties payable to LICENSEE based on NET SALES during a fiscal year of Biotect exceed NET PROFIT BEFORE TAXES of Biotect for such fiscal year; when Biotect defers payment of royalties in respect of any fiscal year it shall pay such royalties to the extent of one-third of its AVAILABLE CASH FLOW in each such subsequent fiscal year until the full amount of royalties deferred have been paid.

5.3 If for 1991 or any calendar year thereafter LICENSEE does not pay royalties hereunder to BOARD at least equal to the greater of \$2,500 or one-half percent (.5%) of NET SALES by Biotect of LICENSED PRODUCTS during such calendar year, BOARD may terminate the exclusivity of the license granted hereunder ninety (90) days after written notice from BOARD of such termination. BOARD agrees to negotiate in good faith with LICENSEE for adjusting terms under such a non-exclusive arrangement.

5.4 During the term of this Agreement and for one (1) year thereafter, LICENSEE shall keep complete and accurate records of its sublicensees' SALES and NET SALES of LICENSED PRODUCTS to enable the royalties payable hereunder to be determined. LICENSEE

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shall permit BOARD, 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 a rate of ten percent (10%) per annum.

5.5 Within thirty (30) days after each March 31, June 30, September 30 and December 31 during the term hereof, LICENSEE shall deliver to BOARD at the address listed in paragraph 5.7, below, a true and accurate report, giving such particulars of the business conducted by LICENSEE and its sublicensees, if any exist, during the preceding six (6) 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 is has produced; (b) the total SALES and a computation of NET PROFIT BEFORE TAXES and AVAILABLE CASH FLOW; (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 pursuant to part V herein. If no payments are due, it shall be so reported.

5.6 Upon the request of BOARD but not more often than once per calendar year, LICENSEE shall deliver to BOARD a 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.

5.7 All amounts payable hereunder by LICENSEE shall be payable in United States funds without deductions for taxes, assessments, fees, or charges or any kind. Checks shall be made payable to The University of Texas at Austin and mailed to: Executive Vice President and Provost, The University of Texas at Austin, Main Building 201, Austin, Texas 78712-1111.

## VI. COMMON STOCK; EQUITY OWNERSHIP

6.1 LICENSEE has organized Biotect to facilitate the commercialization of LICENCED SUBJECT MATTER. LICENSEE will provide Biotect with business and marketing support through LICENSEE's personnel and will provide initial capital in the amount of \$113,700 to Biotect as follows: (i) \$69,860 in funding pursuant to the SPONSORED RESEARCH AGREEMENT, and all funding provided by LICENSEE under the SPONSORED RESEARCH AGREEMENT shall be deemed to be capital provided to Biotect hereunder; and (ii) \$43,840 to be contributed to Biotect on the Effective Date of this Agreement. LICENSEE agrees to provide up to an additional \$10,000 to Biotect to fund start-up expenses if Biotect requires such

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additional cash prior to obtaining additional equity financing. LICENSEE shall not be required to provide additional funding under the SPONSORED RESEARCH AGREEMENT, but if LICENSEE provides any additional funding, Biotect shall reimburse LICENSEE in full for such amounts. LICENSEE will use commercially reasonable efforts to obtain at least \$250,000 in additional equity financing within four months after the correlation of LICENSED SUBJECT MATTER laboratory tests with current USDA/FDA standard tests has been established through research funded by the SPONSORED RESEARCH AGREEMENT. If LICENSEE is unsuccessful in obtaining such financing, it will use commercially reasonable efforts to obtain additional research funding for The University of Texas at Austin. In consideration of this Agreement, LICENSEE agrees that Common Stock of Biotect shall be issued and outstanding in the amounts set forth on Attachment A hereto at the time a sublicense is granted by LICENSEE to Biotect hereunder.

6.2 BOARD shall have the right to notice of and to attend all meetings of the board of directors of Biotect.

#### VII. TERM AND TERMINATION

7.1 The term of this Agreement shall extend from the Effective Date set forth above 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 ten (10) years from the Effective Date.

7.2 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.

7.3 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.

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### VIII. INFRINGEMENT BY THIRD PARTIES

8.1 LICENSEE shall have the right, but not 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 actually received by LICENSEE (after deduction of all costs and expenses, including attorneys' fees) 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 (BOARD retaining all recoveries from such enforcement) and/or reduce the license granted hereunder to nonexclusive. BOARD shall notify LICENSEE and LICENSEE shall notify BOARD of any infringement of PATENT RIGHTS which may come to the attention of BOARD or LICENSEE.

8.2 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.

### IX. ASSIGNMENT

This Agreement may not be assigned by LICENSEE without the prior written consent of BOARD. This paragraph shall not be construed to require the consent of BOARD in order for LICENSEE to grant sublicenses consistent with this Agreement.

### X. 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.

### XI. 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

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arising out of, or resulting from, the exercise or practice of the license granted hereunder by LICENSEE or its officers, employees, agents or representatives.

#### XII. USE OF BOARD'S AND COMPONENT'S NAME

LICENSEE shall not use the name of The University of Texas at Austin, SYSTEM, BOARD, or Regents without express written consent.

#### XIII. CONFIDENTIAL INFORMATION

13.1 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 a 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.

13.2 Each party's obligation of confidence hereunder shall be fulfilled, by using at least the same degree of care with the other party's confidential information as it uses to protect its own confidential information. This obligation shall exist while this Agreement is in force and for a period of two (2) years thereafter.

#### XIV. PATENTS AND INVENTIONS

LICENSEE shall reimburse BOARD for all reasonable expenses actually incurred by BOARD in searching, preparing, filing, prosecuting and maintaining patent applications and patents relating to PATENT RIGHTS. If after consultation with LICENSEE it is agreed by BOARD and LICENSEE that a patent application should be filed for LICENSED SUBJECT MATTER, BOARD will prepare and file appropriate patent applications, and LICENSEE will pay the cost of searching, preparing, filing, prosecuting and maintaining same. 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 in the subject invention, then BOARD may file such application at its own expense and LICENSEE shall have no rights to such invention.

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BOARD will give LICENSEE a copy of any applications on which LICENSEE has paid the costs of filing, as well as copies of any documents received or filed during prosecution thereof. Reimbursements due BOARD hereunder shall be paid by LICENSEE within thirty (30) days of its receipt of a bill from BOARD. Amounts paid to BOARD by LICENSEE hereunder in excess of an aggregate of \$5,000 shall be advances against royalties due or to become due under paragraph 5.1 hereof.

XV. GENERAL

15.1 This Agreement and the SPONSORED RESEARCH AGREEMENT constitutes the entire and only agreements between the parties for LICENSED SUBJECT MATTER and all other prior negotiations, representations, agreements, 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.

15.2 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

with a copy to:

Executive Vice President and Provost  
The University of Texas at Austin  
Main Building 201  
Austin, Texas 78712

or in the case of LICENSEE to:

Research Applications, Inc.  
400 West 15th Street, Suite 1003  
Austin, Texas 78701  
ATTENTION: Dale M. Mosier, President

with a copy to:

Shapiro, Edens & Cook  
2200 One American Center  
600 Congress Avenue  
Austin, Texas 78701  
ATTENTION: William R. Volk

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or such other address as may be given from time to time under the terms of this notice provision.

15.3 LICENSEE shall comply with all applicable federal, state and local laws and regulations in connection with its activities pursuant to this Agreement.

15.4 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.

15.5 Failure of either party 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.

15.6 Headings included herein are for convenience only and shall not be used to construe this Agreement.

15.7 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 the remainder of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused their duly authorized representatives to execute this Agreement.

RESEARCH APPLICATIONS, INC.

BOARD OF REGENTS OF THE  
UNIVERSITY OF TEXAS SYSTEM

By: \_\_\_\_\_  
Dale M. Mosier  
President

By: \_\_\_\_\_  
Michael E. Patrick  
Executive Vice Chancellor  
for Asset Management

APPROVED AS TO CONTENT:

By: \_\_\_\_\_  
G. J. Fonken  
Executive Vice President  
and Provost  
The University of Texas  
at Austin

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ATTACHMENT A

Outstanding Capital Stock  
of  
Biotect Corporation

	<u>shares Common Stock (1)</u>	<u>% ownership</u>
Research Applications, Inc.	300,000	42.9%
Board of Regents	300,000	42.9%
Professor G. Barrie Kitto	100,000 (2)	14.3%
	<hr/>	<hr/>
Total:	700,000	100.0%

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(1) 300,000 additional shares of Common Stock will be reserved for issuance to management and by employees pursuant to options, stock bonus, stock purchase or other incentive compensation plans or arrangements.

(2) The shares issued to Dr. Kitto will "vest" pursuant to a shareholder agreement over a four-year period.

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LAND AND INVESTMENT COMMITTEE

ADDITIONAL ITEM

AUGUST 10, 1989

IV. OTHER MATTER

U. T. System: Recommendation to Appoint a Master Trust Custodian for the Permanent University Fund and Authorize the Executive Vice Chancellor for Asset Management to Negotiate and Execute a Master Trust Custodian Contract and Related Documents.--

RECOMMENDATION

This item was considered at the June 1989 meeting of the U. T. Board of Regents and action was deferred. The Land and Investment Committee will present a recommendation at the meeting.

BACKGROUND INFORMATION

In October 1988, the Texas State Treasury Department issued AN ORDER OF THE TREASURER TO THE STATE OF TEXAS APPROVING ELIGIBLE MASTER TRUST CUSTODIAN BANKS TO SERVE AS DEPOSITORIES OF SECURITIES OF THE SEVERAL INVESTING AGENCIES OF THE STATE OF TEXAS ACTING THROUGH THE TEXAS STATE TREASURY DEPARTMENT which allows the Board to select a Master Trust Custodian for the Permanent University Fund from the list of approved eligible Master Trust Custodian banks. A Request For Proposal was issued and sent to each of the eligible banks and a response has been received and reviewed in detail by the Office of Asset Management. The recommendation is based on this review, which included on-site visits at the bank operational centers, computer testing to determine U. T. System and bank systems compatibility, and proposal pricing analysis using fiscal 1988 transactional volumes and variance testing. U. T. System auditors also participated in all stages of the review.

## 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 10, 1989

Time: 12:00 p.m. The Board will convene in Open Session and immediately recess to Executive Session. The Open Session will reconvene about 1:00 p.m. or upon recess of Executive Session 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)

- a. U. T. Health Science Center - Houston:  
Proposed Settlement of Medical Liability Litigation
- b. U. T. Health Science Center - Houston:  
Proposed Settlement of Medical Liability Litigation
- c. U. T. Health Science Center - Houston:  
Proposed Settlement of Medical Liability Litigation
- d. U. T. Health Science Center - Houston:  
Proposed Settlement of Medical Liability Litigation

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

U. T. El Paso: Request for Authorization to Purchase 4.677 Acres of Land with Improvements in El Paso, Texas

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

- a. U. T. System: Consideration of Personnel Aspects of the 1989-90 Operating Budgets, Including Auxiliary Enterprises, Grants and Contracts, Designated Funds, Restricted Current Funds, and Medical and Dental Service, Research and Development Plans
- b. U. T. Health Science Center - Houston:  
Consideration of Personnel Matters Related to the Possible Election and Employment of a President