

MATERIAL SUPPORTING THE AGENDA

VOLUME XLIIC

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

May 11, 1995  
August 10, 1995

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.: 887

Date: August 10, 1995

Location: San Antonio, Texas

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BOARD OF REGENTS  
OF  
THE UNIVERSITY OF TEXAS SYSTEM

CALENDAR

Place: Nellie B. and John B. Connally Conference  
Center and Classroom 1, Third Floor  
The University of Texas Institute of Texan  
Cultures at San Antonio  
801 S. Bowie Street at Durango Boulevard  
San Antonio, Texas

Host Institution: The University of Texas at San Antonio

Thursday, August 10, 1995

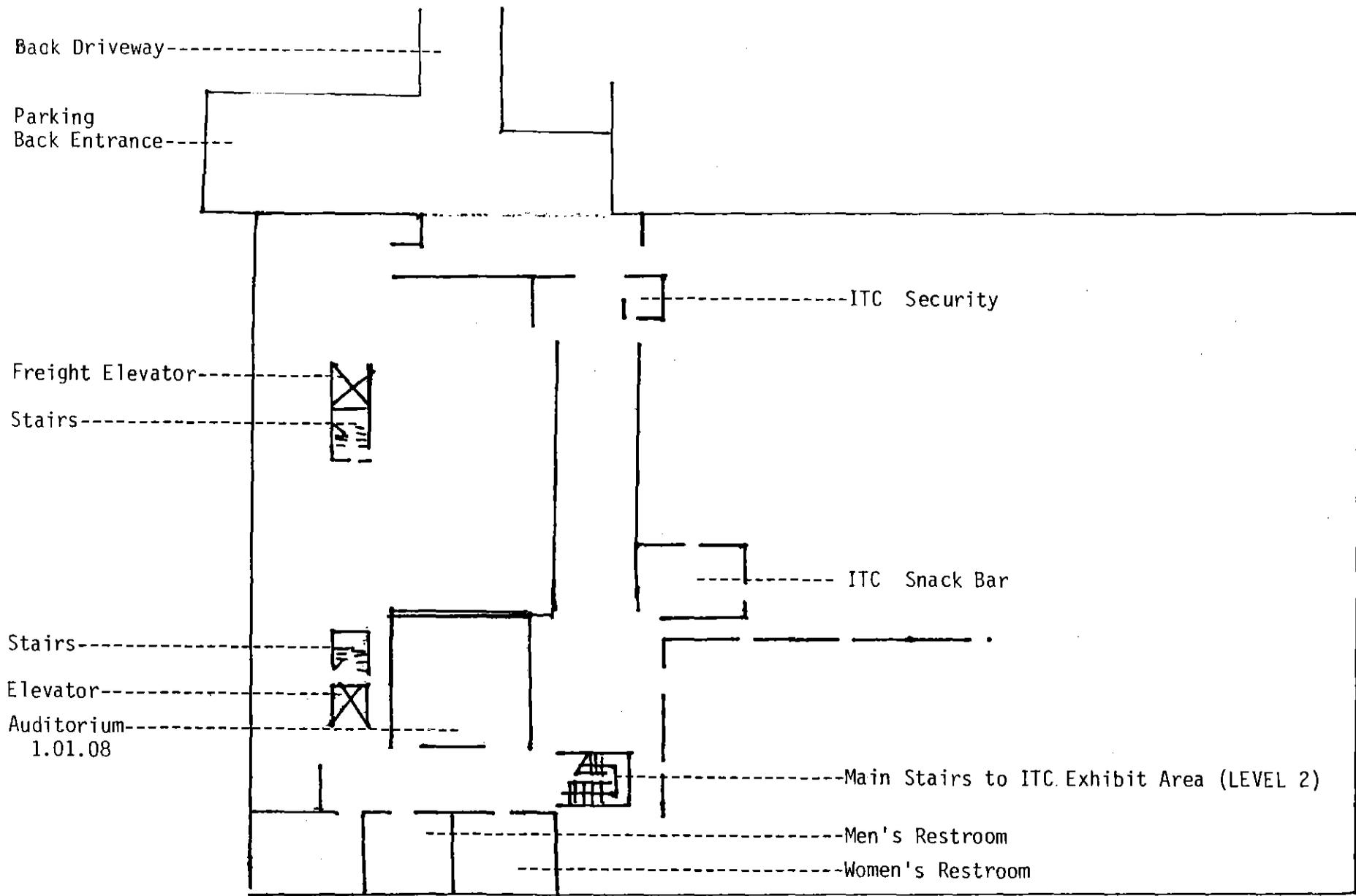
10:30 a.m. Convene in Open Session for  
the sole purpose of recessing  
to Briefing and Executive  
Sessions

1:30 p.m. or Reconvene in Open Session to  
upon recess continue until completion of  
of Briefing business  
and Executive  
Sessions

See Pages B of R 1 - 22,  
Items A - P

Telephone Numbers

President Kirkpatrick's Office	(210) 691-4101
Executive Director's Office, U. T. Institute of Texan Cultures - San Antonio (for calls during the meeting)	(210) 558-2236
La Mansion del Rio Hotel 112 College Street	(210) 225-2581



801 S. Bowie St. at Durango Blvd.  
 on HemisFair Park in downtown

THE UNIVERSITY OF TEXAS INSTITUTE OF TEXAN CULTURES AT SAN ANTONIO San Antonio

LEVEL 1

Connally Conference Center  
 Classroom 1  
 Development Office  
 Executive Committee Room  
 Communications Room

Regents' Meeting Room  
 Briefing and Executive Sessions  
 Regents' Secretarial Office  
 Telephones for Staff  
 Telephones for Press

Copy Machine Room  
 3.04.05

Communications Room  
 3.01.08

Ex. Director's Office  
 3.01.07 (06)

Multi-Purpose Rm.  
 3.02.02

Ex. Committee Rm.  
 3.01.04A

Development  
 3.01.04

Connally Conference Rm.  
 3.01.02

Classrooms 1 & 2  
 3.12.08(07)

Communications & Marketing  
 3.12.04

Freight Elevator

Stairs

Stairs

Elevator

Men's Restroom

Women's Restroom

THE UNIVERSITY OF TEXAS INSTITUTE OF TEXAN CULTURES AT SAN ANTONIO

801 S. Bowie St. at Durango Blvd.  
 on HemisFair Park in Downtown  
 San Antonio

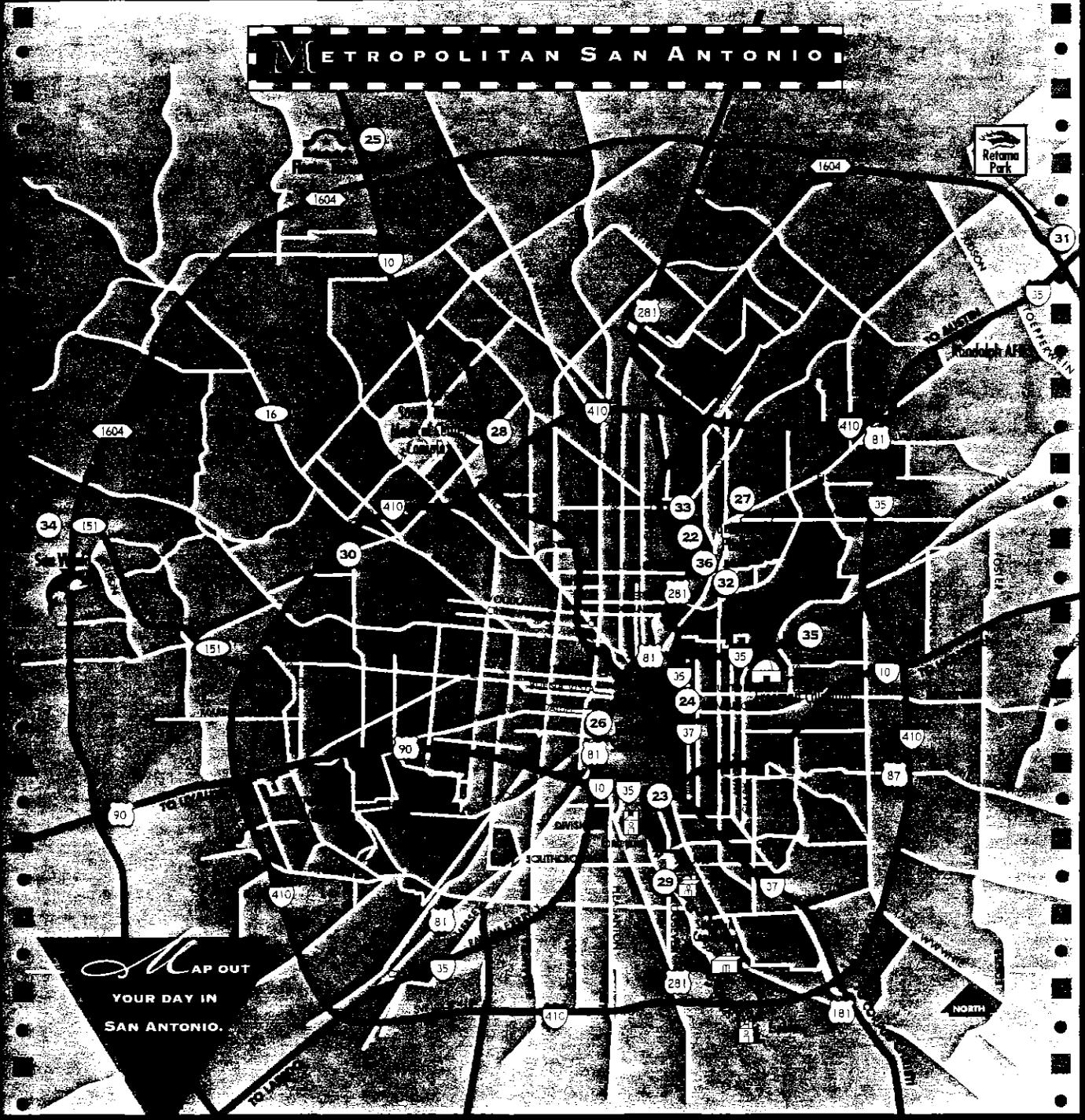
LEVEL 3



- |                                  |   |   |
|----------------------------------|---|---|
| 1 THE ALAMO                      | 10 MAJESTIC PERFORMING ARTS CENTER                    | 17 SAN ANTONIO MUSEUM OF ART  |
| 2 ARNESON RIVER THEATRE          | 11 MARKET SQUARE                                      | 18 SOUTHWEST CRAFT CENTER   |
| 3 COWBOY MUSEUM                  | 12 MEETING & ENTERTAINMENT A-C FACILITIES             | 19 SPANISH GOVERNOR'S PALACE  |
| 4 HEMISFAIR PARK                 | 13 MEXICAN CULTURAL INSTITUTE                         | 20 THE TEXAS ADVENTURE  |
| 5 HERTZBERG CIRCUS COLLECTION    | 14 NAVARRO HOUSE                                      | 21 VIETNAM WAR MEMORIAL   |
| 6 IMAX THEATRE                   | 15 PLAZA THEATRE OF WAX/ RIPLEY'S BELIEVE IT OR NOT!  | ★ VISITOR INFORMATION CENTER (ADDITIONAL MAPS AND DETAILED INFORMATION) |
| 7 INSTITUTE OF TEXAN CULTURES    | 16 SAN ANTONIO CHILDREN'S MUSEUM (OPENING SUMMER '95) | 🚗 VISITOR PARKING   |
| 8 KING WILLIAM HISTORIC DISTRICT |   |   |
| 9 LA VILLITA                     |   |   |

**FOR MORE FREE BROCHURES, COME BY OR CALL ONE OF THE SAN ANTONIO CONVENTION & VISITORS BUREAU'S VISITOR INFORMATION CENTERS. LOCATIONS: (317 ALAMO PLAZA) DOWNTOWN, ACROSS FROM THE ALAMO OR IN BOTH AIRPORT TERMINALS. HOURS: 8:30 AM 'TIL 5:00 PM, SEVEN DAYS A WEEK. (CLOSED THANKSGIVING AND CHRISTMAS DAY.) PHONE: (210) 225-INFO (225-4636).**

**METROPOLITAN SAN ANTONIO**



- |  |  |  |
|--|--|--|
| 22 BRACKENRIDGE PARK & JAPANESE TEA GARDEN   | 27 MCNAY ART MUSEUM                                | 33 SAN ANTONIO ZOO   |
| 23 BUCKHORN HALL OF HORNS, FINS AND FEATHERS | 28 MALIBU GRAND PRIX                               | 34 SEA WORLD OF TEXAS®   |
| 24 CARVER CULTURAL CENTER                    | 29 MISSION TRAIL<br>(TRAIL IS SHOWN IN RED ON MAP) | 35 SPLASHTOWN  |
| 25 FIESTA, TEXAS®                            | 30 PEAR APPLE COUNTY FAIR                          | 36 WITTE MUSEUM OF HISTORY AND SCIENCE                                     |
| 26 GUADALUPE CULTURAL ARTS CENTER            | 31 RETAMA PARK                                     | ★ VISITOR INFORMATION CENTER<br>(ADDITIONAL MAPS AND DETAILED INFORMATION) |
|  | 32 SAN ANTONIO BOTANICAL GARDENS & CONSERVATORY    |  |

**FOR MORE FREE BROCHURES, COME BY OR CALL ONE OF THE SAN ANTONIO CONVENTION & VISITORS BUREAU'S VISITOR INFORMATION CENTERS. LOCATIONS: (317 ALAMO PLAZA) DOWNTOWN, ACROSS FROM THE ALAMO OR IN BOTH AIRPORT TERMINALS. HOURS: 8:30 AM 'TIL 5:00 PM, SEVEN DAYS A WEEK. (CLOSED THANKSGIVING AND CHRISTMAS DAY.) PHONE: (210) 225-INFO (225-4636).**

# UTSA



# SAN ANTONIO AREA MAP

## Meeting of the Board

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

Date: Thursday, August 10, 1995

Time: 10:30 a.m. Convene in Open Session for the sole purpose of recessing to Briefing and Executive Sessions

1:30 p.m. or upon recess of Briefing and Executive Sessions Reconvene in Open Session to continue until completion of business

Place: Classroom 1 Open Session at 10:30 a.m. and Briefing and Executive Sessions

Connally Conference Center Open Session at 1:30 p.m. or upon Recess of Briefing and Executive Sessions

A. CALL TO ORDER

B. RECESS TO BRIEFING AND EXECUTIVE SESSIONS

The Board will convene in a Briefing Session followed by an Executive Session pursuant to Texas Government Code, Chapter 551, Sections 551.071, 551.072, and 551.074 to consider those matters set out on Pages Ex.S 1 - 2 of the Material Supporting the Agenda.

C. RECONVENE IN OPEN SESSION

D. WELCOME BY PRESIDENT KIRKPATRICK

E. APPROVAL OF MINUTES OF REGULAR MEETING HELD MAY 11, 1995, AND SPECIAL MEETING HELD MAY 25, 1995

F. SPECIAL ITEMS

1. U. T. Board of Regents: Proposed Amendments to the Regents' Rules and Regulations, Part One, Chapter III, Section 4 (Code of Ethics) and Chapter I, Section 11 (Ethics Policy).--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Vice Chancellor and General Counsel that the Regents' Rules and Regulations, Part One, Chapters III and I be amended as set forth below in congressional style:

- a. Amend Chapter III, Section 4 regarding the Code of Ethics for all U. T. System employees as follows:

Sec. 4. Ethics Policy [~~Code of Ethics~~].--Officers, faculty, and employees of the U. T. System may not have a direct or indirect interest, financial or otherwise, of any nature that is in conflict<sup>1</sup> with the proper discharge of the officer's or employee's duties. Officers, faculty, and employees shall timely furnish such written disclosures as may be required by state and federal authorities or by System requirement.

All officers, faculty, and employees [~~of the System and its component institutions shall be furnished a copy of the Standards of Conduct for State Employees, Section 572-0517, Texas Government Code, and, in addition thereto,~~] shall adhere to the laws, rules, regulations and policies of applicable governmental and institutional authorities and the following standards of conduct [~~and other provisions of these Rules and Regulations~~]. The failure to do so may be grounds for disciplinary action, up to and including termination of employment.

- 4.1 No employee shall accept or solicit any gift, favor, or service that might reasonably tend to influence the employee in the discharge of his or her official duties or that the employee knows or should know is being offered with the intent to influence his or her official conduct.
- 4.2 No employee shall intentionally or knowingly solicit, accept, or agree to accept any benefit for having exercised his or her official powers or performed his or her official duties in favor of another.
- 4.3 No employee shall accept employment or engage in any business or professional activity which the employee might reasonably expect would require or induce the employee to disclose confidential information acquired by reason of his or her official position.

- 4.4 No employee shall disclose confidential information gained by reason of his or her official position or otherwise use such information for his or her personal gain or benefit.
- 4.5 No employee shall transact any business in his or her official capacity with any business entity of which the employee is an officer, agent, or member, or in which the employee owns a substantial interest.<sup>1</sup>
- 4.6 No employee shall make personal investments which could reasonably be expected to create a substantial conflict<sup>1</sup> between the employee's private interest and the public interest.
- 4.7 No employee shall accept other employment or compensation which could reasonably be expected to impair the employee's independence of judgment in the performance of the employee's public duties.
- 4.8 Sexual Harassment and Misconduct: The educational and working environments of the System and its component institutions should be free from inappropriate conduct of a sexual nature. Sexual misconduct and sexual harassment are unprofessional and unacceptable. The components of the U. T. System shall adopt policies prohibiting sexual harassment and sexual misconduct and procedures for review of complaints. These policies and procedures shall be reviewed by the appropriate Executive Vice Chancellor and shall be published in the Handbook of Operating Procedures of each component. [No-employee-shall-receive-any compensation-for-services-as-an-employee from-any-source-other-than-the-State-of Texas, except-as-may-be-otherwise-provided by-law.]

The System has a series of policies concerning ethical and legal standards of conduct for employees of System Administration and component institutions. Pertinent materials are contained in the Standards of Conduct Digest and should be referenced in the instance of possible conflicts of interest, ethics questions, and compliance with related laws.

<sup>1</sup>Section 571.005, Texas Government Code, "Determination of Substantial Interest" may be helpful in defining and identifying such matters.

- b. Amend Chapter I by adding Section 11 concerning the applicability of the ethics policy to members of the U. T. Board of Regents as follows:

Sec. 11. Ethics Policy.

Each member of the Board of Regents shall perform his or her activities on behalf of The University of Texas System in conformity with

the Ethics Policy as set out in Part One, Chapter III, Section 4 of the Regents' Rules and Regulations and other state laws related to standards of conduct and conflict of interest.

#### BACKGROUND INFORMATION

Section 32 of Article IX of the 1996-97 General Appropriations Act, effective September 1, 1995, states the following:

**Sec. 32. Ethics Policy.**

- a. None of the funds appropriated by the Act may be expended by an institution of higher education until its governing board has filed with the Texas Higher Education Coordinating Board an ethics policy which has been adopted by the board of regents. The ethics policy shall apply to the board of regents and its staff, the administration, staff, and faculty of the institutions under the board's governance.
- b. The ethics policy adopted by each board of regents shall include specific provisions regarding sexual harassment.

The U. T. System has a series of ethics policies which have been in place for a number of years, including the Code of Ethics set out in Part One, Chapter III, Section 4 of the Regents' Rules and Regulations. Various System policies and applicable laws are set out in the Standards of Conduct Digest. The foregoing amendments to the Regents' Rules and Regulations clarify that the ethics policy governing conduct of employees pertains to members of the U. T. Board of Regents, insofar as same are applicable to non-employees, and adds specific policy and directives concerning sexual harassment and sexual misconduct.

Upon approval, a copy of the ethics policy will be filed with the Texas Higher Education Coordinating Board.

2. U. T. Board of Regents: Proposed Amendments to the Regents' Rules and Regulations, Part One, Chapters I (Board of Regents) and II (Administration) and Part Two, Chapters I (General) and IX (Matters Relating to Investments, Trusts, and Lands) to Implement Changes in the Processing of Private Gifts.--

#### RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellors for Academic and Health Affairs and the Vice Chancellor for Asset Management that the Regents' Rules and Regulations, Parts One and Two, be amended as set forth on Pages B of R 5 - 14 in congressional style.

- a. Amend Chapter I, Section 7, Subsection 7.162 (Duties of the Academic Affairs Committee) as set forth below:

7.162 Recommend to the Board policies relating to soliciting and securing gifts [~~and endowments~~] for the University's general academic institutions [~~and the acceptance, use, and allocation of such gifts and endowments including recommendations on initial appointments to professorships and chairs~~].

- b. Amend Chapter I, Section 7, Subsection 7.17(10) (Duties of the Health Affairs Committee) as set forth below:

7.17(10) Recommend to the Board policies relating to soliciting and securing gifts [~~and endowments~~] for the University's health-related institutions [~~and the acceptance, use, and allocation of such gifts and endowments including recommendations on initial appointments to professorships and chairs~~].

- c. Amend Chapter I, Section 7, Subsection 7.191 (Duties of the Asset Management Committee) as set forth below:

7.191 Consider and make recommendations to the Board on all matters relating to the investment and investment properties of the Permanent University Fund and all other assets managed by the Office of Asset Management [~~trusts and special funds~~].

- d. Amend Chapter I, Section 7, Subsections 7.192 and 7.193 (Duties of the Asset Management Committee) as set forth below:

7.192 Recommend to the Board policies relating to acceptance and management of gifts for all of the University's institutions, for gifts that are managed by the Office of Asset Management [~~Recommend to the Board the acceptance of all gifts, grants, and bequests for endowment purposes~~].

7.193 Make recommendations to the Board with respect to the acceptance of all proposed gifts and approval of other miscellaneous actions related to the administration of gifts managed by the Office of Asset Management, the terms of which do not conform to existing Board policies [~~Consider and make recommendations on all matters relating to the acquisition, management, and sale of trust property and special funds, and the issuance of bonds~~].

- e. Amend Chapter I, Section 7, Subsection 7.194 (Duties of the Asset Management Committee) as set forth below and renumber present Subsections 7.194 through 7.196 as Subsections 7.195 through 7.197:

- 7.194 Periodically report to the Board on gifts managed by the Office of Asset Management.
- 7.195[4] Recommend to the Board appointments and dismissals of members of the Investment Advisory Committee and of investment consultants and advisors.
- 7.196[5] Periodically report to the Board on the investment operations of The University of Texas System.
- 7.197[6] Counsel with the Chancellor and recommend Board action with respect to any recommendations related to the appointment, promotion, and dismissal of such System officers as are responsible for managing the investments of the System or any component thereof.

- f. Amend Chapter I, Section 8, Subsections 8.54 and 8.55 (Communications by and to the Board) as set forth below:

- 8.54 A docket, to be entitled "Chancellor's Docket No. \_\_\_\_\_," composed of routine matters arising from System Administration and the component institutions, which are required to be reported to and/or approved by the Board in accordance with established policies of the Board, shall be prepared as directed and approved by the Chancellor, ~~or~~ appropriate Executive Vice Chancellor, and Vice Chancellor, as appropriate. All docket items from the component institutions must be received by the System Administration not less than twenty-one days prior to the next regular scheduled meeting for inclusion on the docket for that meeting. The Chancellor's Docket shall be distributed by the Executive Secretary to all members of the Board ten days before the Board convenes, together with a ballot to be returned seven days thereafter. The ballot will read: "Approved, except as to the following items;" with space provided for listing the excepted items. All items not excepted by any Regent will be approved by the Board at its next meeting, without detailed consideration. Any excepted item listed by any Regent will be deferred and will be processed through the appropriate standing committee for consideration at the first regular meeting of the Board following action of the item by the appropriate standing committee.
- 8.55 A description of all matters to be considered by the Board or a standing committee of the Board at any meeting shall be mailed or delivered to each member of the Board or to each member of the appropriate standing committee of the Board and to designated officials at least five days in advance of the meeting at which they are to be considered, and insofar as possible, such

material shall be mailed or delivered to each member of the Board or to each member of the appropriate standing committee of the Board and the designated officials at least ten days in advance of the meeting. Each such matter shall be accompanied by a summary of the facts pertaining thereto, the need for action thereon, and the recommendations of the Chancellor. Where contractual awards are involved, the summary shall show the method of competition, if any, the names and offers of all interested parties, and generally sufficient information to show the reasons for and fairness of each transaction. The recommendations of the Chancellor shall state whether they are fully concurred in by any Executive Vice Chancellor, Vice Chancellor or [and] chief administrative officer involved, and if not, their views and recommendations shall be included. Any matter not sent to the members of the Board or the members of a standing committee of the Board, documented as herein provided, at least five days in advance of the meeting at which it is to be considered, shall go over to the next meeting for consideration; provided, however, that if sufficient emergency exists requiring immediate action and it appears that the delay was unavoidable, this requirement may be waived by a two-thirds vote of the Board or a standing committee of the Board.

- g. Amend Chapter II, Section 3, Subsection 3.26 (Purview and Primary Duties of the Chancellor) as set forth below:

3.26 Preparing and approving appropriate recommendations to the Board and its standing committees along with the recommendation of the appropriate Executive Vice Chancellor, Vice Chancellor, as appropriate, or chief administrative officer of a component institution.

- h. Amend Chapter II, Section 7, Subsection 7.2 (Duties and Responsibilities of the Vice Chancellor for Asset Management) as set forth below:

7.2 Duties and Responsibilities.  
The Vice Chancellor for Asset Management has responsibility for the formal acceptance, following review and approval by the appropriate Executive Vice Chancellor, and the management of gifts as assigned, the management of trust and endowment lands and noncampus lands held in the name of the Board of Regents including the investment and management of trusts, trust assets, endowments, the Permanent University Fund and such other funds as may be assigned in such a manner as to maximize the monies available for excellence in all activities of the System. The Vice Chancellor for Asset Management will coordinate and cooperate with the Executive Vice Chancellor for Business Affairs in

bringing to the Board recommendations on those policy issues which impact upon the asset management aspects of the Permanent University Fund Lands and shall provide to the Board of Regents through the Executive Vice Chancellor for Business Affairs an independent report and assessment of the System's ability to finance prospective debt issues. In consultation with the Chancellor, the Vice Chancellor for Asset Management shall prepare recommendations and supporting information on his or her responsibilities for consideration by the appropriate standing committees of the Board and the Board of Regents. The Vice Chancellor for Asset Management will coordinate and cooperate with the Office of General Counsel in the development and management of the Intellectual Property resources of the System.

Further, it is recommended that the Regents' Rules and Regulations, Part Two, be amended as set forth below in congressional style:

- a. Delete in its entirety present Chapter I, Section 1 (Gifts to The University of Texas System) and replace Section 1 as set forth below:

Sec. 1. Gifts to The University of Texas System.

- 1.1 The authority to accept gifts to the System or to any of the component institutions is vested in the Board.
- 1.2 Unless otherwise approved by the Board, all gifts to the System or any component institution shall be made in accordance with the provisions of the U. T. System Gifts Policy Guidelines and approved institutional policies.
- 1.3 The authority to accept the following gifts which conform to the U. T. System Gifts Policy Guidelines ("Gifts Policy Guidelines" or "Guidelines") and approved institutional policies is delegated to the chief administrative officer or a designee specified in writing: (a) unrestricted gifts having a value of less than \$500,000 (in cash or in kind) that are not managed by the Office of Asset Management and (b) restricted gifts having a value of less than \$50,000 (in cash or in kind) that are not managed by the Office of Asset Management.
- 1.4 The authority to accept all gifts of any value (either in cash or in kind) and to approve other administrative actions related to gifts that are managed by the Office of Asset Management (as set out in Part Two, Chapter IX) which conform to the Gifts Policy Guidelines is delegated to the Vice Chancellor for Asset Management or a designee specified in writing.
- 1.5 The acceptance of gifts and approval of other administrative actions related to gifts managed by the Office of Asset Management which conform to the Gifts Policy Guidelines shall be reported to the Board via the Docket or Agenda.

- 1.6 Recommendations regarding the acceptance of gifts or other actions which do not conform to the Guidelines shall be made through the Chancellor to the Board via the Agenda after review by the appropriate offices of the terms of the gifts, the nature of the donated assets and/or the requested action.
- 1.7 Gifts to Establish Endowments.
- 1.71 Endowments will be established with gifts which have been completed for tax purposes or with a combination of such gifts and pledges at a minimum funding level of \$10,000. Endowments may be established to fund scholarship programs and other educational activities as well as the endowed academic positions specified in Section 3 below.
- 1.72 Should the Board determine at any time that an endowment fund is not of sufficient size and has no foreseeable prospects of growing to sufficient size to justify the continuing costs of maintenance of such fund as a separate fund, then in the Board's discretion the principal of such fund may be expended for or otherwise devoted to the accomplishment, as near as may be possible, of the purposes for which the fund was established.
- 1.8 Except as provided in this Subsection, the preceding Subsections, or approved institutional policies, no member of the staff of any institution has the authority to accept gifts.
- 1.9 Neither the System nor any of its component institutions will administer a gift for the benefit of any designated individual unless the donor is exempt from federal income taxes as defined by the Commissioner of Internal Revenue.
- 1.(10) Acceptance of all gifts of real estate shall be subject to the U. T. System Gifts Policy Guidelines and the Environmental Review Policy for Acquisitions of Real Estate. The Coordinating Board, for purposes of state funding, may review and approve as an addition to an institution's educational and general building and facilities inventory any improved real property acquired by gift or lease-purchase as provided in Section 61.058(d) of the Texas Education Code.
- 1.(11) Conduct Related to Gifts.
- 1.(11)1 The Board will not serve as executor or administrator of an estate because of the potential for conflicts of interest and the scope of the required duties.
- 1.(11)2 U. T. System and component institution employees who agree to serve as executor or administrator of a donor's estate which benefits a U. T. System component institution are immediately to notify the Office of Estates and Trusts of their appointment. Upon notification, the employee will be furnished a statement advising of the potential for conflicts of interest and directing that all communications pertaining to the estate between the employee and any office of the U. T. System or the component institutions shall be in writing.

- 1.(11)3 U. T. System and component institution employees should not knowingly act as witnesses to wills in which the U. T. System or a component institution is named as a beneficiary because their doing so may jeopardize the receipt of the bequest.
- 1.(11)4 Because of the potential for conflicts of interest, U. T. System and component institution employees who agree to serve as trustee of a trust benefiting a U. T. System component institution are immediately to notify the Office of Estates and Trusts of their appointment. Upon notification, the employee will be furnished with a statement advising of the potential for conflicts of interest and directing that all communications pertaining to the trust between the employee and any office of the U. T. System or the component institutions shall be in writing.
- 1.(11)5 Members of the Board are frequently persons of wide-ranging business interests. Therefore, a prudent, independent decision process may result in real estate transactions with or involving firms or organizations with whom a member of the Board is affiliated. Affiliation shall be interpreted within this Section to mean an employee, officer, director, or owner of five percent or more of the voting stock of a firm or organization. No member of the Board or employee of the Office of Asset Management may participate in any transaction with the U. T. System involving interests in real estate with which such Board member or employee is affiliated other than to convey a gift or bequest to the U. T. System.

b. Amend Chapter I, Section 3, Subsection 3.1 (Endowment of Academic Positions) as set forth below:

3.1 No endowment will be established or announced without prior approval by [ef] the Board, or its designee(s). [and] N[n]o initial appointment will be made to an endowed chair or professorship without prior approval by the Board via the Docket [Agenda]. Subsequent new or continuing appointments to the endowed chair or professorship may be approved as a part of the annual operating budget or via the Chancellor's Docket. Appointments to endowed fellowships may be approved via the Chancellor's Docket, unless included as part of the annual budget approval process.

c. Delete present Chapter I, Section 3, Subsection 3.3 (Endowment of Academic Positions) and amend and renumber present Subsection 3.4 as Subsection 3.3 as set forth below:

~~[3.3-Recommendations-to-the-Board-concerning-acceptance of-gifts-for-endowment-of-academic-positions-will-be made-through-the-Chancellor-to-the-Board--Before the-final-action-of-the-Board,-such-recommendations will-be-referred-to-the-Asset-Management-Committee as-to-fiscal-arrangements-and-to-the-Academic-or Health-Affairs-Committee-as-to-policy.]~~

3.3[4] The six categories of endowed and named academic positions and the minimum funding levels to establish the positions are: Distinguished University Chairs (\$2,000,000), Distinguished Chairs (\$1,000,000), Chairs (\$500,000), Distinguished Professorships (\$250,000), Professorships (\$100,000), and Fellowships (\$50,000). All agreements related to endowed academic positions made prior to April 14, 1988, will remain in effect unless a specific request for change is made by the donor and the institution and approved by the Board.

3.31 Whether an endowment has attained the minimum funding level necessary to establish a particular academic position will be determined by the total market value of contributions to the endowment in the form of gifts from donors or transfers of institutional funds at the time the contribution is made. Funding levels will not be determined by the amount of net sale proceeds received from a non-cash gift or by the current market value of the investments held in an endowment.

3.32 With the specific approval of the Board, a named academic position may be established without the above minimum funding levels only in accordance with agreements recommended by the Chancellor, the appropriate Executive Vice Chancellor and the Vice Chancellor for Asset Management. Such agreements must contain the provisions outlined in Subsections 3.33 and 3.34 below.

3.33 If an external entity requests that the Board establish a named academic position based upon the entity's agreement to hold and manage an endowment fund supporting the position, the entity must irrevocably agree to dedicate the endowment to the support of the academic position in perpetuity or for a specified term of years. The entity must agree to adhere to Board policies regarding minimum funding levels for an endowment. The entity must agree to employ annual payout policies that are consistent with the goal of distributing from the endowment, or otherwise contributing to the institution, an annual payout amount substantially similar to that distributed from a comparable Board-managed endowment. The entity must agree that funds distributed from the endowment shall be paid to the institution for further expenditure in accordance with Board policies. The Board must retain the right to appoint all holders of the academic position.

3.34 If an external entity requests that the Board establish a named academic position without the funding of an endowment to support the position, the entity must irrevocably agree to contribute annually, either in perpetuity or for a specified term of years, an amount substantially similar to that distributed from a Board-managed endowment in support of a comparable position. The entity must agree that the funds will be contributed for

further expenditure in accordance with Board policies regarding the particular category of academic position being established. The Board must retain the right to appoint all holders of the academic position.

3.35[41]

Distinguished University Chairs, Distinguished Chairs, Chairs, Distinguished Professorships, and Professorships.--[will be established with the minimum funding levels authorized by the Board of Regents or the equivalent in annual contributions arranged according to agreements recommended by the appropriate Executive Vice Chancellor and the Chancellor and approved by the Board.] The component institution will pay from its funds such amounts as are necessary to set the salary of the holder at a level commensurate with his or her record, experience, and position in the faculty. Distributions from ~~t[he]~~ the endowment may ~~[income will]~~ be used both for salary supplementation and for other professional support of the holder of the endowed position, including assistance in the holder's research. ~~[The]~~ E[ndowment] distributions ~~[income]~~ also may be used to pay an appropriate part of the salary of the holder of the endowed position commensurate with an authorized reduced faculty work load when required by other duties of the position or when the holder is on part-time or full-time research leave which is otherwise unfunded. It is provided specifically, however, that, in no event, will endowment distributions ~~[income]~~ be used to supplant any other source of funds used to pay the base salary of the holder of the position when the holder is performing his or her regular duties.

3.36[42]

Endowed Fellowships.--[The endowed fellowship will be established with a minimum of \$50,000 or the equivalent in annual contributions arranged according to agreements recommended by the appropriate Executive Vice Chancellor and the Chancellor and approved by the Board of Regents.] Distributions ~~[income]~~ from the endowment may be used to supplement the salary of the holder of the fellowship, who may be a qualified person of any academic rank irrespective of tenure status, and will also be available for other professional support of the holder. The endowed fellowship will be used to provide temporary support (not to exceed one academic year) of distinguished scholars who are in temporary residence at the component while participating in planned academic programs; visiting scholars who are in temporary residence at the institution for special academic programs or purposes; component faculty who have made unique contributions to academic life or to knowledge in their academic discipline; and component faculty of any academic rank, irrespective of tenure status, who have been selected for teaching excellence through procedures established by the component institution. Grants for

endowed visiting professorships and endowed teaching fellowships of at least \$50,000 already under contractual agreement for the future, bequests included in wills made prior to April 14, 1988, and other prior bona fide arrangements for endowed teaching fellowships and endowed visiting professorships are excepted in this regulation. Grants for endowed lectureships of at least \$20,000 already under contractual agreement for the future, bequests in wills made prior to April 14, 1988, and other prior bona fide arrangements for endowed lectureships are excepted from the minimum amount restriction in this regulation.

3.37[49] Individual component institutions are not required to utilize all categories of endowed academic positions and may, with advance administrative approval and inclusion in the institutional Handbook of Operating Procedures, limit institutional endowment activity to those position categories which best fit the component goals and mission.

d. Amend Chapter IX, Section 5, Subsections 5.1 and 5.2 (Policy for Investment and Management of Endowment and Trust Funds Invested Through or Separate from U. T. Investment Pools) as set forth below:

5.1 Endowment funds and funds functioning as endowments will be managed in a manner consistent with the U. T. System Gifts [Endowment] Policy Guidelines, prudent person investment standards, and the Uniform Management of Institutional Funds Act (Title 10, Chapter 163, Texas Property Code). These funds will be managed separately and not commingled with the Long Term [Common Trust] Fund if the terms of the instrument by which the fund was created [~~or-documents-and-instructions-from-the-donor~~] preclude investment through the Long Term [Common Trust] Fund. In addition, nonmarketable securities held by an endowment fund may be recorded as separately invested. All other endowment funds and funds functioning as endowments will be invested through the Long Term [Common-Trust] Fund.

5.2 Trust funds and other life income accounts will be invested and administered consistent with the U. T. System Gifts [Planned-Giving] Policy Guidelines, prudent person investment standards, and the Texas Trust Code (Title 9, Subtitle B, Texas Property Code).

#### BACKGROUND INFORMATION

In December 1994, the U. T. Board of Regents, at the recommendation of the U. T. System Process Review Committee, chaired by Regent Lebermann, authorized a more effective and efficient procedure to accept and process private gifts to the U. T. System Administration and

component institutions. The newly authorized procedures: (1) expand the delegation of authority of the chief administrative officers to accept certain gifts, (2) delegate to the Vice Chancellor for Asset Management authority to accept gifts and approve certain administrative actions related to gifts managed by the Office of Asset Management that conform to policy, and (3) require that all requests for exceptions to policy be considered by the U. T. Board of Regents via the agenda process. These proposed amendments to the Regents' Rules and Regulations are intended to implement these new procedures and are authorized by newly enacted legislation.

See Page AMC - 20 related to the proposed adoption of the U. T. System Gifts Policy Guidelines.

G. 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 Rapoport  
Vice-Chairman Hicks, Vice-Chairman Smiley  
MSA Page Ex.C - 1

Business Affairs and Audit Committee: Chairman Smiley, Regent Deily, Regent Hicks  
MSA Page BAAC - 1

Academic Affairs Committee: Chairman Lebermann  
Regent Evans, Regent Temple  
MSA Page AAC - 1

Health Affairs Committee: Chairman Loeffler  
Regent Deily, Regent Temple  
MSA Page HAC - 1

Facilities Planning and Construction Committee:  
Chairman Temple, Regent Holmes, Regent Lebermann  
MSA Page FPCC - 1

Asset Management Committee: Chairman Hicks  
Regent Evans, Regent Loeffler  
MSA Page AMC - 1

H. RECONVENE AS COMMITTEE OF THE WHOLE

I. ITEMS FOR THE RECORD

1. U. T. System: Amendment to Minute Order of May 11, 1995, to Reflect Renegotiated Premium Rates for the Vision Plan to be Effective September 1, 1995.--

REPORT

It is reported for the record that the monthly premium rates for the vision plan to be effective September 1, 1995, and approved for employees and retirees of the U. T. System at the May 1995 meeting of the U. T. Board of Regents were renegotiated with Vision Service Plan Insurance Company, Rancho Cordova, California, and the new reduced premium rates are as follows:

CATEGORY	PREMIUMS FY 1996	
	APPROVED MAY 1995	RENEGOTIATED
Employee Only	\$ 6.75	\$ 6.61
Employee & Spouse	\$10.47	\$10.26
Employee & Children	\$10.70	\$10.49
Employee & Family	\$17.26	\$16.91

2. U. T. El Paso: Report for the Record on Changes in the Freshman Admission Policy Effective with the Fall Semester 1995 (Catalog Change).--

REPORT

At the May 1995 meeting of the U. T. Board of Regents, the Executive Vice Chancellor for Academic Affairs advised the Board of changes in the U. T. El Paso Freshman Admission Policy to be effective with the Fall Semester 1995. Following is a Report for the Record of those changes based on administrative approval of changes in the 1993-1995 Undergraduate Catalog and Regental approval via the docket at the May 1995 meeting. The primary features of the new policy include the following:

- a. Applicants who have graduated from United States high schools within the past five years and ranked in the top half of the graduating class may be admitted without regard to grade point average or admission test scores
- b. Applicants in the lower half of the graduating class may be admitted based on a minimum score of 920 on the Scholastic Assessment Test (SAT) or a 20 composite on the American College Test (ACT)

- c. Beginning with students admitted for Summer 2000, a recommended college preparatory curriculum in high school will be implemented in phases, with the subjects and credit requirements as indicated below:

<u>SUBJECT</u>	<u>CREDITS</u>
English	4
Mathematics (Algebra I & II and Geometry) (For Science and Engineering majors, additional credit in Precalculus or Trigonometry and either Elementary Analysis or Analytic Geometry)	3 - 4
Natural Science (Physical Science, Biology I & II, Chemistry I & II, Physics I & II, or Science 3 & 4)	3
Social Studies (United States History, World History, Economics, World Geography, United States Government)	4
Foreign Language (same language)	3*
Health	0.5
Fine Arts	1
Physical Education	1.5
Computer Science	1
 TOTAL	 21 - 22

\* or passage of appropriate proficiency measures

Beginning Summer 2000, students admitted must have completed the recommended high school preparation with an allowable variance of up to 4.5 credits, with not more than 1 credit deficiency in any subject area, not to include English.

Beginning Summer 2002, a variance of up to 2.5 credits will be allowed, with not more than 1 credit deficiency in any subject area, not to include English.

Beginning Summer 2004, no variance will be allowed except as described under the "Individual Approval" section of the undergraduate catalog.

- d. Students who are not eligible for regular admission under the catalog provisions outlined above may continue to enroll under the U. T. El Paso provisional admission program which has been given the acronym START (Success Through Academic Readiness Today).

U. T. El Paso has adopted these changes in the Freshman Admission Policy with the primary purpose of encouraging high school students to take the course of study necessary to pursue a baccalaureate degree. The advance notice that admission will be contingent on high school preparation beginning in the Summer 2000 allows high schools in the area to begin to offer the necessary courses if they do not already do so and allows students who are beginning middle or junior high school to take the prerequisite courses for the preparatory curriculum.

The minimum scores on the SAT or ACT have been adjusted slightly from the previous requirement in the Freshman Admission Policy, based on the "recentering" of the national norms for the SAT and analyses by U. T. El Paso of the success rates for students who ranked in the top half of their graduating classes.

For students who enroll under the provisional program, the standards required for regular admission remain unchanged. START students are required to complete a minimum of nine semester credit hours from among a specified group of courses and achieve a 2.0 grade point average. A student who completes the first semester with a 1.5 or higher grade point average may continue for one additional semester to attempt to clear the provisional status.

The new admission policy is similar to the policy for U. T. Pan American approved by the U. T. Board of Regents at the May 1995 meeting.

3. U. T. El Paso: Report on Revised Role and Mission Statement for Self-Study Process Leading to Reaffirmation of Accreditation by the Southern Association of Colleges and Schools.--

#### REPORT

At the October 1994 meeting, the U. T. Board of Regents received a report on Role and Mission Statements and Tables of Programs for the U. T. System general academic institutions. The Texas Higher Education Coordinating Board approved the Tables of Programs at its April 1994 meeting and the Role and Mission Statements at its October 1994 meeting.

U. T. El Paso is engaged in a self-study process leading to reaffirmation of accreditation next year by the Commission on Colleges of the Southern Association of Colleges and Schools. As part of that process, U. T. El Paso has reviewed and revised its Role and Mission Statement. The proposed statement does not significantly change the institution's mission but includes language recommended by a consensus of those constituents who have participated in the self-study process. A copy of the revised mission statement is set out on Page B of R - 18.

The revised mission statement will be forwarded to the Coordinating Board for approval.

# **The University of Texas at El Paso**

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## **Role and Mission Statement**

The University of Texas at El Paso commits itself to providing quality higher education to a diverse student population. The University aims to extend the greatest possible educational access to a region which has been geographically isolated with limited economic and educational opportunities for many of its people. U. T. El Paso will ensure that all of its graduates obtain the best education possible, one which is equal, and in some respects superior, to that of other institutions so that U. T. El Paso's graduates will be competitive in the global marketplace. U. T. El Paso also envisions using its binational location to create and maintain multicultural, inter-American educational and research collaborations among students, faculty, institutions and industries, especially in northern Mexico.

Through the accomplishment of its mission and goals via continuous improvement, U. T. El Paso aspires to be a model of educational leadership in a changing economic, technological, and social environment. The U. T. El Paso community—faculty, students, staff and administrators—commits itself to the two ideals of excellence and access. In addition, it accepts a strict standard of accountability for U. T. El Paso's institutional effectiveness as the University educates students who will be the leaders of the 21st Century.

The University of Texas at El Paso is dedicated to teaching and to the creation, interpretation, application, and dissemination of knowledge. U. T. El Paso prepares its students to meet lifelong intellectual, ethical, and career challenges through quality educational programs, excellence in research and in scholarly and artistic production, and innovative student programs and services, which are created by responsive faculty, students, staff and administrators.

As a component of The University of Texas System, U. T. El Paso accepts as its mandate the provision of higher education to the residents of El Paso and the surrounding region. Because of the international and multi-cultural characteristics of this region, the University provides its students and faculty with distinctive opportunities for learning, teaching, research, artistic endeavors, cultural experiences, and service.

4. U. T. Permian Basin: Report on Revised Provisions of Ground Lease Agreement for Construction and Operation of On-Campus Housing with Odessa Housing Finance Corporation, a Texas Nonprofit Corporation, Odessa, Texas.--

REPORT

At its February 1995 meeting, the U. T. Board of Regents authorized the Executive Vice Chancellor for Academic Affairs, following completion of negotiations, to execute a Ground Lease Agreement with the Odessa Housing Finance Corporation, a Texas nonprofit corporation, Odessa, Texas, to allow the Corporation to construct and operate on-campus housing at U. T. Permian Basin. Negotiations have resulted in a change in several key provisions outlined in the draft Ground Lease Agreement presented to the U. T. Board of Regents in February 1995. After initial construction is finished and completely financed by the Corporation, the Corporation will have no financial liability for the project in excess of the amount of Net Cash Flow and Reserve Amounts for the housing project. For example, responsibility for demolition of the improvements, if necessary, will be negotiated between the parties rather than being the sole responsibility of the Corporation. Revision of these key provisions was critical to the Corporation's agreement to the Lease which is deemed to be very beneficial to U. T. Permian Basin. The revised provisions allow the parties to negotiate a leaseback or a transfer of title to U. T. Permian Basin as an alternative to termination of the Lease and demolition of the project in the event the project is not successful.

As previously outlined, U. T. Permian Basin is not at risk financially on the project.

J. CONSIDERATION OF ACTION ON ANY ITEMS DISCUSSED IN THE EXECUTIVE SESSION OF THE BOARD OF REGENTS PURSUANT TO TEXAS GOVERNMENT CODE, CHAPTER 551, SECTIONS 551.071, 551.072, AND 551.074

1. Pending and/or Contemplated Litigation - Section 551.071
2. Land Acquisition, Purchase, Exchange, Lease or Value of Real Property and Negotiated Contracts for Prospective Gifts or Donations - Section 551.072
  - a. U. T. Southwestern Medical Center - Dallas: Request to Negotiate the Purchase of Approximately 19 Acres of Land and Improvements Located in Proximity to the North Campus Development in Dallas, Texas, and Authorization for the Use of the Revenue Financing System as the Source of Funds
  - b. U. T. Health Science Center - Houston: Request to Negotiate the Purchase of Approximately 3.9448 Acres of Land and Improvements Located at 7000 Fannin Street, Being the Southwest Corner of Fannin and Galen Drive, Houston, Harris County, Texas
  - c. U. T. Health Science Center - Houston: Request to Negotiate a Long-Term Ground Lease on Approximately 6 Acres of Land Located West of Cambridge Street and South of Old Spanish Trail in Houston, Harris County, Texas, and Request to Accept an Exchange Property of Approximately 6 Acres of Land Located on the Northwest Corner of El Paseo and Cambridge Street in Houston, Harris County, Texas
3. Personnel Matters Relating to Appointment, Employment, Evaluation, Assignment, Duties, Discipline, or Dismissal of Officers or Employees - Section 551.074

U. T. System: Consideration of Personnel Aspects of the Operating Budgets for the Fiscal Year Ending August 31, 1996, Including Auxiliary Enterprises, Grants and Contracts, Designated Funds, Restricted Current Funds, and Medical and Dental Services, Research and Development Plans and Authorization for the Chancellor to Make Editorial Corrections Therein

K. REPORT OF BOARD FOR LEASE OF UNIVERSITY LANDS

REPORT

The Board for Lease of University Lands met on May 23, 1995, at the Center for Energy and Economic Diversification in Midland, Texas, for a general business meeting and to hold the 87th Oil and Gas Lease Sale and the Frontier Oil and Gas Lease Sale 87-A.

Following is a report on the results of the lease sales:

- a. 87th Oil and Gas Lease Sale: 43,723 acres of Permanent University Fund Lands were nominated for lease. Bonuses in the amount of \$2,046,385 were paid for leases covering 20,382 acres. No bids were received on 23,341 acres.
- b. Frontier Oil and Gas Lease Sale 87-A: All available Frontier acreage was offered for lease. No bids were received on any Frontier acreage.
- c. Total bonuses paid were \$2,046,385.

Following is a report on the general business meeting:

- a. Selected Mr. Lowell H. Lebermann, Jr. as Vice Chairman
- b. Appointed Ms. Pamela Bacon as Secretary
- c. Approved the Minutes of the Board for Lease meeting of November 10, 1994
- d. Approved all the tracts offered for lease in the 87th Oil and Gas Lease Sale and the Frontier Oil and Gas Lease Sale 87-A
- e. Declared forfeiture of Oil and Gas Lease Nos. 94606, 94607, and 94608 for failure to pay annual rentals more than 30 days past due
- f. Discussed the Board's policy regarding collection of royalties on casinghead gas and approved the appointment of an advisory committee to make a recommendation with regard to the Board's policy relating to same
- g. Discussed Senate Bill 905, 74th Texas Legislature, Regular Session, regarding royalty rate reductions for marginal wells
- h. Approved the recommended terms of the 88th Oil and Gas Lease Sale and the Frontier Oil and Gas Lease Sale 88-A, subject to the addition to the lease forms of a horizontal severance provision
- i. Approved all high bids received for acreage offered in the 87th Oil and Gas Lease Sale.

L. REPORT OF SPECIAL COMMITTEES

Committee on Minorities and Women: Chairman Holmes

M. OTHER MATTERS

N. SCHEDULED EVENTS

1. Board of Regents' Meetings

<u>Dates</u>	<u>Locations/Hosts</u>
November 9, 1995	U. T. Arlington
February 8, 1996	U. T. El Paso
May 9, 1996	U. T. Health Science Center - Houston
August 8, 1996	U. T. Tyler
November 14, 1996	U. T. Southwestern Medical Center - Dallas

2. Other Events

September 14, 1995	U. T. M.D. Anderson Cancer Center: Fourth Annual Faculty Honors Convocation
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O. OTHER BUSINESS

P. ADJOURNMENT

**JANUARY 1995**

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**DECEMBER 1996**

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## Executive Committee

EXECUTIVE COMMITTEE  
Committee Chairman Rapoport

Date: August 10, 1995

Time: Following the reconvening of the Board of Regents  
at 1:30 p.m. or upon recess of Executive Session

Place: Nellie B. and John B. Connally Conference Center  
Third Floor, U. T. Institute of Texan Cultures -  
San Antonio

Page  
Ex.C

U. T. System: Recommended Approval of Execu-  
tive Committee Letters 95-14 Through 95-22  
Via the Chancellor's Docket Process

2

U. T. System: Recommended Approval of Executive Committee Letters 95-14 Through 95-22 Via the Chancellor's Docket Process.--

At its meeting in December 1994, the Board authorized the approval/ratification of Executive Committee Letters via The University of Texas System Administration Docket effective with the May 1995 meeting of the Board. Therefore, Executive Committee Letters 95-14 through 95-22, which have been distributed since the May 1995 meeting of the Board and which have received the prior approval of the Executive Committee, appear in the U. T. System Administration Docket on Pages ECL 1 - 18 and will be approved/ratified on the agenda of the Business Affairs and Audit Committee as set out on Page BAAC - 3 of the Material Supporting the Agenda.

## **Business Affairs & Audit Committee**

BUSINESS AFFAIRS AND AUDIT COMMITTEE  
Committee Chairman Smiley

Date: August 10, 1995  
Time: Following the meeting of the Executive Committee  
Place: Nellie B. and John B. Connally Conference Center  
Third Floor, U. T. Institute of Texan Cultures -  
San Antonio

	<u>Page</u> <u>BAAC</u>
1. U. T. System: Recommendation to Approve <u>Chancellor's Docket No. 82</u>	3
2. U. T. System: Recommended Approval of Non- Personnel Aspects of the Operating Budgets for the Fiscal Year Ending August 31, 1996, Including Auxiliary Enterprises, Grants and Contracts, Designated Funds, Restricted Cur- rent Funds, and Medical and Dental Services, Research and Development Plans and Authori- zation for the Chancellor to Make Editorial Corrections Therein; and Approval of Perma- nent University Fund Bond Proceeds Reserve Allocation for Library, Equipment, Repair and Rehabilitation Projects	3
3. U. T. System: Recommendation to Extend the Six-Year Capital Improvement Program Through Fiscal Year 2001 and Approve the Capital Budget for Fiscal Years 1996 and 1997	4
4. U. T. System: Request to Approve an Aggre- gate Amount of Equipment Financing for Fis- cal Year 1996 and Approve the Use of Revenue Financing System Parity Debt, Receipt of Certificate, and Finding of Fact with Regard to Financial Capacity	5
5. U. T. System: Request to Approve Transfer of Funds Between Legislative Appropriation Items During the Biennium Beginning Sep- tember 1, 1995	10
6. U. T. System: Proposed Adoption of Rules and Regulations for the Administration of Scholarships Appropriated by the 74th Legis- lature	11
7. U. T. System: Recommendation to Maintain an Investment Fee for All Endowments and Trusts and Authorize Use for System Administration Educational Purposes and Support of Endow- ments and Trusts	13

8. U. T. System Administration and U. T. Austin:  
Request for Approval to Amend Resolution  
Regarding the List of Individuals Authorized  
to Negotiate, Execute, and Administer Classi-  
fied Government Contracts (Key Management  
Personnel)

14

1. U. T. System: Recommendation to Approve Chancellor's Docket No. 82.--

RECOMMENDATION

It is recommended that Chancellor's Docket No. 82 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: Recommended Approval of Non-Personnel Aspects of the Operating Budgets for the Fiscal Year Ending August 31, 1996, Including Auxiliary Enterprises, Grants and Contracts, Designated Funds, Restricted Current Funds, and Medical and Dental Services, Research and Development Plans and Authorization for the Chancellor to Make Editorial Corrections Therein; and Approval of Permanent University Fund Bond Proceeds Reserve Allocation for Library, Equipment, Repair and Rehabilitation Projects.--

RECOMMENDATION

The Chancellor, with the concurrence of the appropriate Executive Vice Chancellor and chief administrative officers of the U. T. System component institutions, recommends that the non-personnel aspects of the U. T. System Operating Budgets for the Fiscal Year ending August 31, 1996, including Auxiliary Enterprises, Grants and Contracts, Designated Funds, Restricted Current Funds, and Medical and Dental Services, Research and Development Plans be approved.

It is further 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.

It is also recommended that Permanent University Fund bond proceeds in the amount of \$10,000,000 from reserves provided in the Fiscal Year 1996 Capital Improvement Program be appropriated for Library, Equipment, Repair and Rehabilitation Projects. The allocation of these reserves to component institutions will be presented in a separate document which will be distributed in advance of the August 1995 meeting of the U. T. Board of Regents.

In addition, it is recommended that the U. T. System component institutions be authorized to purchase approved equipment items and library materials and to contract for repair and rehabilitation projects following standard purchasing and contracting procedures within approved dollar limits. 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. Transfers by the 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.

Fiscal Year 1996 funds from these reserves not expended or obligated by contract/purchase order within six months after the close of Fiscal Year 1996 are to be available for future System-wide reallocation unless specific authorization to continue obligating the funds is given by the Executive Vice Chancellor for Business Affairs on recommendation of the President and the appropriate Executive Vice Chancellor.

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 Operating Budget recommendations at the meeting.

See Page Ex.S - 2 related to the personnel aspects of the Operating Budgets.

In a departure from previous years, the appropriation of Permanent University Fund Bond Proceeds from reserves provided in the six-year Capital Improvement Program is presented with the Fiscal Year 1996 Operating Budget. An allocation of \$10,000,000 is being requested for library, equipment, repair and rehabilitation projects for Fiscal Year 1996. The allocation of these reserves to the U. T. System component institutions was developed from prioritized lists of projects submitted by the component institutions and reviewed by U. T. System Administration staff.

See Item 3 below regarding the extension of the six-year Capital Improvement Program and approval of the Capital Budget for Fiscal Years 1996 and 1997.

3. U. T. System: Recommendation to Extend the Six-Year Capital Improvement Program Through Fiscal Year 2001 and Approve the Capital Budget for Fiscal Years 1996 and 1997.--

#### RECOMMENDATION

The Chancellor, with the concurrence of the appropriate Executive Vice Chancellor and the U. T. System chief administrative officers, recommends that the U. T. Board of Regents extend the U. T. System Capital Improvement Program through Fiscal Year 2001 and approve the Capital Budget for Fiscal Year 1996 and Fiscal Year 1997. The Capital Improvement Program, including the Capital Budget, will be distributed in advance of the August 1995 meeting of the U. T. Board of Regents.

It is further recommended that the U. T. System Administration be authorized, in consultation with the component institutions, to proceed with planning for projects contained in the Capital Improvement Program and to bring recommendations

to the U. T. Board of Regents in accordance with the revised process for Regental review approved by the U. T. Board of Regents at the December 1994 meeting.

In accordance with the campus planning rules of the Texas Higher Education Coordinating Board, the Chairman of the U. T. Board of Regents must certify that the need for new construction that will require formula funding is at least equal to the need to acquire additional or more modern instructional and research equipment. Since the capital budgeting process used by the U. T. System to develop the Capital Improvement Program ensures that such a determination or prioritization is considered and endorsed by the U. T. Board of Regents on behalf of each new project, it is recommended that the Executive Secretary to the Board be authorized, on behalf of the Chairman, to issue the certification as required by the Texas Higher Education Coordinating Board for all new construction contained in the Capital Improvement Program.

#### BACKGROUND INFORMATION

A Capital Improvement Program (CIP) with a six-year horizon was first adopted by the U. T. Board of Regents in October 1985. At that time, the Board committed to revising, updating, and extending the Program every two years. The last comprehensive revision and update was adopted in August 1993.

At the December 1994 meeting, and upon recommendation of the U. T. System Process Review Committee, the U. T. Board of Regents approved revised procedures intended to improve the efficiency of the CIP process while increasing the quality and timeliness of information presented to the U. T. Board of Regents.

As required by revised provisions of the Regents' Rules and Regulations, approval of preliminary plans, appropriation of funds, and award of bids will be accomplished via a standard agenda item or by the Executive Committee, as appropriate.

See Item 2 on Page BAAC - 3 related to the Fiscal Year 1996 appropriation of PUF Bond Proceeds from reserves provided in the six-year Capital Improvement Program for library, equipment, repair and renovation (LERR) projects.

4. U. T. System: Request to Approve an Aggregate Amount of Equipment Financing for Fiscal Year 1996 and Approve the Use of Revenue Financing System Parity Debt, Receipt of Certificate, and Finding of Fact with Regard to Financial Capacity.--

#### RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Business Affairs that the U. T. Board of Regents approve an aggregate financed amount of \$38,100,000

under the Revenue Financing System for equipment to be purchased in Fiscal Year 1996 by the following U. T. System component institutions:

\$ 2,500,000 - U. T. Arlington  
\$ 2,500,000 - U. T. Austin  
\$ 960,000 - U. T. Brownsville  
\$ 1,500,000 - U. T. El Paso  
\$ 2,900,000 - U. T. San Antonio  
\$ 1,000,000 - U. T. Tyler  
\$ 1,880,000 - U. T. Southwestern Medical Center - Dallas  
\$17,155,000 - U. T. Medical Branch - Galveston  
\$ 3,400,000 - U. T. Health Science Center - Houston  
\$ 1,000,000 - U. T. M.D. Anderson Cancer Center  
\$ 3,305,000 - U. T. Health Center - Tyler

The Chancellor also concurs in the recommendation of the Executive Vice Chancellor for Business Affairs that, in compliance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System, adopted by the U. T. Board of Regents on February 14, 1991, and amended on October 8, 1993 (the "Master Resolution"), and upon delivery of the Certificate of an Authorized Representative as set out on Page BAAC - 8, the U. T. Board of Regents resolves that:

- a. Parity Debt shall be issued to pay the project's cost paid prior to the issuance of such Parity Debt
- b. Sufficient funds will be available to meet the financial obligations of the U. T. System including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System and to meet all financial obligations of the Board relating to the Financing System
- c. The component institutions to finance equipment, which are "Members" as such term is used in the Master Resolution, possess the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. Board of Regents of tax-exempt Parity Debt in the aggregate amount of \$38,100,000 for the purchase of equipment
- d. This resolution satisfies the official intent requirement set forth in Section 1.150-2 of the U. S. Treasury Regulations.

#### BACKGROUND INFORMATION

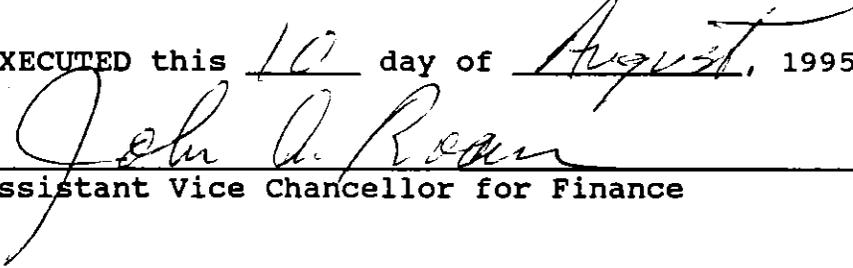
At the April 1994 meeting, the U. T. Board of Regents approved the use of Revenue Financing System debt for equipment purchases in accordance with the Guidelines Governing Administration of the Revenue Financing System and approved an aggregate financing amount for certain equipment purchased in Fiscal Year 1994. In addition, at its August 1994 meeting,

the U. T. Board of Regents approved an aggregate amount of equipment financing for Fiscal Year 1995. This agenda item requests approval of an aggregate amount of \$38,100,000 of equipment financing for Fiscal Year 1996. With the issuance of the equipment debt, the debt service coverage for the U. T. System is projected to range from 1.6 - 1.8 times for the next five years (see Page BAAC - 9). Each fiscal year, the U. T. Board of Regents will be asked to approve an aggregate financing amount, and any amount approved for a fiscal year but not used may not be carried forward.

PARITY DEBT CERTIFICATE OF U. T. SYSTEM REPRESENTATIVE

I, the undersigned Executive Vice Chancellor for Business Affairs of The University of Texas System, a U. T. System Representative under the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System adopted by the Board on February 14, 1991 and amended on October 8, 1993 (the "Master Resolution"), do hereby execute this certificate for the benefit of the Board of Regents pursuant to Section 5 (a) (ii) of the Master Resolution in connection with the authorization by the Board to issue "Parity Debt" pursuant to the Master Resolution to finance equipment cost at U. T. Arlington, U. T. Austin, U. T. Brownsville, U. T. El Paso, U. T. San Antonio, U. T. Tyler, U. T. Southwestern Medical Center - Dallas, U. T. Medical Branch - Galveston, U. T. Health Science Center - Houston, U. T. M.D. Anderson Cancer Center, U. T. Health Center - Tyler, and do certify that to the best of my knowledge the Board of Regents is in compliance with all covenants contained in the Master Resolution, First Supplemental Resolution Establishing an Interim Financing Program, the Second Supplemental Resolution, and the Third Supplemental Resolution, and is not in default of any of the terms, provisions and conditions in said Master Resolution, First Supplemental Resolution, the Second Supplemental Resolution and the Third Supplemental Resolution.

EXECUTED this 10 day of August, 1995

  
Assistant Vice Chancellor for Finance

**The University of Texas System  
FY 96 Equipment Financing  
(\$ in millions)**

	(1) Equip. Financing	(2) Maximum Annual Equip. Debt Service *	(3) Projected Fund Bal FY 96	(4) Total Debt Service as a % of Total Expenses FY 96	(5) Source of Repayment
UT Arlington	2.50	0.48	21.10	4.65%	Gen Rev, Gen Fee & Aux Fee
UT Austin	2.50	0.48	105.60	3.90%	Gen Use Fee
UT Brownsville	0.96	0.19	2.31	0.50%	HEAF
UT El Paso	1.50	0.29	11.50	4.88%	Gen Rev, Gen Fee & Aux Fee
UT San Antonio	2.90	0.56	11.50	5.80%	Gen Use Fee
UT Tyler	1.00	0.19	0.43	3.50%	Gen Use Fee
<b>Total Academics</b>	<b>11.36</b>	<b>2.19</b>	<b>152.44</b>		
UT Galveston Medical Branch	17.16	3.30	125.40	0.65%	Gen Rev & Patient Income
UTHSC Houston	3.40	0.65	56.30	2.49%	Institutional Funds
HC Tyler	3.30	0.64	3.60	0.92%	Patient Income
M.D. Anderson	1.00	0.19	237.90	0.19%	Patient Income
Southwestern Medical Ctr	1.90	0.36	113.20	4.00%	Patient Income
<b>Total Health</b>	<b>26.76</b>	<b>4.78</b>	<b>423.20</b>		
<b>Totals</b>	<b>38.12</b>	<b>6.96</b>			

	<u>Actual</u>		<u>Forecast</u>				
	<u>FY 93</u>	<u>FY 94</u>	<u>FY 95</u>	<u>FY 96</u>	<u>FY 97</u>	<u>FY 98</u>	<u>FY 99</u>
<b>U.T. System</b>							
Available Revenues	2,965.2	3,226.4	3,338.2	3,553.0	3,584.3	3,655.5	3,702.8
Operating Expenditures	(2,868.1)	(3,033.6)	(3,251.0)	(3,419.5)	(3,437.2)	(3,482.4)	(3,533.1)
Net Available for Debt Servic	97.1	192.8	87.2	133.5	147.1	173.1	169.7
Debt Service	(42.0)	(43.3)	(49.6)	(76.0)	(91.0)	(100.8)	(106.7)
Total Mandatory Transfers	(49.0)	(48.3)	(50.2)	(76.6)	(91.6)	(101.4)	(107.3)
Debt Service Coverage	2.3	4.5	1.8	1.8	1.6	1.7	1.6

\*Assumes 7 year amortization with 5% interest rate.

5. U. T. System: Request to Approve Transfer of Funds Between Legislative Appropriation Items During the Biennium Beginning September 1, 1995.--

RECOMMENDATION

The Chancellor, with the concurrence of the appropriate Executive Vice Chancellor 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, 1995:

Pursuant to the appropriate transfer provisions of the General Appropriations Act of the 74th Legislature, it is hereby resolved that the State Comptroller be requested to make necessary transfers within the Legislative Appropriations (and/or Cost Centers) 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 Brownsville  
The University of Texas at Dallas  
The University of Texas at El Paso  
The University of Texas - Pan American  
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

This 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 Act by the 74th Texas Legislature.

6. U. T. System: Proposed Adoption of Rules and Regulations for the Administration of Scholarships Appropriated by the 74th Legislature.--

RECOMMENDATION

The Chancellor, with the concurrence of the appropriate Executive Vice Chancellor and the chief administrative officers of the U. T. System component institutions, recommends that the following rules and regulations for the administration of scholarships appropriated from "Other Educational and General Income" or "Other Educational, General, and Patient Care Income" in the General Appropriations Act of the 74th Legislature be adopted for the biennium beginning September 1, 1995. These proposed regulations will be effective beginning with the 1996-97 biennium and will not require amendment or reenactment in the future unless the language of the rider changes.

Rules and Regulations for  
Administration of 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 scholarships.
- c. No funds appropriated in this Act for scholarships to institutions of higher education may be used to provide athletic scholarships.

#### BACKGROUND INFORMATION

Section 13 of Article III (the "riders") of the General Appropriations Act of the 74th Legislature provides as follows:

- 1. Out of the funds identified by this Article in the informational items described as "Other Educational and General Income" or "Other Educational, General and Patient Care Income," the respective governing boards of the general academic teaching institutions and of the health centers, health science centers, medical education programs or technical colleges may allocate and expend the actual receipts in such informational item for student scholarships pursuant to the provisions of V.T.C.A., Education Code, Sec. 56.031 to Sec. 56.038, cited as the Texas Public Education Grants Program.
- 2. Out of the funds identified by this Article in the informational strategies 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 the 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 of rules shall be similarly filed with the Coordinating Board and with the Comptroller.
4. No educational and general 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 1996-97 biennium for the informational strategy described as "Scholarships," it is the intent of the Legislature that the respective governing boards shall allocate and expand such funds for need-based student scholarships regardless of the race, sex, color or ethnicity of the student recipient.

This language was in the prior General Appropriations Act and the requirement of a governing board policy was last implemented by the enactment of rules and regulations for the 1994-95 biennium by the U. T. Board of Regents at the August 1993 meeting.

Upon approval, copies of these rules and regulations will be filed with the Texas Higher Education Coordinating Board and the Comptroller.

7. U. T. System: Recommendation to Maintain an Investment Fee for All Endowments and Trusts and Authorize Use for System Administration Educational Purposes and Support of Endowments and Trusts.--

#### RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Business Affairs that the U. T. Board of Regents take the action as set out on Page BAAC - 14 with regard to the endowments and trusts managed by the Office of Asset Management.

- a. Maintain the current assessment of an investment fee for all endowments and trusts managed by the Office of Asset Management at an annual rate of one-tenth of one percent of the funds' market value, as determined on quarterly evaluation dates
- b. Authorize the use of funds from up to four-hundredths of one percent of the assessment rate for educational purposes at U. T. System Administration
- c. Authorize the use of the balance of the assessment for the support of expenses related to the management of endowments and trusts by the Office of Asset Management.

#### BACKGROUND INFORMATION

Since 1988, a fee has been assessed all endowments and trusts to build an investment excellence quasi-endowment fund. This fund has now reached the level necessary to provide for supplemental salary support as provided in the Investment Excellence Program. The continuation of the assessment is needed to provide funding for the support of educational programs at U. T. System Administration which cannot be funded from the Available University Fund and for the support of administrative costs in the Office of Asset Management directly related to the management of endowments and trusts. The Texas Education Code provides the necessary authority for the assessment of such a fee. The total assessment is estimated to be \$1,400,000 based on the current market value of all endowments and trusts managed in the Office of Asset Management.

8. U. T. System Administration and U. T. Austin: Request for Approval to Amend Resolution Regarding the List of Individuals Authorized to Negotiate, Execute, and Administer Classified Government Contracts (Key Management Personnel).--

#### RECOMMENDATION

The Chancellor recommends that the U. T. Board of Regents approve the amended resolution set out on Page BAAC - 15 updating the roster of administrative officials of the U. T. System and the U. T. Board of Regents as shown under items a. and d.

BE IT RESOLVED:

- a. That those persons occupying the following positions among the officers of The University of Texas System shall be known as the Key Management Personnel as described in the Department of Defense Industrial Security Manual for Safeguarding Classified Information:

William H. Cunningham, Chancellor, Chief Executive Officer

Arthur H. Dilly, Executive Secretary to the Board of Regents

Robert M. Berdahl, President, U. T. Austin

Marye Anne Fox, Vice President for Research, U. T. Austin

G. Charles Franklin, Vice President for Business Affairs, U. T. Austin

Wayne K. Kuenstler, Director, Office of Sponsored Projects, U. T. Austin; U. T. System a.k.a. U. T. Austin Security Supervisor

Bobby C. McQuiston, Associate Director, Office of Sponsored Projects, U. T. Austin

- b. That the Chief Executive Officer and the members of the Key Management Personnel have been processed or will be processed for a personnel clearance for access to classified information, to the level of the facility clearance granted to the institution, as provided for in the aforementioned Industrial Security Program Operating Manual, and all replacements for such positions will be similarly processed for security clearance.
- c. That the said Key Management Personnel are hereby delegated all of the Board's duties and responsibilities pertaining to the protection of classified contracts of the Department of Defense, or User Agencies of its Industrial Security Program, awarded to the institutions of The University of Texas System.
- d. That the following named members of the U. T. Board of Regents shall not require, shall not have, and can be effectively excluded from access to all classified information in the possession of The University of Texas System and do not occupy positions that would enable them to affect adversely the policies and practices of the institutions of The University of Texas System in the performance of classified contracts for the Department of Defense, or User Agencies of its Industrial Security Program, and need not be processed for a personnel clearance:

Members of the U. T. Board of Regents:

Bernard Rapoport, Chairman

Thomas O. Hicks, Vice-Chairman

Martha E. Smiley, Vice-Chairman

Linnet F. Deily

Donald L. Evans

Zan W. Holmes, Jr.

Lowell H. Lebermann, Jr.

Tom Loeffler

Ellen Clarke Temple

## BACKGROUND INFORMATION

The proposed resolution is needed to comply with the Department of Defense Industrial Security Program Operating Manual requirements and to provide for the exclusion of named members of the U. T. Board of Regents. Other than for changes to include the current Board members and officers of the U. T. System, the proposed resolution is identical to the one adopted in April 1994.

## Academic Affairs Committee

ACADEMIC AFFAIRS COMMITTEE  
Committee Chairman Lebermann

Date: August 10, 1995  
Time: Following the meeting of the Business Affairs and  
Audit Committee  
Place: Nellie B. and John B. Connally Conference Center  
Third Floor, U. T. Institute of Texan Cultures -  
San Antonio

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1. U. T. Austin: Request for Approval to Conduct a Private Fund Development Campaign for the Benefit of the Harry Ransom Humanities Research Center (Regents' <u>Rules and Regulations</u> , Part One, Chapter VII, Section 2, Subsection 2.4, Subdivision 2.44)	3
2. U. T. Austin: Request for Authorization to Establish a Doctor of Philosophy Degree Program in Operations Research and Industrial Engineering and to Submit the Proposed Program to the Coordinating Board for Approval (Catalog Change)	4
3. U. T. El Paso: Request for Authorization to Establish Resident Tuition Rates for Students Residing in Counties in New Mexico Adjacent to Texas Effective with the Fall Semester 1995 (Catalog Change)	5
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5. U. T. El Paso: Request for Authorization to Establish a Master of Science Degree Program in Kinesiology and Sports Studies and to Submit the Proposed Program to the Coordinating Board for Approval (Catalog Change)	7
6. U. T. Pan American: Recommendation to Establish the Friends of the Library Advisory Council	9
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8. U. T. Tyler: Request for Authorization to Establish a Bachelor of Science Degree Program in Computer Information Systems and to Submit the Proposed Program to the Coordinating Board for Approval (Catalog Change) 10
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1. U. T. Austin: Request for Approval to Conduct a Private Fund Development Campaign for the Benefit of the Harry Ransom Humanities Research Center (Regents' Rules and Regulations, Part One, Chapter VII, Section 2, Subsection 2.4, Subdivision 2.44).--

#### RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Berdahl that approval be given for U. T. Austin to conduct a Private Fund Development Campaign for the benefit of the Harry Ransom Humanities Research Center, pursuant to the Regents' Rules and Regulations, Part One, Chapter VII, Section 2, Subsection 2.4, Subdivision 2.44, relating to private fund development campaigns.

#### BACKGROUND INFORMATION

The primary initiative of the proposed campaign at the Harry Ransom Humanities Research Center at U. T. Austin is to increase the total endowment and support capital improvements to preserve and enhance the Center's facility and collections.

The five-year campaign goal is to enlarge the Center's total endowment to \$10,000,000 which would require securing \$7,000,000 in new gifts to increase existing endowment funds and create new ones. The Center proposes that endowment funds be dedicated for a variety of purposes, such as subsidizing acquisitions of new materials; supporting public programs to bring leading scholars, authors, intellectuals, and other cultural figures to the campus; and funding graduate internships for students to gain important experience working in a major humanities research center.

In addition, the goal includes raising \$2,000,000 in gifts to support capital improvements. Part of this campaign initiative would involve seeking contributions to be recognized by naming reading rooms, seminar rooms, galleries, conservation laboratories, and other spaces for persons or groups specified by donors 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.

Public announcement of the Center's proposed campaign initiative is scheduled for April 1996.

2. U. T. Austin: Request for Authorization to Establish a Doctor of Philosophy Degree Program in Operations Research and Industrial Engineering and to Submit the Proposed Program 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 Berdahl that authorization be granted to establish a Doctor of Philosophy degree in Operations Research and Industrial Engineering at U. T. Austin and to submit the proposal to the Texas Higher Education Coordinating Board for review and appropriate action. The proposed program in operations research and industrial engineering is consistent with U. T. Austin's mission statement and is within its approved Table of Programs. A description of the proposed program is given in the Background Information of this agenda item.

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

#### BACKGROUND INFORMATION

##### Program Description

Operations Research (OR) is a mathematical science concerned with optimal decision-making and modeling systems. Its focus and field of application are interdisciplinary, including a range of components from economics, computer science, and systems theory. Industrial Engineering (IE) is concerned with the design, improvement, and installation of integrated systems of persons, material, and equipment. Collectively, OR/IE attempts to provide a rational approach to engineering and managerial problem-solving through the deliberate application of scientific and mathematic methodologies.

##### Need

Operations Research and Industrial Engineering has been offered as a master's level program at U. T. Austin for many years. However, students wishing to pursue work at the doctoral level have had to be officially enrolled in Mechanical Engineering and indicate a specialization in Operations Research and Industrial Engineering. Students in this situation have been graduating for over 30 years. This is a proposal to establish the specialization as a separately designated and recognized graduate program.

##### Program Quality

Over the last ten years, this specialization in Mechanical Engineering has been in high demand, graduating more than 30 students with Ph.D.s. These students have found jobs with some of the best research institutions and organizations in the country. The program has a national reputation and competes for students with other top graduate schools such as

the University of California at Berkeley and the Massachusetts Institute of Technology. It is one of four U. S. Army and Air Force approved programs which career officers may attend to study for a doctorate in OR.

#### Cost

The proposed program will require no change in either the Mechanical Engineering Department or the College of Engineering budgets, since no additional resources, staff, or faculty will be required.

#### Summary

The Operations Research and Industrial Engineering Doctor of Philosophy degree program would not be a new activity for U. T. Austin, but instead would be a formal recognition of a program which has been previously treated as a specialization within mechanical engineering.

A copy of the proposal for the Doctor of Philosophy in Operations Research and Industrial Engineering is available in the U. T. System Office of Academic Affairs.

3. U. T. El Paso: Request for Authorization to Establish Resident Tuition Rates for Students Residing in Counties in New Mexico Adjacent to Texas Effective with the Fall Semester 1995 (Catalog Change).--

#### RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Natalicio that authorization be granted to U. T. El Paso to establish resident tuition rates for students residing in counties in New Mexico that are adjacent to Texas effective with the Fall Semester 1995, in accordance with the provisions of the Texas Education Code, Section 54.060 (f) as passed by the 74th Texas Legislature.

Upon approval, the next appropriate catalog published at U. T. El Paso will be amended to reflect this action.

#### BACKGROUND INFORMATION

House Bill 1836 passed by the 74th Texas Legislature includes a provision that governing boards may agree to allow certain nonresident students to pay tuition at the resident tuition rate. A student who resides in a county or parish of Arkansas, Louisiana, New Mexico, or Oklahoma that is adjacent to Texas is eligible for such treatment provided the adjoining state allows a Texas resident of a county adjoining that state enrolled at a public institution in that state to pay the tuition rate charged for residents of that state.

New Mexico State University, located in Doña Ana County which is adjacent to El Paso County, allows Texas residents to pay resident tuition rates for up to six (6) semester credit hours.

Upon Regental approval, U. T. El Paso will implement a tuition policy for residents of counties in New Mexico that are adjacent to Texas that mirrors the policies at New Mexico State University. With the current limitation, the New Mexico students at U. T. El Paso would pay tuition at Texas resident rates for up to six (6) semester credit hours. If New Mexico State University were to increase the number of hours for which Texas residents could pay the New Mexico resident tuition rate, U. T. El Paso would adjust its policy to reflect such changes.

The Texas Higher Education Coordinating Board has proposed a rule that would require that the admitting Texas institution file with the Coordinating Board a copy of a letter from the chief executive officer of a neighboring state public institution which certifies that eligible Texas residents are entitled to pay in-state tuition at the neighboring state institution. This provision will be satisfied for U. T. El Paso prior to the Fall Semester 1995.

4. U. T. El Paso: Request for Authorization to Establish a Master of Science Degree Program in Health Science and to Submit the Proposed Program 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 Natalicio that authorization be granted to establish a Master of Science degree in Health Science at U. T. El Paso and to submit the proposal to the Texas Higher Education Coordinating Board for review and appropriate action. The proposed program in health science is consistent with U. T. El Paso's mission statement and is within its approved Table of Programs. A description of the proposed program is given in the Background Information of this agenda item.

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

#### BACKGROUND INFORMATION

##### Program Description

The proposed Master of Science degree in Health Science will replace the health education component of the existing Master of Science in Health and Physical Education degree program. The proposed program is a 30 semester credit hour master's degree.

The program change was originally submitted to the Coordinating Board in February 1995 as a proposal for a nonsubstantive change. The Coordinating Board staff has elected to treat the proposed program as a substantive change because it requires the establishment of two new courses and proposes a curriculum for which the Health Professions Education Advisory Committee (HPEAC) of the Texas Higher Education Coordinating Board

has established very specific guidelines (*Guidelines for Health Education/Health Promotion Degree Programs in Texas, 1993*). To be considered under the Coordinating Board's procedures for substantive changes, the Master of Science degree in Health Science must receive formal approval by the U. T. Board of Regents.

#### Need and Quality

Both the need for the proposed program and the quality of the program are attested to by the successful degree program currently offered as a Master of Science in Health and Physical Education. By redesigning existing courses and adding two additional courses, the proposed curriculum will meet the new standards for programs in health science as required by the Texas Higher Education Coordinating Board. U. T. El Paso anticipates 15 to 20 full-time equivalent students to be enrolled in the program within five years.

#### Cost

The two new courses required to implement the proposed Master of Science in Health Science will be taught by rescheduling existing courses so that no new faculty will be required. Consequently, no additional costs will be incurred.

#### Summary

U. T. El Paso seeks Regental approval for the proposed Master of Science in Health Science as a replacement for the health education part of the current Master of Science in Health and Physical Education. Since the Coordinating Board staff has elected to treat the proposal as a substantive change, Regental approval is required.

A copy of the proposal for the Master of Science in Health Science degree program is available in the U. T. System Office of Academic Affairs.

5. U. T. El Paso: Request for Authorization to Establish a Master of Science Degree Program in Kinesiology and Sports Studies and to Submit the Proposed Program 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 Natalicio that authorization be granted to establish a Master of Science degree in Kinesiology and Sports Studies at U. T. El Paso and to submit the proposal to the Texas Higher Education Coordinating Board for review and appropriate action. The proposed program in kinesiology and sports studies is consistent with U. T. El Paso's mission statement and is within its approved Table of Programs. A description of the proposed program is given in the Background Information of this agenda item.

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

## BACKGROUND INFORMATION

### Program Description

The proposed Master of Science degree in Kinesiology and Sports Studies will replace the physical education component of the existing Master of Science in Health and Physical Education degree program. The proposed program is a 30 semester credit hour master's degree.

The program change was originally submitted to the Coordinating Board in February 1995 as a proposal for a nonsubstantive change. The Coordinating Board staff has elected to treat the proposed program as a substantive change because it requires the establishment of two new courses and proposes a curriculum for which the Coordinating Board has established very specific guidelines. In order to be considered under the Coordinating Board's procedures for substantive change, the M.S. in Kinesiology and Sports Studies must receive formal approval by the U. T. Board of Regents.

### Need and Quality

The need for the proposed program has been established by virtue of current enrollment in the M.S. in Health and Physical Education and the success of students who have graduated from that program. U. T. El Paso anticipates 18 to 20 full-time equivalent students to be enrolled in the program.

Quality has also been established under the existing degree program and has been subject to the usual academic review at U. T. El Paso. By redesigning existing courses and adding two additional courses, the curriculum will meet the new standards for programs in kinesiology and sports studies.

### Cost

The proposed new courses will be taught by rescheduling existing courses so that no new faculty will be required. Consequently, no additional costs will be incurred.

### Summary

U. T. El Paso seeks Regental approval for a Master of Science in Kinesiology and Sports Studies to satisfy the Coordinating Board's determination that this program be handled as a substantive request.

A copy of the proposal for the Master of Science in Kinesiology and Sports Studies degree program is available in the U. T. System Office of Academic Affairs.

6. U. T. Pan American: Recommendation to Establish the Friends of the Library Advisory Council.--

#### RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Nevarez that approval be given to establish the Friends of the Library Advisory Council at U. T. Pan American, pursuant to the Regents' Rules and Regulations, Part One, Chapter VII, Section 3, regarding the Advisory Councils of a Component Institution.

Upon approval, recommendations for appointment of nominees to membership on the Friends of the Library Advisory Council will be prepared in accordance with the Regents' Rules and Regulations.

#### BACKGROUND INFORMATION

The primary functions of the proposed Advisory Council at U. T. Pan American will be to provide support for the development of outside sources of funding for the library, as well as to act as an advocate for the library in the local area and to advise the library director with respect to the role of the library as a regional resource for the Rio Grande Valley.

Membership will be at least nine members with appointments for three-year terms, with one-third of the membership rotating off the Council each year. Reappointment of Council members may be made, based on the continuing interest and contributions of members.

7. U. T. Permian Basin: Recommendation to Establish the John Ben Shepperd Public Leadership Institute Advisory Council.--

#### RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Sorber that approval be given to establish the John Ben Shepperd Public Leadership Institute Advisory Council at U. T. Permian Basin, pursuant to the Regents' Rules and Regulations, Part One, Chapter VII, Section 3, regarding the Advisory Councils of a Component Institution.

Upon approval, recommendations for appointment of nominees to membership on the John Ben Shepperd Public Leadership Institute Advisory Council will be prepared in accordance with the Regents' Rules and Regulations.

## BACKGROUND INFORMATION

The specific purpose of the proposed Advisory Council at U. T. Permian Basin will be to provide guidance and counsel on the activities of the John Ben Shepperd Public Leadership Institute to include relevance of curricula, development activities, and assistance in the development of several forums.

Initial membership on the Council would be more than 10 but less than 20 people with renewable one, two, or three-year terms. The institution wants to broaden the involvement in University activities by members of the community through the establishment of this Council.

8. U. T. Tyler: Request for Authorization to Establish a Bachelor of Science Degree Program in Computer Information Systems and to Submit the Proposed Program 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 Hamm that authorization be granted to establish a Bachelor of Science degree program in Computer Information Systems at U. T. Tyler and to submit the proposal to the Texas Higher Education Coordinating Board for review and appropriate action. The proposed program in computer information systems is consistent with U. T. Tyler's mission statement and is within its approved Table of Programs. A description of the proposed program is given in the Background Information of this agenda item.

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

## BACKGROUND INFORMATION

### Program Description

The proposed Bachelor of Science degree program in Computer Information Systems (CIS) would combine the core curriculum for the undergraduate Bachelor of Business Administration degree with courses in the current computer science degree programs which emphasize database design, computer programming, and computer applications to business problems. Twenty-seven (27) semester credit hours of upper-level computer science and 27 semester credit hours of business courses are included in the curriculum. The curriculum is designed to meet the objectives established by the Data Processing Management Association (DPMA) and the Institute for Certification of Computing Professionals (ICCP).

### Need

More than fifty companies in the greater Tyler region have departments of information systems. These companies and others in the greater northeast Texas region will be the primary employers of the graduates of the proposed degree program. The curriculum is designed to prepare graduates for immediate employment in such organizations. Graduates will also be qualified to obtain employment outside the region in many similar departments. Graduates from other information systems or related programs are in high demand. U. T. Tyler estimates that within five years total enrollment in the CIS program will be 115, with 37 additional students enrolling at U. T. Tyler as a result of establishing this program and the balance being students who would otherwise have enrolled in the existing computer science program.

### Program Quality

The Computer Science Department in the School of Sciences and Mathematics currently has six full-time faculty positions, one of which is temporarily vacant. These six full-time faculty members will teach the computer science part of the curriculum, while the business core will be taught by the faculty of the School of Business Administration. The computer science faculty will provide the overall program leadership and administer the program. While meeting the objectives of the DPMA, the curriculum is based on the national curriculum guidelines established by the Association of Computing Machinery (ACM). The DPMA also provides national curriculum guidelines which are followed by East Texas State University and Stephen F. Austin State University. The ACM curriculum places a heavier emphasis on the development of problem solving and technological aspects of the computing field than is found in most DPMA curricula. The business courses are the core courses for the undergraduate business program and are accredited by the American Assembly of Collegiate Schools of Business (AACSB).

### Cost

If the projected enrollment of 115 students, including 37 new students, is realized, one additional faculty member will be needed to offer sufficient course sections. The department hopes to acquire new computing equipment and software, although such an acquisition would not be a direct result of creating this program and would not be required to offer the program. No new courses would be added to the course inventory as a direct result of establishing the program and, thus, no costs would be incurred.

### Summary

U. T. Tyler proposes to establish a new Bachelor of Science in Computer Information Systems, a program which would include 27 semester credit hours in computer science and 27 semester credit hours of core business administration courses. The six full-time faculty members in the Department of Computer Science would administer the program. The curriculum would consist entirely of existing courses and, consequently, there are no increased costs directly associated with the establishment of the new program.

A copy of the proposal for the Bachelor of Science in Computer Information Systems degree program is available in the U. T. System Office of Academic Affairs.

9. U. T. Tyler: Request for Authorization to Establish a Master of Arts Degree Program in Political Science and to Submit the Proposed Program 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 Hamm that authorization be granted to establish a Master of Arts degree in Political Science at U. T. Tyler and to submit the proposal to the Texas Higher Education Coordinating Board for review and appropriate action. A description of the proposed program is given in the Background Information of this agenda item.

Although the proposed program in political science is consistent with U. T. Tyler's mission statement, it is not currently within the Table of Programs approved by the Coordinating Board. Therefore, upon approval of this proposal by the U. T. Board of Regents, a revised Table of Programs will be simultaneously submitted with the proposal to the Coordinating Board for approval.

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

#### BACKGROUND INFORMATION

##### Program Description

The Master of Arts in Political Science is a 36-hour graduate program with an option for a 30-hour program with thesis. A 15-hour core requirement is common to both options. The program is similar to master's degree programs in political science at other institutions. The program will be administered by the Department of Social Sciences in the School of Liberal Arts.

##### Need

While almost two dozen similar programs exist in the State of Texas, no Master of Arts (M.A.) in Political Science degree program is offered within a 100-mile radius of Tyler, including the adjacent states. Since graduate students are often working full time, location can become a determining factor in pursuing an advanced degree. Estimated enrollment for the first year is 7 to 11 students, with an expected enrollment of 16 to 19 by the fifth year.

Many of the students in this program will be preparing to teach, especially in area high schools and junior colleges. Currently, graduate students with an interest in political science take only a few courses as part of a Master of Arts in Interdisciplinary Studies, a Master of Arts in History, or a Master of Public Administration degree. It is expected that four to six of the students currently pursuing the Master of Arts in Interdisciplinary Studies will switch to the M.A. in Political Science.

### Program Quality

U. T. Tyler has four full-time tenured faculty scholars in political science, one of whom serves as Dean of Liberal Arts. These four faculty members will provide program leadership while drawing on specialized expertise of faculty in related fields. The proposed program builds on the experience of offering political science courses as a primary field in the existing M.A. in Interdisciplinary Studies program.

### Cost

The proposed master's program in political science will be led by the four political science faculty members in the Department of Social Sciences. By rescheduling existing courses, these faculty will offer five new courses over a two-year period. Existing courses, especially those offered in the M.A. in Interdisciplinary Studies, will provide the rest of the course work required for this proposed program. No additional faculty or staff will be required and no additional costs will be incurred.

### Summary

U. T. Tyler proposes to establish a 36-hour Master of Arts in Political Science with an option for a 30-hour program with thesis. The program, under the Department of Social Sciences in the School of Liberal Arts, will serve primarily place-bound students who will teach in high schools and junior colleges in the Tyler and surrounding areas.

A copy of the proposal for the Master of Arts in Political Science degree program is available in the U. T. System Office of Academic Affairs.

10. U. T. System: Progress Report on Activities Related to the South Texas/Border Initiative Program.--

### REPORT

Dr. Mario J. Gonzalez, Associate Vice Chancellor for South Texas/Border Area Development, will present a progress report on the current activities related to the U. T. System South Texas/Border Initiative Program.

## Health Affairs Committee

HEALTH AFFAIRS COMMITTEE  
Committee Chairman Loeffler

Date: August 10, 1995

Time: Following the meeting of the Academic Affairs  
Committee

Place: Nellie B. and John B. Connally Conference Center  
Third Floor, U. T. Institute of Texan Cultures -  
San Antonio

Page  
HAC

U. T. Health Science Center - San Antonio  
(U. T. Allied Health Sciences School -  
San Antonio): Recommendation for Approval  
to Offer a Master of Science in Clinical  
Laboratory Sciences and to Submit the  
Proposal to the Coordinating Board for  
Approval (Catalog Change)

2

U. T. Health Science Center - San Antonio (U. T. Allied Health Sciences School - San Antonio): Recommendation for Approval to Offer a Master of Science in Clinical Laboratory Sciences and to Submit the Proposal to the Coordinating Board for Approval (Catalog Change).--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and President Howe that approval be granted to the U. T. Allied Health Sciences School - San Antonio at the U. T. Health Science Center - San Antonio to offer a Master of Science in Clinical Laboratory Sciences. The proposed program is consistent with the U. T. Health Science Center - San Antonio Strategic Plan and Role and Scope Statement.

Upon approval by the U. T. Board of Regents, the proposal will be submitted to the Texas Higher Education Coordinating Board for approval. Following Coordinating Board approval, the next appropriate catalog published at the U. T. Health Science Center - San Antonio will be amended to reflect this action.

BACKGROUND INFORMATION

The proposed program would be the only master's degree in Clinical Laboratory Sciences in Texas and is designed to accommodate laboratory practitioners who want to enroll on a part-time basis. The proposed degree is a 40-hour program to be offered by the U. T. Allied Health Sciences School - San Antonio in the Department of Clinical Laboratory Sciences. It is a two-track program designed to educate individuals at the post-baccalaureate level to function as laboratory specialists in analytical/forensic toxicology or in immunohematology. If approved, it is anticipated that the first students would be accepted in the Fall of 1996.

The field of transfusion medicine demands practitioners who have advanced skills and knowledge in order to apply new technology, transfusion practices, and component therapy for special patient populations and to provide safe, high quality blood products to the public. The increasing importance of specialized laboratory testing in criminal cases and drug testing for therapeutic drug monitoring as well as drugs of abuse has created a need for laboratory personnel to function in analytic/forensic toxicology. This requires a unique blend of knowledge in physiology, analytic and forensic procedures, and toxicological pharmacology.

The curriculum is a combination of didactic work at the U. T. Health Science Center - San Antonio and practicums at multiple sites in the community. The core courses (13.5 semester credit hours) consist of existing courses in the U. T. Graduate School of Biomedical Sciences - San Antonio and a research project. The remaining 26.5 semester credit hours are unique to the two tracks: Immunohematology (IH) and Analytical/Forensic Toxicology (Toxi). Admission into each tract requires completion of specific undergraduate courses; an overall GPA of 3.0; combined GRE score of 1,000; baccalaureate degree in Clinical Laboratory Science/Biology/Biochemistry/Pharmacy or a closely related discipline; and two reference

letters. Each track of the proposed program will be under the supervision of an existing Clinical Laboratory Sciences faculty member with expertise in the discipline. Didactic courses will be taught by current faculty and experts in the discipline from the community. Practicums will be under the supervision of selected University and community practitioners at sites such as the Bexar County Forensic Center and South Texas Poison Control Center. Four to six students are expected to enroll each year for the first five years.

The proposed program is estimated to cost approximately \$66,000 in years one and two; \$88,000 in year three; and \$171,000 in years four and five. Reallocation of existing funds by the U. T. Health Science Center - San Antonio will cover the first three years of operation. Funding for years four and five will be covered through reallocation of existing funds and state appropriations. This includes \$15,000 for the Education Coordinator which is funded by University Hospital. Faculty needs for the first three years will be met by redirection of responsibilities of existing Department of Clinical Laboratory Sciences faculty and support from the faculty of the U. T. Graduate School of Biomedical Sciences - San Antonio and other experts in the community. Two new faculty FTE positions will be needed for the fourth and fifth years.

A copy of the proposal is on file in the Office of Health Affairs.

**Facilities, Planning & Construction  
Committee**

FACILITIES PLANNING AND CONSTRUCTION COMMITTEE  
Committee Chairman Temple

Date: August 10, 1995

Time: Following the meeting of the Health Affairs  
Committee

Place: Nellie B. and John B. Connally Conference Center  
Third Floor, U. T. Institute of Texan Cultures -  
San Antonio

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3. U. T. Austin - Parking Facility No. 3 [Formerly Phase One] (Project No. 102-826): Request for Authorization to Increase Total Project Cost; Presentation of Preliminary Plans; Authorization to Prepare Final Plans and Specifications; Submission of the Project to the Coordinating Board; Authorization to Advertise for Bids and for the Executive Committee to Award Contracts; Appropriation Therefor; and Approval of Use of Revenue Financing System Parity Debt, Receipt of Certificate, and Finding of Fact with Regard to Financial Capacity	4
4. U. T. Austin - Women's Softball Field - Stage Two Grandstand and Related Facilities (Project No. 102-840): Request for Authorization to Increase Total Project Cost; Approval of Preliminary Plans; Authorization to Prepare Final Plans and Specifications; Submission of the Project to the Coordinating Board; Authorization to Advertise for Bids and for the Executive Committee to Award Contracts; and Additional Appropriation Therefor	10

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6. U. T. Health Science Center - Houston - Renovation of the Speech and Hearing Institute Building for the Institute of Molecular Medicine (Project No. 701-834): Request for Authorization of a Change in Project Scope to Accommodate the Institute of Molecular Medicine with the Finish-Out of Lease Space in the Texas A&M University Institute of Biotechnology Building; Authorization to Prepare Final Plans; Submission of the Project to the Coordinating Board; Advertisement for Bids; and Executive Committee to Award Contracts 16
7. U. T. M.D. Anderson Cancer Center - Phase I Renovation of Gimbel and Anderson Center Core - Dock and Service Corridor Improvements (Project No. 703-794): Request for Approval of Preliminary Plans and Specifications; Authorization to Prepare Final Plans and Specifications; Submission of the Project to the Coordinating Board; Advertisement for Bids and Executive Committee Award of Contracts; and Additional Appropriation Therefor 17
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1. U. T. Arlington - Maverick Stadium - Addition of Athletic Offices (Project No. 301-804): Request for Approval to Waive the Regents' Rules and Regulations, Part One, Chapter VIII, Section 1, Subsection 1.1 (Naming of Buildings) to Name the Athletic Offices Addition the C. R. Gilstrap Athletic Center.--

#### RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and Interim President Witt 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 Athletic Offices Addition associated with Maverick Stadium at U. T. Arlington the C. R. Gilstrap Athletic Center.

#### BACKGROUND INFORMATION

Mr. C. R. (Chena) Gilstrap came to Arlington State College in 1953 as Associate Professor, Athletic Director, and Head Football Coach. He served with distinction in all of these capacities and became Professor in 1957, the year his team was voted the number one junior college team in the nation. He retired in 1978. The institution became part of the U. T. System in 1965 and was renamed U. T. Arlington in 1967.

Coach Gilstrap was one of the founding forces of the Southland Conference, served on numerous National Collegiate Athletic Association (NCAA) committees, and was a member of the United States Olympic Committee Board for the 1968 quadrennium. Other honors of Coach Gilstrap include: Southland Conference Coach of the Year, Distinguished Service Award of the Texas High School Coaches Association, Distinguished American Award from the National Football Foundation and Hall of Fame, Honorary Distinguished Alumnus of U. T. Arlington, U. T. Arlington Athletic Hall of Honor, and the Texas Sports Hall of Fame.

The naming of this facility as the C. R. Gilstrap Athletic Center is most appropriate in recognition of Coach Gilstrap's numerous contributions to the institution.

2. U. T. Austin - Expansion of the Animal Resources Center (Project No. 102-707): Request for Approval of Plaque Inscription.--

#### RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Berdahl that the U. T. Board of Regents approve the inscription set out on Page FPCC - 4 for a plaque to be placed on the Animal

Resources Center expansion building at U. T. Austin. This inscription is in keeping with the standard pattern approved by the U. T. Board of Regents in June 1979.

EXPANSION OF THE ANIMAL RESOURCES CENTER  
1994

BOARD OF REGENTS

Bernard Rapoport Chairman	William H. Cunningham Chancellor, The University of Texas System
Ellen Clarke Temple Vice-Chairman	Robert M. Berdahl President, The University of Texas at Austin
Lowell H. Lebermann, Jr. Vice-Chairman	
Robert J. Cruikshank	The White Budd VanNess Partnership
Thomas O. Hicks	Project Architect
Zan W. Holmes, Jr.	Pyramid Constructors, Inc. Contractor
Tom Loeffler	
Mario E. Ramirez, M.D.	
Martha E. Smiley	

BACKGROUND INFORMATION

A construction contract for Expansion of the Animal Resources Center at U. T. Austin was approved by the U. T. Board of Regents at the August 1994 meeting.

3. U. T. Austin - Parking Facility No. 3 [Formerly Phase One] (Project No. 102-826): Request for Authorization to Increase Total Project Cost; Presentation of Preliminary Plans; Authorization to Prepare Final Plans and Specifications; Submission of the Project to the Coordinating Board; Authorization to Advertise for Bids and for the Executive Committee to Award Contracts; Appropriation Therefor; and Approval of Use of Revenue Financing System Parity Debt, Receipt of Certificate, and Finding of Fact with Regard to Financial Capacity.--

RECOMMENDATION

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

- a. Authorize an increase in the total project cost for a single phase Parking Facility No. 3 (formerly Phase One) at U. T. Austin from \$6,000,000 to \$11,000,000 with the increase funded from Revenue Financing System Bond Proceeds
- b. Approve preliminary plans and specifications at the revised total project cost

- c. Authorize preparation of final plans and specifications
- d. Authorize submission of the project to the Texas Higher Education Coordinating Board
- e. Authorize the Office of Facilities Planning and Construction to advertise for bids upon completion of final review and the Executive Committee to award all contracts associated with this project within the authorized total project cost
- f. Appropriate an additional \$10,850,000 to be funded by \$9,500,000 in Revenue Financing System Bond Proceeds, and \$1,350,000 in Auxiliary Enterprise Balances. This amount, combined with previous appropriations of \$150,000 from Auxiliary Enterprise Balances, will fund the total project cost of \$11,000,000.

The Chancellor also concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Berdahl that, in compliance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System, adopted by the U. T. Board of Regents on February 14, 1991, and amended on October 8, 1993, and upon delivery of the Certificate of an Authorized Representative as set out on Page FPCC - 7, the U. T. Board of Regents resolves that:

- a. Parity Debt shall be issued to pay the project's cost including any project costs paid prior to the issuance of such Parity Debt
- b. Sufficient funds will be available to meet the financial obligations of the U. T. System including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System and to meet all financial obligations of the Board relating to the Financing System
- c. U. T. Austin, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its Direct Obligation as defined in the Master Resolution relating to the issuance by the U. T. Board of Regents of tax-exempt Parity Debt in the amount of \$9,500,000
- d. This resolution satisfies the official intent requirements set forth in Section 1.150-2 of the U. S. Treasury Regulations.

## BACKGROUND INFORMATION

At the February 1994 meeting, the U. T. Board of Regents authorized a project for the construction of Parking Facility No. 3 - Phase One at U. T. Austin at an estimated total project cost of \$6,000,000. Initially, Phase One of the facility was to be designed to accommodate between 800 and 1,000 vehicles, and was to include approximately 20,000 square feet of retail space for a student store. A second phase was to be built at a later date to approximately double the total parking capacity.

Following project authorization, the Project Architect and the Ad Hoc Project Committee have worked closely with the Campus Master Plan consultant to address the issues of size, function, location, and aesthetics for the proposed parking facility. As a result of these efforts, some of the initial assumptions have changed. The preliminary plans now call for a single phase project for 1,600 vehicles, and the retail space has been eliminated. Additional study has indicated that it would be best for the parking facility to be operated by The University Parking and Traffic Division, with approximately 800 spaces being allocated for use by Housing and Food Service to accommodate annual parking requirements of resident students and for summer conference guest parking. The remaining 800 spaces will be available for faculty, staff, and commuter student contract parking and for daily transient parking. The revised total project cost will be increased from \$6,000,000 to \$11,000,000.

This project is included in the FY 1994-1999 Capital Improvement Plan (CIP) and the FY 1994 Capital Budget with total project funding in the amount of \$6,000,000 to be funded from \$4,500,000 in Revenue Financing System Bond Proceeds and \$1,500,000 in U. T. Austin Auxiliary Enterprise Balances. The project has been resubmitted in the FY 1996-2001 CIP, and approval of this request will revise the total project cost to \$11,000,000 to be funded from \$9,500,000 in Revenue Financing System Bond Proceeds and \$1,500,000 in Auxiliary Enterprise Balances.

The debt is to be repaid by a combination of revenue sources listed on Page FPCC - 8. Borrowing costs are assumed at 4.5% during the short-term, interim construction period, and 7.0% for the long-term period. The project will require an estimated total construction duration of 15 months with completion anticipated in August 1997. During the interim construction period, debt service will be satisfied through Auxiliary Enterprise Reserve Balances and receipts collected from a \$25.00 increase in all parking permit classes. In Fiscal Year 1998, the debt would be converted to a fixed rate of interest. During the first year of operations, the institution forecasts 100% occupancy of the facility, except for the spaces allocated for faculty and staff contracts, which are assumed at 90% occupancy. Thereafter, the forecasted debt service coverage before operating expenses is 1.44x and the debt service coverage after operating expenses is 1.04x for the term of the bonds (see Page FPCC - 9).

PARITY DEBT CERTIFICATE OF U. T. SYSTEM REPRESENTATIVE

I, the undersigned Assistant Vice Chancellor for Finance of The University of Texas System, a U. T. System Representative under the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System adopted by the Board on February 14, 1991, and amended on October 8, 1993 (the "Master Resolution"), do hereby execute this certificate for the benefit of the Board of Regents pursuant to Section 5(a) (ii) of the Master Resolution in connection with the authorization by the Board to issue "Parity Debt" pursuant to the Master Resolution to finance the cost of the construction of U. T. Austin - Parking Facility No. 3 at U. T. Austin, and do certify that to the best of my knowledge the Board of Regents is in compliance with all covenants contained in the Master Resolution, First Supplemental Resolution Establishing an Interim Financing Program, and the Second Supplemental Resolution, and is not in default of any of the terms, provisions and conditions in said Master Resolution, First Supplemental Resolution and Second Supplemental Resolution as amended.

EXECUTED this 10 day of August, 1995

John A. Roan  
Assistant Vice Chancellor for Finance

The University of Texas at Austin  
 Parking Garage No. 3  
 Sources of Projected Revenues

<u>Parking Garage Receipts:</u>	<u>No. of Spaces</u>	<u>Contract Terms</u>	<u>Annual Anticipated Receipts</u>
Housing and Food Service	750	\$250 per semester	375,000
Faculty and Staff Contract	550	\$180 per year	99,000
Transient Parking	332	\$6 max. per day (250 days)	498,000
Summer Conferences	NA	5,000 people at \$6 per day 3 day stay	<u>90,000</u>
		Sub - Total	1,062,000
<hr style="border: 1px solid black;"/>			
<u>Parking System Receipts:</u>			
Permit Fee Increase	NA	\$25 for all permit types earmarked beginning 1996-1997	<u>227,300</u>
		Sub - Total	227,300
		Grand Total	<u>1,289,300</u>

The University of Texas at Austin  
Parking Garage No. 3

Project Level (\$ actual)

	Forecast					
	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
Parking Revenues and Permit Fee Receipts	0	0	227,300	1,279,400	1,289,300	1,289,300
(less) Operating Expenses	0	0	0	(360,000)	(360,000)	(360,000)
Net Available for Debt Service	0	0	227,300	919,400	929,300	929,300
Debt Service (\$9.5M, 7.0%, 20-years) Net of Interest Income	0	0	(237,500)	(896,733)	(896,733)	(896,733)
Debt Service Coverage Before Operating Expenses	NA	NA	0.96	1.43	1.44	1.44
Debt Service Coverage After Operating Expenses	NA	NA	0.96	1.03	1.04	1.04

Campus Level: U.T. Austin (\$ in millions)

	Actual			Forecast					
	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
Beg. Fund Balances	84.4	96.7	94.2	119.1	107.6	105.6	96.4	102.9	94.0
Total Current Revenues	495.2	523.4	570.3	555.6	598.8	604.2	634.9	633.4	660.5
Total Current Expenditures	(440.5)	(487.5)	(499.5)	(536.0)	(560.0)	(565.4)	(574.2)	(583.4)	(592.7)
Net Revenues	54.7	35.9	70.8	19.6	38.8	38.8	60.7	50.0	67.8
Debt Service	(17.4)	(17.5)	(17.7)	(18.7)	(21.9)	(24.7)	(28.1)	(29.8)	(29.3)
Other Man. Transfers	(3.8)	(6.9)	(4.7)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)
Total Mand. Transfers	(21.2)	(24.4)	(22.4)	(19.1)	(22.3)	(25.1)	(28.5)	(30.2)	(29.7)
Non-Mand. Transfers	(21.4)	(16.0)	(21.9)	(8.7)	(18.3)	(22.7)	(25.5)	(28.5)	(31.2)
Adjustments	0.2	2.0	(1.6)	(3.3)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)
Net Inc./ (Dec.) for Year	12.3	(2.5)	24.9	(11.5)	(2.0)	(9.2)	6.5	(8.9)	6.7
End. Fund Balances	96.7	94.2	119.1	107.6	105.6	96.4	102.9	94.0	100.7
Debt Service Coverage	3.14	2.05	4.00	1.05	1.77	1.57	2.16	1.68	2.31

U.T. System (\$ in millions)

	Actual			Forecast					
	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
Available Revenues	2,741.3	2,965.2	3,226.4	3,338.2	3,553.0	3,584.3	3,655.5	3,702.8	3,783.7
Operating Expenses	(2,542.7)	(2,868.1)	(3,033.6)	(3,251.0)	(3,419.5)	(3,437.2)	(3,482.4)	(3,533.1)	(3,594.2)
Net Available for Debt Service	198.6	97.1	192.8	87.2	133.5	147.1	173.1	169.7	189.5
Debt Service	(39.7)	(42.0)	(43.3)	(49.6)	(76.0)	(91.0)	(100.8)	(106.7)	(112.9)
Debt Service Coverage	5.00	2.31	4.45	1.76	1.76	1.62	1.72	1.59	1.68

4. U. T. Austin - Women's Softball Field - Stage Two Grandstand and Related Facilities (Project No. 102-840): Request for Authorization to Increase Total Project Cost; Approval of Preliminary Plans; Authorization to Prepare Final Plans and Specifications; Submission of the Project to the Coordinating Board; Authorization to Advertise for Bids and for the Executive Committee to Award Contracts; and Additional Appropriation Therefor.--

#### RECOMMENDATION

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

- a. Authorize an increase in the total project cost for the Women's Softball Field project - Stage One and Stage Two - at U. T. Austin from \$2,000,000 to \$3,750,000
- b. Approve the preliminary plans for the U. T. Austin - Women's Softball Field - Stage Two Grandstand and Related Facilities at an estimated total project cost of \$3,150,000
- c. Authorize preparation of final plans and specifications for Stage Two
- d. Authorize submission of the Stage Two project to the Texas Higher Education Coordinating Board
- e. Authorize the Office of Facilities Planning and Construction to advertise for bids for Stage Two upon completion of final review and the Executive Committee to award all contracts associated with this project within the authorized total project cost
- f. Appropriate \$3,094,000 from Unexpended Plant Funds to complete the funding of Stage One and Stage Two. This appropriation, along with previous appropriations of \$56,000 from Auxiliary Enterprise Balances and \$600,000 from Unexpended Plant Funds will be reimbursed from Gift Funds when available.

#### BACKGROUND INFORMATION

At the October 1994 meeting, the U. T. Board of Regents authorized a project for a Women's Softball Field at U. T. Austin. At that time, a speculative cost estimate of \$2,000,000 was used, with the understanding that the Project Architect/Engineer would prepare a more detailed total project cost estimate to be presented to the U. T. Board of

Regents at a later date. Subsequently, at the May 1995 meeting, the U. T. Board of Regents approved the preliminary plans for the Stage One Playing Field at an estimated total project cost of \$600,000.

In accordance with the May 1995 authorization, the Stage One Playing Field project was advertised with bids received on June 27, 1995. A recommendation for award of the Stage One contract within a project cost of \$600,000 was made in Executive Committee Letter No. 95-23 and will be included in the November 1995 U. T. System Administration Docket for ratification.

Preliminary plans and specifications for the Stage Two Grandstand and Related Facilities have been completed by the Project Architect/Engineer, Marmon Mok, San Antonio, Texas. The grandstand will seat approximately 1,200 and provide rest rooms, team dugouts, locker and shower rooms, maintenance equipment storage, ticket, concession, and related facilities. Provision for future expansion has been made. The estimated total project cost for Stage Two is \$3,150,000.

The combined total project cost for Stage One and Stage Two is \$3,750,000 and will initially be funded with \$3,694,000 from Unexpended Plant Funds and \$56,000 from Auxiliary Enterprise Balances. These funds will be reimbursed from Gift Funds when available.

5. U. T. Permian Basin - Repair and Rehabilitation Projects - Mesa Deck Repair (Project No. 501-831): Request for Approval of Additional Appropriation and Approval of Use of Revenue Financing System Parity Debt, Receipt of Certificate, and Finding of Fact with Regard to Financial Capacity.--

#### RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Sorber that the U. T. Board of Regents approve an increase in the funding for the Repair and Rehabilitation Projects - Mesa Deck Repair at the U. T. Permian Basin from \$1,270,000 to \$2,200,000. The total funding for this project contains \$1,060,000 from FY 1994 and FY 1995 Permanent University Fund Bond Proceeds Reserves, \$840,000 from Permanent University Fund Bond Proceeds, and \$300,000 from Revenue Financing System Bond Proceeds.

The Chancellor also concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Sorber that, in compliance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System, adopted by the U. T. Board of Regents on February 14, 1991, and amended on October 8, 1993,

and upon delivery of the Certificate of an Authorized Representative as set out on Page FPCC - 14, the U. T. Board of Regents resolves that:

- a. Parity Debt shall be issued to pay the project's cost including any project costs paid prior to the issuance of such Parity Debt
- b. Sufficient funds will be available to meet the financial obligations of the U. T. System including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System and to meet all financial obligations of the Board relating to the Financing System
- c. U. T. Permian Basin, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its Direct Obligation as defined in the Master Resolution relating to the issuance by the U. T. Board of Regents of tax-exempt Parity Debt in the amount of \$300,000
- d. This resolution satisfies the official intent requirements set forth in Section 1.150-2 of the U. S. Treasury Regulations.

#### BACKGROUND INFORMATION

The Mesa Deck Repair project was originally conceived as a two-phase project. However, the project was designed and bid so that both phases could be combined if funds became available. Now that a funding plan has been developed, the institution plans to complete the entire project in one phase. The initial phase of the Mesa Deck project, estimated at \$1,270,000, has received Texas Higher Education Coordinating Board approval. The approval to increase the project cost to \$2,200,000 will be requested from the Coordinating Board. Approximately \$300,000 of Revenue Financing System Bond Proceeds will be used to fund the portion of the Mesa Deck project which extends over the Bookstore. Permanent University Fund Bond Proceeds are being provided under the special funding program authorized in the FY 1996-2001 Capital Improvement Program.

The U. T. Board of Regents has addressed a number of repair and rehabilitation projects at U. T. Permian Basin with the allocation of Permanent University Fund Bond Proceeds Reserves for Library, Equipment, Repair and Rehabilitation.

Additional funds from Permanent University Fund Bond Proceeds and Permanent University Fund Bond Proceeds Reserves will be used to complete a variety of institutionally managed repair and renovation projects which address critical needs at the U. T. Permian Basin. Revenue Financing System Bond Proceeds for the Mesa Deck Repair will be repaid from the General

Use Fee which is expected to rise by \$7.00 for FY 1996. New income will total approximately \$350,000, and annual debt service will be approximately \$28,000. Set out on Page FPCC - 15 is a five-year forecast of the institution's debt service coverage.

Approval of this request at this time will expedite the start of this project which will eliminate a significant amount of the critical deferred maintenance at U. T. Permian Basin.

PARITY DEBT CERTIFICATE OF U. T. SYSTEM REPRESENTATIVE

I, the undersigned Assistant Vice Chancellor for Finance of The University of Texas System, a U. T. System Representative under the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System adopted by the Board on February 14, 1991, and amended on October 8, 1993 (the "Master Resolution"), do hereby execute this certificate for the benefit of the Board of Regents pursuant to Section 5(a) (ii) of the Master Resolution in connection with the authorization by the Board to issue "Parity Debt" pursuant to the Master Resolution to finance the cost of the construction of the Repair and Rehabilitation Projects - Mesa Deck Repair at U. T. Permian Basin, and do certify that to the best of my knowledge the Board of Regents is in compliance with all covenants contained in the Master Resolution, First Supplemental Resolution Establishing an Interim Financing Program, and the Second Supplemental Resolution, and is not in default of any of the terms, provisions and conditions in said Master Resolution, First Supplemental Resolution and Second Supplemental Resolution as amended.

EXECUTED this 10 day of August, 1995

John A. Roan  
Assistant Vice Chancellor for Finance

The University of Texas at Permian Basin  
Repair Rehabilitation Projects

Project Level (\$ actual)

	Forecast					
	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
General Fee Increase per Semester Credit Hour	0	7	7	7	7	7
Semester Credit Hours	0	50,450	50,450	50,450	50,450	50,450
Additional General Fee Revenues	0	353,150	353,150	353,150	353,150	353,150
Debt Service (ST rate 5%, LT rate 7%, 20 Years)	0	(15,000)	(28,318)	(28,318)	(28,318)	(28,318)
Debt Service Coverage	NA	23.54	12.47	12.47	12.47	12.47

Campus Level: U.T. Permian Basin (\$ in millions)

	Actual			Forecast					
	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
Beg. Fund Balances	0.6	0.4	0.6	0.8	0.8	1.4	1.9	2.1	2.1
Total Current Revenues	10.0	11.3	12.2	12.4	15.3	15.7	16.0	16.3	16.7
Total Current Expenditures	(10.1)	(11.0)	(11.9)	(12.1)	(14.3)	(14.8)	(15.4)	(15.9)	(16.5)
Net Revenues	(0.1)	0.3	0.3	0.3	1.0	0.9	0.6	0.4	0.2
Debt Service	(0.1)	(0.1)	(0.1)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)
Other Man. Transfers	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Mand. Transfers	(0.1)	(0.1)	(0.1)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)
Non-Mand. Transfers	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Adjustments	0.0	0.0	0.0	(0.1)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)
Net Inc./ (Dec.) for Year	(0.2)	0.2	0.2	0.0	0.6	0.5	0.2	0.0	(0.2)
End. Fund Balances	0.4	0.6	0.8	0.8	1.4	1.9	2.1	2.1	1.9
<b>Debt Service Coverage</b>	<b>(1.00)</b>	<b>3.00</b>	<b>3.00</b>	<b>1.50</b>	<b>5.00</b>	<b>4.50</b>	<b>3.00</b>	<b>2.00</b>	<b>1.00</b>

U.T. System (\$ in millions)

	Actual			Forecast					
	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
Available Revenues	2,741.3	2,965.2	3,226.4	3,338.2	3,553.0	3,584.3	3,655.5	3,702.8	3,783.7
Operating Expenses	(2,542.7)	(2,868.1)	(3,033.6)	(3,251.0)	(3,419.5)	(3,437.2)	(3,482.4)	(3,533.1)	(3,594.2)
Net Available for Debt Service	198.6	97.1	192.8	87.2	133.5	147.1	173.1	169.7	189.5
Debt Service	(39.7)	(42.0)	(43.3)	(49.6)	(76.0)	(91.0)	(100.8)	(106.7)	(112.9)
<b>Debt Service Coverage</b>	<b>5.00</b>	<b>2.31</b>	<b>4.45</b>	<b>1.76</b>	<b>1.76</b>	<b>1.62</b>	<b>1.72</b>	<b>1.59</b>	<b>1.68</b>

6. U. T. Health Science Center - Houston - Renovation of the Speech and Hearing Institute Building for the Institute of Molecular Medicine (Project No. 701-834): Request for Authorization of a Change in Project Scope to Accommodate the Institute of Molecular Medicine with the Finish-Out of Lease Space in the Texas A&M University Institute of Biotechnology Building; Authorization to Prepare Final Plans; Submission of the Project to the Coordinating Board; Advertisement for Bids; and Executive Committee to Award Contracts.--

#### RECOMMENDATION

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

- a. Authorize a change in project scope by accommodating the U. T. Health Science Center - Houston Institute of Molecular Medicine with the finish-out of lease space in the Texas A&M University Institute of Biotechnology Building, in lieu of Renovation of the Speech and Hearing Institute Building
- b. Authorize the Project Architect to prepare final plans, specifications, and a detailed cost estimate for the project as modified within the previously approved total project cost of \$5,390,000
- c. Authorize submission of the modified project to the Texas Higher Education Coordinating Board as required
- d. Upon completion of final review, and subject to approval of the lease agreement, authorize the Office of Facilities Planning and Construction to advertise for bids
- e. Authorize the Executive Committee to award all contracts associated with this project within the authorized total project cost.

#### BACKGROUND INFORMATION

At the April 1994 meeting, the U. T. Board of Regents authorized a project for the Renovation of the Speech and Hearing Institute Building for the Institute of Molecular Medicine (IMM) at the U. T. Health Science Center - Houston at an estimated total project cost of \$2,500,000 to be funded from Permanent University Fund Bond Proceeds in accordance with the March 9, 1994, Memorandum of Understanding. At the October 1994 U. T. Board of Regents' meeting, authorization was granted for an increase in the authorized total project cost to \$5,390,000 with additional funding from Gifts and Grants.

Subsequently, the U. T. Health Science Center - Houston has received an offer to lease space from Texas A&M University in its Institute of Biotechnology Building adjacent to the Texas Medical Center. A study of the costs and benefits of the two options has determined that the lease space will provide a more functional facility at an equivalent or lower cost per square foot. The lease agreement is for 10 years with two 5-year options for extension. The lease has a beginning rate of \$9.00 per square foot per year for the first 10 years.

This project is included in the FY 1994-1999 Capital Improvement Plan and the FY 1995 Capital Budget with a total project cost of \$5,390,000 and is funded with \$2,500,000 from Permanent University Fund Bond Proceeds in accordance with the Memorandum of Understanding and \$2,890,000 from Gifts and Grants.

Approximately \$275,000 will be expended for the design of the Renovation of the Speech and Hearing Institute Building for the Institute of Molecular Medicine, and the plans and specifications will be available for future use. The funds expended are included within the total project cost.

7. U. T. M.D. Anderson Cancer Center - Phase I Renovation of Gimbel and Anderson Center Core - Dock and Service Corridor Improvements (Project No. 703-794): Request for Approval of Preliminary Plans and Specifications; Authorization to Prepare Final Plans and Specifications; Submission of the Project to the Coordinating Board; Advertisement for Bids and Executive Committee Award of Contracts; and Additional Appropriation Therefor.--

#### 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 the preliminary plans and specifications for the Phase I Renovation of Gimbel and Anderson Center Core - Dock and Service Corridor Improvements at the U. T. M.D. Anderson Cancer Center at an estimated total project cost of \$16,500,000
- b. Authorize preparation of final plans and specifications
- c. Authorize submission of the project to the Texas Higher Education Coordinating Board
- d. Authorize the Office of Facilities Planning and Construction to advertise for bids upon completion of final review and the Executive Committee to award all contracts associated with this project within the authorized total project cost

- e. Appropriate an additional \$15,000,000 from the U. T. M.D. Anderson Cancer Center Educational and General Funds to be provided by patient-care revenues to complete total project funding. Previous appropriations have been \$1,500,000 from the same source.

#### BACKGROUND INFORMATION

At the June 1992 meeting, the U. T. Board of Regents authorized the Phase I Renovation of Gimbel and Anderson Center Core at the U. T. M.D. Anderson Cancer Center to include the Dock and Service Corridor Improvements at an estimated total project cost of \$16,500,000. This project consists of expanding the current three-bay dock to a nine-bay dock, constructing an additional two floors above the dock to house medical records and diagnostic film storage, and construction of a service corridor to enable the efficient movement of materials through the expanded facility including the Bertner Complex and Clinic Services Facility now under construction.

The preliminary plans were started immediately following Regental approval, however, because of the institutional reengineering of the materials management areas, the work was stopped until the reorganization was completed. Planning assumptions regarding the dock and service corridor have been validated by consultants, and preliminary plans and specifications have been completed by the Project Architect, LAN/HKS, A Joint Venture, Houston, Texas. Because of the need to move the volume of materials required to support a large complex organization, completion of this dock and service corridor is imperative prior to the opening of the Albert B. and Margaret M. Alkek Hospital.

This project is included in the FY 1994-1999 Capital Improvement Plan and the FY 1995 Capital Budget with funding in the amount of \$16,500,000 from Educational and General Funds to be provided by patient-care revenues.

8. U. T. M.D. Anderson Cancer Center - Basic Research Building: Request for Approval to Name the Building in Accordance with the Regents' Rules and Regulations, Part One, Chapter VIII, Section 1, Subsection 1.1 (Naming of Buildings) (NO PUBLICITY).--

#### 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 approve the naming of the Basic Research Building at the U. T. M.D. Anderson Cancer Center as the Ruth Legett Jones Research Building in accordance with the Regents' Rules and Regulations, Part One, Chapter VIII, Section 1, Subsection 1.1 (Naming of Buildings).

## BACKGROUND INFORMATION

The Basic Research Building at the U. T. M.D. Anderson Cancer Center was completed in 1987 and added 150,000 square feet of much needed research laboratory and support space to the institution.

The naming of this facility has been delayed pending the choice of someone who has made an outstanding contribution to this institution. The institution would like to honor the memory of Mrs. Ruth Legett Jones, a former member of the University Cancer Foundation Board of Visitors, by naming this facility as the Ruth Legett Jones Research Building.

Mrs. Jones lived in Abilene, Texas, and was known as a "quiet philanthropist." She funded and established the Dodge Jones Foundation (in memory of her son) which created and supported a self-help program in Abilene and has provided funding for historic preservation, education, the arts, health, and other community programs. She was actively involved in historical and literary groups and was also involved in an ecological program committed to the care of West Texas land through research by the Renner Research Center.

In addition, Mrs. Jones was an active supporter of the U. T. M.D. Anderson Cancer Center having served on the Board of Visitors from 1962 to 1978. In conjunction with Mr. and Mrs. Leland Anderson and Mr. and Mrs. Tom D. Anderson, she helped fund the James E. Anderson Professorship in Nuclear Medicine. Prior to her death in 1980, she contributed over \$1.0 million to the U. T. M.D. Anderson Cancer Center. In 1978, the U. T. Board of Regents recognized the generous contributions of Mrs. Jones by creating the Ruth Legett Jones Chair in Pathology. Her legacy of giving to the U. T. M.D. Anderson Cancer Center has been carried on by the generosity of her daughter, Mrs. Julia Jones Matthews, who is a life member of the Board of Visitors. Mrs. Matthews' sons, Joseph and Kade, also have served on the Board of Visitors and have made generous contributions to the U. T. M.D. Anderson Cancer Center. Mrs. Matthews has contributed in excess of \$2.2 million to the U. T. M.D. Anderson Cancer Center over the years.

## NO PUBLICITY

9. U. T. M.D. Anderson Cancer Center - Additional Outpatient Clinic Facility East Wing: Request for Approval to Waive the Regents' Rules and Regulations, Part One, Chapter VIII, Section 1, Subsection 1.1 (Naming of Buildings) to Name the Building (NO PUBLICITY).--

## 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 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 Additional Outpatient Clinic Facility East Wing at the U. T. M.D. Anderson Cancer Center as the Margaret and Ben Love Clinic.

## BACKGROUND INFORMATION

At its meeting in June 1983, the U. T. Board of Regents approved the naming of the clinic addition, which was dedicated in 1976, the R. Lee Clark Clinic Building in recognition of Dr. Clark's many years of distinguished service to the U. T. M.D. Anderson Cancer Center.

At the October 1986 meeting, the U. T. Board of Regents extended the name of the R. Lee Clark Clinic Building to include the Additional Outpatient Clinic Facility which was under construction at that time. The U. T. Board of Regents excepted from that action the architecturally distinct east wing which was reserved for possible future designation.

The contributions that Margaret and Ben Love have made to the State of Texas, the City of Houston, and to the U. T. M.D. Anderson Cancer Center are unparalleled. A former Chairman and Chief Executive Officer of Texas Commerce BancShares, Mr. Love has served as Chairman of the Greater Houston Partnership, the Houston Economic Development Council, and the Houston World Trade Association. In addition, he served as Vice-Chairman of the Houston Host Committee for the 1990 Economic Summit of Industrialized Nations. His educational and health activities include Chairman of the Council of Overseers of the Jesse H. Jones Graduate School of Administration at Rice University; member of the Board of Visitors of the University of Houston; member of the Board of Trustees of Trinity University; member of the Board of Directors of the Texas Medical Center; and member of the National Advisory Council of the Texas Heart Institute.

The U. T. M.D. Anderson Cancer Center has enjoyed the benefits of Mr. Love's tireless efforts and generosity for many years. He has served as past Chairman of the University Cancer Foundation Board of Visitors; Chairman of a fund drive that raised over \$20 million for endowed chairs and professorships; Chairman of the Steering Committee of the University Cancer Foundation Board of Visitors; and former Chairman and President of the U. T. M.D. Anderson Cancer Center Outreach Corporation. Along with Governor Alan Shivers, he helped direct the capital fund drive which secured the funds necessary to complete the construction of the Lutheran Hospital. Most recently he served as National Chairman of the Fulfill the Promise Capital Campaign for which his monumental efforts helped achieve the goal of raising \$151.0 million.

Mrs. Love has also been very active in cultural and charitable activities. She currently serves as a director of the Alley Theater and the Salvation Army, and is a former member of the Houston Grand Opera Guild. Mr. and Mrs. Love have been very generous in their personal financial support of the U. T. M.D. Anderson Cancer Center. Their most recent gift of \$1.1 million will fund the construction of a 26-bed inpatient wing in the new Albert B. and Margaret M. Alkek Hospital and the lobby entrance to the new Clinic Services Facility. Prior to this gift, they had funded an endowed professorship at the U. T. M.D. Anderson Cancer Center.

### NO PUBLICITY

# Asset Management Committee

ASSET MANAGEMENT COMMITTEE  
Committee Chairman Hicks

Date: August 10, 1995  
Time: Following the meeting of the Facilities Planning  
and Construction Committee  
Place: Nellie B. and John B. Connally Conference Center  
Third Floor, U. T. Institute of Texan Cultures -  
San Antonio

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I. PERMANENT UNIVERSITY FUND

Summary Investment Report at May 31, 1995.--

PERMANENT UNIVERSITY FUND <sup>(1)</sup>  
 SUMMARY REPORT  
 (\$ millions)

	FY93-94	FY94-95			
	Full Year	1st Qtr	2nd Qtr	3rd Qtr	Year-to-date
<b>Beginning Market Value</b>	4,468.7	4,428.0	4,272.3	4,461.0	4,428.0
PUF Lands Receipts <sup>(2)</sup>	59.6	15.8	12.7	15.5	44.0
Investment Income	242.3	64.7	59.0	64.1	187.8
Investment Income Distributed	(242.3)	(64.7)	(59.0)	(64.1)	(187.8)
Realized Gains (Losses)	108.6	11.0	23.9	17.5	52.4
Change in Unrealized Gains (Losses)	(208.9)	(182.5)	152.1	273.2	242.8
<b>Ending Market Value</b>	4,428.0	4,272.3	4,461.0	4,767.2	4,767.2
<b>AUF Income</b>					
Investment Income	242.3 <sup>(3)</sup>	64.7	59.0	64.1	187.8
Surface Income	4.3	0.4	1.2	0.3	1.9
Other Income	0.2	0.1	0.0	0.1	0.2
<b>Total</b>	246.8	65.2	60.2	64.5	189.9

- (1) Excludes PUF Lands mineral and surface interests with estimated values of \$391.6 million and \$105 million, respectively.
- (2) As of May 31, 1995: 778,651 acres under lease, 519,281 producing acres, 2,582 active leases and 2,060 producing leases.
- (3) Amended to exclude fees previously reflected as offset to income.

II. LONG TERM FUND

Summary Investment Report at May 31, 1995.--

**LONG TERM FUND  
SUMMARY REPORT  
(\$ millions)**

	<u>FY93-94</u>	<u>FY94-95</u>			
	<u>Full Year</u>	<u>1st Qtr</u>	<u>2nd Qtr</u>	<u>3rd Qtr</u>	<u>Year-to-date</u>
Beginning Market Value	1,128.0	1,226.3	1,193.2	1,253.4	1,226.3
Contributions	111.8	16.9	11.6	44.9	73.4
Investment Return*	51.3	(33.1)	65.7	96.2	128.8
Expenses	(2.1)	(0.6)	(0.6)	(0.6)	(1.8)
Distributions	(62.7)	(16.3)	(16.5)	(17.0)	(49.8)
Ending Market Value	1,226.3	1,193.2	1,253.4	1,376.9	1,376.9
Net Asset Value per Unit	3.336	3.202	3.332	3.533	
No. of Units (End of Period)	367,542,933	372,595,190	376,234,654	389,716,090	
Distribution Rate per Unit	.175	0.04375	0.04375	0.04375	

\*Prior periods have been restated to conform with current period reporting on a total return basis.

III. TRUST AND SPECIAL FUNDS

Gifts, Bequests and Estates

U. T. Brownsville: Recommendation to Grant Exceptions to the U. T. System Gifts Policy Guidelines and Accept Gift and Pledge to Establish the Patty Gorges President's Scholar Endowment for the School of Health Sciences.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Vice Chancellor for Asset Management, the Vice Chancellor for Development and External Relations, and President Garcia that exceptions to the U. T. System Gifts Policy Guidelines be granted and that a \$5,000 gift and a \$55,000 pledge, payable in eleven equal annual installments by December 31, 2006, from Mr. and Mrs. Matt F. Gorges, Harlingen, Texas, for a total of \$60,000 be accepted to establish the Patty Gorges President's Scholar Endowment for the School of Health Sciences at U. T. Brownsville.

Income earned from the endowment will be reinvested in the corpus of the endowment until it reaches \$10,000 at which time the income will be used to provide support for continuing upper-level students in the School of Health Sciences, at the discretion of the President and based on merit and need.

BACKGROUND INFORMATION

Although the terms of this gift are exceptions to Section V.B., relating to pledges accepted to establish endowments, of the proposed U. T. System Gifts Policy Guidelines, set forth on Pages AMC 20 - 40 for adoption at the August 1995 meeting of the U. T. Board of Regents, these terms are recommended for approval in order to foster and support the development of gifts for endowments for U. T. Brownsville.

In addition to the above gift and pledge, Mr. and Mrs. Gorges have also pledged an annual scholarship donation of \$1,000 to be used initially as an outright annual scholarship award and later to supplement funds distributed from the endowment.

IV. INTELLECTUAL PROPERTY MATTERS

U. T. El Paso: Recommendation for (a) Approval of a Patent License Agreement with Geomeia Research and Development, El Paso, Texas, and (b) Approval for Individuals to Serve as Owners of and Partners in Geomeia Research and Development.--

RECOMMENDATION

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

- a. Approve the Patent License Agreement set out on Pages AMC 7 - 19 between the U. T. Board of Regents, for and on behalf of U. T. El Paso, and Geomeia Research and Development, El Paso, Texas
- b. Approve the ownership of and service as partners of Geomeia Research and Development by Dr. Soheil Nazarian, Associate Professor, and Mr. Kevin Crain, Research Engineer/Scientist Associate III, both in the Department of Civil Engineering at U. T. El Paso.

BACKGROUND INFORMATION

Dr. Soheil Nazarian, Mr. Kevin Crain, and Dr. Mark R. Baker (formerly a Research Specialist in the Department of Geological Sciences at U. T. El Paso) have created an invention entitled "Seismic Pavement Analyzer" for which a U. S. Patent Application has been filed and assigned to the U. T. Board of Regents.

Under the proposed Patent License Agreement, Geomeia Research and Development is granted a royalty-bearing, exclusive, worldwide license under the patent application, and any patent issuing thereon, to manufacture, have manufactured and/or sell licensed subject matter. Geomeia Research and Development will pay the U. T. Board of Regents (1) a license documentation fee of \$11,919.00 for reimbursement of past patent expenses, (2) a running royalty of one and one-half percent (1½%) of net sales, and (3) one-half of gross revenues received from any sublicensee.

Dr. Nazarian, Dr. Baker, and Mr. Crain formed Geomeia Research and Development for the purpose of commercializing the licensed technology and are the owners and partners of the partnership. The technology provides a computer-controlled system and method for monitoring conditions associated with pavement deterioration caused by, among other things, moisture, subsurface discontinuities, overlay delamination, cracking, aging, and the like. A license to a faculty-owned entity is appropriate inasmuch as the activities by Geomeia Research and Development will not involve basic research.

The proposed arrangement is consistent with Section 51.912 of the Texas Education Code and corresponding provisions of the U. T. System Intellectual Property Policy. Pursuant to Subsections 6.2 and 7.1, Chapter XII, Part Two of the Regents' Rules and Regulations, approval by the U. T. Board of Regents is necessary for Dr. Nazarian and Mr. Crain to serve as partners in Geomedia Research and Development concurrent with approval of the proposed license agreement with such partnership.

## PATENT LICENSE AGREEMENT

THIS Agreement is made 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 Geomedia Research and Development, a partnership under the laws of the State of Texas, having as partners Soheil Nazarian, Ph.D., Mark R. Baker, D.Sc., and Kevin Crain ("Partners"), and having a place of business located at 6040 S. Strahan, El Paso, Texas 79932 (collectively, Licensee).

### RECITALS

A. Board owns certain Patent Rights and Technology Rights related to Licensed Subject Matter, which were developed at the University of Texas at El Paso ("University"), a component institution of System.

B. 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.

C. 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 agree as follows:

### 1. EFFECTIVE DATE

This Agreement shall be effective as of July 1, 1995 (the "Effective Date"), subject to approval by Board.

### 2. DEFINITIONS

As used in this Agreement, the following terms shall have the meanings indicated:

2.1 "Licensed Field" shall mean instrumentation for measuring soil, base, and paving layer properties, referred to as the Seismic Pavement Analyzer.

2.2 "Licensed Product" shall mean any product Sold by Licensee comprising Licensed Subject Matter pursuant to this Agreement.

2.3 "Licensed Subject Matter" shall mean inventions and discoveries covered by Patent Rights or Technology Rights within Licensed Field.

2.4 "Licensed Territory shall mean the world.

2.5 "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). "Net Sales Price" shall mean Licensee's (or a sublicensee's) retail list price.

2.6 "Patent Rights" shall mean Board's rights in information or discoveries covered by patents and/or patent applications, whether domestic or foreign, and all divisions, continuations, continuations-in-part, reissues, reexaminations or extensions thereof, and any letters patent that issue thereon, which name Mark Baker, Kevin Crain, or Soheil Nazarian as sole or joint inventors and which relate to the manufacture, use or sale of the Seismic Pavement Analyzer, as described in a patent application of the same title, Serial No. 145,996, filed in the United States Patent and Trademark Office on October 29, 1993.

2.7 "Sale or Sold" shall mean the sale, lease, transfer or other disposition of a Licensed Product for value to a party other than Licensee or a Subsidiary.

2.8 "Subsidiary" shall mean any business entity more than fifty percent (50%) owned by Licensee, any business entity which owns more than fifty percent (50%) of Licensee, or any business entity that is more than fifty percent (50%) owned by a business entity that owns more than fifty percent (50%) of Licensee.

2.9 "Technology Rights" shall mean Board's rights in any technical information, know-how, process, procedure, composition, device, method, formula, protocol, technique, software, design, drawing or data relating to the Seismic Pavement Analyzer which are not covered by Patent Rights but which are necessary for practicing the invention at any time covered by Patent Rights.

### 3. WARRANTY: SUPERIOR-RIGHTS

3.1 Except for the rights, if any, of the Government of the United States, as set forth below, 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 relative thereto. This Agreement is explicitly made subject to the Government's rights under any such agreement and any applicable law or regulation. To the extent that there is a conflict between any such agreement, applicable law or regulation and this Agreement, the terms of such Government agreement, applicable law or regulation shall prevail.

### 4. 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 be further subject to rights retained by Board to :

- a. Publish the general scientific findings from research related to Licensed Subject Matter; and
- b. Use any information contained in Licensed Subject Matter for research, teaching and other educationally-related purposes.

4.2 Licensee shall have the right to extend the license granted herein to any Subsidiary provided that such Subsidiary consents to be bound by this Agreement to the same extent as Licensee.

4.3 Licensee shall have the right to grant sublicenses consistent with this Agreement provided that Licensee shall be responsible for the operations of its 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 licensed hereunder 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. 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 Licensed Products within such jurisdiction shall be deemed satisfactory evidence.

## 5. 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 non-refundable license documentation fee in the amount of \$11,919.00 for reimbursement of past patent expenses pursuant to Section 5.6, which shall be due and payable within two years of the date this Agreement is executed by Licensee; this license documentation fee shall be paid at the rate of \$1,000 per unit of licensed product sold, leased, or placed into service with the balance due paid in full at the end of the two year period;
- b. A running royalty equal to one and one-half percent (1.5%) of Net Sales for Licensed Products;
- c. A running royalty equal to one and one-half percent (1.5%) of Net Sale Price for units leased, or placed in service by the licensee, rather than sold; and
- d. 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' Sales and Net Sales of Licensed Products under the license granted in this Agreement in sufficient detail to enable the royalties payable hereunder to be determined. Licensee shall permit Board or its representatives, at Board's expense, to periodically examine its books, ledgers, and records during regular business hours for the purpose of and to the extent necessary to verify any report required under this Agreement. In the event that the amounts due to Board are determined to have been underpaid, Licensee shall pay the cost of such examination, and accrued interest at the highest allowable rate.

5.3 Within thirty (30) days after March 31, June 30, September 30, and December 31, Licensee shall deliver to Board a true and accurate report, giving such particulars of the business conducted by Licensee and its sublicensee(s), 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 Board of Regents, The University of Texas System.

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, under the schedule described in Paragraph 5.1 a, and promptly shall pay all such future expenses so long as and in such countries as its license remains exclusive.

5.7 Because the Licensed Subject Matter is subject to Board's Rules and Regulations, and because Licensee's Partners are the inventors of the Licensed Subject Matter, each of the Partners may be entitled to a share of the payments pursuant to Subsections 5.1 (b), (c), and (d) above. However, the Partners, each in his individual capacity and on behalf of his heirs, community, representatives and estate, hereby waive any right to receive any share of such payments under the Rules and Regulations of Board, and they each agree never to make any claim therefor against Board.

## 6. TERM AND TERMINATION

6.1 The term of this Agreement shall extend from the Effective Date to the full end of the term or terms for which Patent Rights have not expired or, if only Technology Rights are licensed and no Patent Rights are applicable, for a term of fifteen (15) years.

6.2 This Agreement will earlier terminate:

(a) automatically if Licensee shall become bankrupt or insolvent and /or if the business of Licensee shall be placed in the hands of a receiver, assignee, or trustee, whether by voluntary act of Licensee or otherwise, or if the Licensee's partnership terminates for any reason;

(b) upon ninety (90) days written notice if Licensee shall breach or default on any obligation under this License Agreement; provided, however, Licensee may avoid such termination if before the end of such period Licensee notifies Board that such breach has been cured and states the manner of such cure; or

(c) under the provision 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 Products and parts therefor that it may have on hand at the date of termination, provided that it pays earned royalties 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 non-exclusive license with the right to sublicense others with respect to improvements made by Licensee in the Licensed Subject Matter.

6.5 Board's right to sublicense others hereunder shall be solely for purposes of permitting others to develop and commercialize the entire technology package.

6.6 Upon termination of this Agreement for any cause, rights to portions of payments waived by the Licensee's partners in Paragraph 5.7 are returned to the Partners, or to their heirs, community, representatives or estate to the extent that payments accrue after such termination.

## 7. 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 a royalty on any monetary recovery to the extent that such monetary recovery to Licensee is held to be damages or a reasonable royalty 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 recovered from such enforcement) and/or reduce the license granted hereunder to non-exclusive.

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.

#### 8. ASSIGNMENT

This Agreement may not be assigned by Licensee without the prior written consent of Board.

#### 9. 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.

#### 10. 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, its Subsidiaries or their officers, employees, agents or representatives.

#### 11. USE OF BOARD AND COMPONENT'S NAME

Licensee shall not use the name of University, System or Board without express written consent.

## 12. CONFIDENTIAL INFORMATION

12.1 Board and Licensee each agree that all information contained in documents marked "confidential" which are forwarded to one by the other shall be received in strict confidence, used only for the purposes of this Agreement, and not disclosed by the recipient party (except as required by law or court order), its agents or employees without the prior written consent of the other party, unless such information (a) was in the public domain at the time of disclosure, (b) later became part of the public domain through no act or omission of the recipient party, its employees, agents, successors or assigns, (c) was lawfully disclosed to the recipient party by 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 or (f) is required to be disclosed to a government agency.

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 as 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.

## 13 PATENTS AND INVENTIONS

13.1 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 promptly 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. Board shall provide Licensee with a copy of any patent application for which Licensee has paid the cost of filing, as well as copies of any documents received or filed during prosecution thereof.

#### 14. GENERAL

14.1 This Agreement constitutes the entire and only agreement between the parties for Licensed Subject Matter and all other prior negotiations, representations, agreements, and understanding are superseded hereby. No agreements altering or supplementing the terms hereof may be made except by means of a written document signed by the duly authorized representatives of the parties.

14.2 Any notice required by this License Agreement shall be given by prepaid, first class, certified mail, return receipt requested, addressed in the case of Board to:

Board of Regents  
The University of Texas System  
201 West 7th Street  
Austin, Texas 78701  
ATTENTION: Office of General Counsel  
FAX: (512) 499 - 4523  
PHONE: (512) 499 - 4462

or in the case of Licensee to :

Geomedia Research and Development  
6040 S. Strahan  
El Paso, Texas 79932  
ATTENTION: Mark R. Baker  
FAX (915) 877 - 2777  
PHONE: (915) 877 - 2777

or any such other address as may be given from time to time under the terms of this notice provision.

14.3 Licensee shall comply with all applicable federal, state and local laws and regulation in connection with its activities pursuant to this Agreement.

14.4 This 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 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 provisions of this Agreement shall be found by a court to be void, invalid or unenforceable, the same shall be reformed to comply with applicable law or stricken if not so conformable, so as not to affect the validity or enforceability of this Agreement.

IN WITNESS WHEREOF, parties hereto have caused their duly authorized representatives to execute this Agreement.

BOARD OF REGENTS OF THE  
UNIVERSITY OF TEXAS SYSTEM

GEOMEDIA RESEARCH  
AND DEVELOPMENT

By \_\_\_\_\_  
Ray Farabee  
Vice Chancellor and General Counsel

By: Mark R. Baker  
Mark R. Baker, D.Sc.  
Partner

APPROVED AS TO CONTENT:  
THE UNIVERSITY OF TEXAS AT EL PASO

By: Kevin Crain  
Kevin Crain  
Partner

By: Diana S. Natalicio  
Name: Diana S. Natalicio  
Title: President

By: Soheil Nazarian  
Soheil Nazarian, Ph.D.  
Partner

APPROVED AS TO FORM:

By \_\_\_\_\_  
Dudley R. Dobie, Jr.  
Attorney  
Office of General Counsel  
Univ. of Texas System

V. OTHER MATTERS

U. T. System: Recommendation to Rescind Various Policy Guidelines Relating to Gifts and to Adopt the U. T. System Gifts Policy Guidelines.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellors for Academic and Health Affairs and the Vice Chancellor for Asset Management that the U. T. System Endowment Policy Guidelines, the U. T. System Planned Giving Policy Guidelines, and the Trust Fund Real Estate Policy Statement be rescinded in full and that the proposed U. T. System Gifts Policy Guidelines be adopted as set forth below:

U. T. SYSTEM GIFTS POLICY GUIDELINES

Gifts are critical to The University of Texas System's mission to develop and maintain quality in faculty, students, and facilities. The U. T. Board of Regents (the "Board") recognizes the importance of establishing policies and procedures to meet the development needs of the U. T. System and component institutions and of directing vigorous efforts to attract private fund support. These Policy Guidelines are intended to allow staff members to respond to donor initiatives more quickly and with more certainty in order to design gifts which are beneficial both to the donor and to the U. T. System. Additionally, these Policy Guidelines are intended to establish administrative processes to accept and administer gifts in a fiduciarily prudent and efficient manner. When these Policy Guidelines do not indicate the appropriate course of action, or are inappropriate in light of all aspects of a specific situation, staff members are to work with the relevant offices as outlined in these guidelines to establish the recommended course of action. These guidelines are further intended to provide direction solely to U. T. System employees working with gifts and should not be distributed to donors.

Section I. Responsibility to Donors

- A. In all gift matters, U. T. System and component institution staff must be aware of and sensitive to the potential donor's financial needs and concerns.
- B. All representatives of the U. T. System and the component institutions shall use their best judgment to help donors make appropriate gifts. Each representative should be knowledgeable about gifts and should disclose to the donor advantages and disadvantages that could reasonably be expected to influence the decision of the donor to make a gift to the U. T. System and/or the component institutions. In particular, planned gift items subject to variability (such as market value and income payments) should be discussed fully. All prospective donors shall be advised in writing to seek legal and/or tax advice from their own counsel.

- C. The Board will not knowingly accept a gift that is contrary to the donor's best interests.
- D. The U. T. System will not under any circumstances (a) furnish property appraisals or valuations to donors for tax purposes or (b) knowingly participate in a transaction in which the value of a gift is inflated above its true fair market value to obtain a tax advantage for a donor.
- E. In accordance with the provisions of the Internal Revenue Code and related regulations, proper records will be kept and required tax returns filed by the Office of Asset Management ("OAM") for all gifts processed by the OAM. The Vice Chancellor for Asset Management or his/her designee(s) shall execute IRS Forms 8283 and 8282 that relate to gifts processed by the OAM. Forms 8283 and 8282 will otherwise be executed by appropriately designated component officer(s) at each institution.
- F. All donative instruments will be deemed confidential to the extent permitted by law. However, a donor may authorize public announcement of any feature of an agreement. All files will be made available upon request to agents of the Internal Revenue Service. All other requests for information will be honored only if the donor approves the release of information or if current law requires release of the information.

## Section II. Review and Acceptance of Proposed Gifts

- A. The chief administrative officers of the component institutions should develop and implement Handbook of Operating Procedures policies consistent with these policy guidelines for the review and acceptance of gifts which are delegated by the Regents' Rules and Regulations to the chief administrative officers.
- B. The Regents' Rules and Regulations provide that the Vice Chancellor for Asset Management, or his/her designee(s), is delegated the authority to formally accept, following review and approval by the appropriate Executive Vice Chancellor, all gifts to be managed by the OAM (as set out in Regents' Rules and Regulations, Part Two, Chapter IX) which comply with the provisions of these Policy Guidelines. Accordingly, all gifts conforming to these guidelines shall be submitted directly to the Vice Chancellor for Asset Management following the routine procedures outlined below.
- C. Any proposed gifts which do not conform to these guidelines shall be referred to the Board for approval via the Agenda following a review of the terms of the proposed gift and a recommendation for a waiver of policy by the Chancellor.

## Section III. Gift Processing

- A. Component institution business offices and development offices, the Office of Academic Affairs ("OAA"), the Office of Health Affairs ("OHA"), the Office of Development and External Relations ("DER"), the OAM, and the Office of General Counsel ("OGC") should operate in a

cooperative manner to insure prompt transmission of information on proposed gifts. Gifts of cash, marketable securities, and real estate should be transmitted, in the prescribed manner, to the OAM as soon as practicable.

- B. In order to facilitate the gift acceptance process, requests for acceptance of proposed gifts by the Vice Chancellor for Asset Management, or his/her designee(s), shall be transmitted to the OAM via an automated gift acceptance processing system (GAPS).

#### Section IV. Donated Assets Requiring Prior Review

- A. All gift assets processed by the OAM (as set out in Regents' Rules and Regulations, Part Two, Chapter IX), other than cash or marketable securities, must be reviewed by the OAM prior to acceptance. Reviews to determine whether a proposed gift asset should be accepted shall include consideration of any required cash expenses, liabilities, contingent liabilities, unrelated business income taxes, donor requirements which may result in risk of loss, as well as any other source of funds available to cover such expenses and liabilities. The OAM shall determine whether the economic risks are appropriate prior to acceptance of the gift.
- B. Assets to be managed by the OAM that create potential unrelated business income tax liability must be reviewed by the OAM for economic implications and by the OGC for legal implications.
- C. Gifts of interests in general partnerships, limited partnerships, and working interests may be accepted, subject to a thorough legal and financial analysis by the OGC and the OAM. Interests in general partnerships, limited partnerships, and working interests will not be accepted as assets in a charitable remainder trust. Ownership of these assets could create unrelated business income tax liability for the trust. (See Section VI.A. below.)

#### Section V. Gifts to Establish Endowments

##### A. Administrative Policy

A written donative instrument shall be provided for each new endowment fund established. This instrument would preferably include language encouraged in the applicable sections of these Guidelines and sample agreements provided by the OAM, as well as the following:

1. a statement that these funds shall never become a part of the Permanent University Fund or the general funds,
2. a statement providing that additions to the endowment from any other person or entity, unless prohibited, are made subject to the provisions of the donative instrument, and
3. a statement that if, in the opinion of the Board, future circumstances change so that the purposes for which the endowment is established become illegal, impractical or no longer able to be carried out to

meet the needs of the component institution, the Board may designate an alternative use for the endowment payout to further the objectives and purposes of the component institution, giving consideration to the donor's special interest as evidenced by the original purpose of the endowment.

In cases where an endowment is established pursuant to a component solicitation or campaign, the solicitation letter or document sent to the donor or donor(s) may be used as the donative instrument to evidence the donative intent and purposes. Should the donor request or require that the donative instrument be signed by an authorized representative of the Board, the document may be signed by the Vice Chancellor for Asset Management or his/her designee(s) only after acceptance of the endowment as provided in these guidelines. As a practical matter, the assets donated to fund an endowment may be delivered to the OAM for custody and investment pending acceptance.

B. Pledge Policy

1. Pledges from donors that follow these guidelines may be accepted to fund endowments of any level recognized by the Regents' Rules and Regulations.
2. At least 20% of the donor's total proposed funding must be received before the endowment will be accepted.
3. The pledge for payment of the remaining funds shall not extend beyond five years from the date of execution of the donative instrument.
4. All funds that are otherwise distributable from the endowment will be reinvested as a permanent addition to principal until the endowment is funded with the then required minimum funding level for an endowment or is dissolved as provided in 5. below.
5. In the event that the donor is unable to fulfill the pledge by the end of the five-year period, the endowment will either be dissolved or redesignated as follows:
  - a. If endowment funds are less than the minimum endowment funding level, the endowment may be dissolved and the chief administrative officer of the beneficiary component shall have the discretion to designate an existing endowment to which to transfer the funds, taking into consideration the donor's original intent.
  - b. If endowment funds are in excess of the minimum endowment funding level, but are less than the level prescribed for the type of endowment originally approved by the Board, the endowment may be redesignated to the highest level possible based upon the funds held and the donor's intent.

C. Designation of Endowment Purpose

1. Once an endowment is created the terms, purpose, or existence of that endowment may be changed only if certain legal criteria are met. These legal criteria, as set forth in the Texas Education Code, Section 65.36 and the Texas Uniform Management of Institutional Funds Act, may be summarized as allowing the Board to change the terms of an existing endowment only when there is a showing of changed conditions, illegality or impracticability.
2. Any request to change the terms or purpose of an endowment must be sent to the OAM for coordinated review and approval.

D. Selection Criteria for Scholarship and Fellowship Recipients

1. The U. T. System prefers that donors of endowed scholarships and fellowships set only minimal restrictions or criteria for selecting students who may receive awards in order to allow flexibility to award the scholarship on a consistent basis.
2. The donor may wish to set certain parameters for the award of scholarships and fellowships. If such is the case, the following considerations are outlined:
  - a. A donor may designate a scholarship or fellowship for component-wide use.
  - b. A donor may prefer that the scholarship or fellowship recipient be registered in a particular college, school or department within the component. Or, the recipient may be limited to students studying in a specific academic major or a certain area of study or concentration.
  - c. A donor may designate that the scholarship or fellowship recipient have a specified class standing, or have completed a specified number of semester hours of college work.
  - d. A donor may designate that consideration of recipients be tied to academic performance.
  - e. A donor may elect to tie the award to the consideration of financial need.
  - f. A donor may indicate a preference associated with the renewal of the award.
  - g. A donor may designate that recipients be students from a particular geographic area (city, school district, county, or state). The population of U. T. students from the named geographic area should be large enough to allow for consistent use of the scholarship and to avoid an argument that the funds were "targeted" to a particular individual or individuals.

- h. A donor may designate that the funds be awarded to a citizen or permanent resident of the United States. Any gift to be designated for U. S. citizens must also include permanent residents.
- 3. Based on the U. T. System's extensive experience with the awarding of student scholarships and fellowships, and in compliance with the Regents' Rules and Regulations, Department of Education regulations, Office of Civil Rights recommendations, and interpretations of the Texas Higher Education Coordinating Board, certain other criteria should, if critical to the donor, be noted as a preference for recipient selection rather than included as a restriction.

The U. T. System will attempt to honor as a preference a donor's request that specific selection criteria be included in a particular endowed scholarship. The Regents' Rules and Regulations do, however, provide as follows: Policy Against Discrimination.--To the extent provided by applicable law, no person shall be excluded from participation in, denied the benefits of, or be subject to discrimination under, any program or activity sponsored or conducted by the System or any of its component institutions, on the basis of race, color, national origin, religion, sex, age, veteran status, or disability.

Component institution staff members are encouraged to speak with appropriate U. T. System personnel in advance for guidance in determining the propriety of selection criteria.

- 4. The language which establishes an endowment for a scholarship or fellowship should not include language which requires a specific dollar amount of an annual award. Any reference to the size of an award should be tied to the "funds distributed" with an indication that the size and number of awards will be determined by the appropriate component College/School/Unit/Department scholarship committees or under the scholarship program applicable to the endowment. Specified amounts may also be referred to in more general terms such as "tuition and required fees."
- 5. It must be made clear that the donor may not participate in the final selection of scholarship recipients, name a non-U. T. employee to any final selection committee, or structure the criteria so narrowly as to limit selection to a small population comprised solely or primarily of individuals related to the donor or that the donor would choose without this restriction. The Internal Revenue Service will not recognize the contribution for charitable tax deduction purposes if the donor retains any control over the gift funds or how they are used.

#### E. Quasi-endowments

- 1. Quasi-endowment funds (funds functioning as endowment) are funds which the Board, rather than a donor or other outside agency, has determined are to be retained and invested as endowments. Requests to

establish quasi-endowments should be submitted only when it is expected that the endowment will be maintained permanently. Because of the resulting investment considerations, requests to establish temporary quasi-endowments must be reviewed and approved by the OAM.

2. At the time a request is made to establish an endowment, the source(s) and amount(s) of funds used to create the endowment will be reviewed by the OAM to determine whether a single permanent endowment, a single quasi-endowment, or separate but related permanent and quasi-endowments will be established in accordance with the following guidelines.
3. When mixed sources of funds are used to establish an endowment, separate permanent and quasi-endowments will be created when each endowment account will be funded with at least the minimum endowment funding level of \$10,000. (i.e., There would need to be at least \$20,000 total to establish separate endowment accounts.) If the endowment is initially funded with less than \$20,000 from mixed sources, the entire endowment will be classified as a permanent endowment.
4. If only one endowment account exists at the time of an additional contribution of any amount to an existing endowment fund, the source(s) of funds will be reviewed to determine if a related quasi- or permanent endowment account, as appropriate, should be established.
5. If separate permanent and quasi-endowment accounts exist at the time of an additional contribution of any amount, the source(s) of funds will be determined so that the contribution may be allocated between the accounts accordingly.
6. The total of a donor's pledge at the time the pledge is made, rather than the amounts of the payments when received, will be used to determine whether separate endowment accounts should be established.
7. Any reinvestment of endowment income will be classified in the same manner as any other transfer of institutional funds.
8. Notwithstanding any of the above, any institutional funds contributed to the endowment at the time it is established, or as a later addition, that are subject to a donor's condition that the funds be retained as a permanent addition to the endowment will be classified as permanent endowment funds.
9. If the strict application of this policy would materially distort the classification of the endowment as a whole, a review of the source(s) and amount(s) of total contributions to the endowment will be made to determine if any reclassifications are advisable.

F. Investment Policy

1. The OAM shall invest all endowment funds donated to the U. T. System or its component institutions which are under the sole control of the Board. The Board will not authorize the OAM to administer and manage endowments of which the Board, or another U. T.-affiliated nonprofit organization is not trustee. No matching funds or other funds of the U. T. System may be held or managed by a party selected by the donor. No endowment shall be accepted in which the donor directs the investment transactions or holdings or may approve investment policy or strategy. Restrictions by the donor on the sale or timing of the sale of donated property will be viewed as an investment restriction (since they will affect investment performance). An absolute prohibition against selling a donated asset cannot be approved.
2. Pursuant to the provisions of the Texas Education Code, the primary and constant standard for making investment decisions for endowments is the "Prudent Person Rule" which states that the investment manager may trade and retain investments... "that persons of ordinary prudence, discretion, and intelligence, exercising the judgment and care under the circumstances then prevailing, acquire or retain for their own account in the management of their affairs, not in regard to speculation but in regard to the permanent disposition of their funds, considering the probable income as well as the probable safety of their capital."
3. It is the specific and strong preference of the Board that all endowment gifts be eligible for commingling for investment purposes with other endowment funds. The Board has established the U. T. System Long Term Fund, governed by and invested according to the U. T. System Long Term Fund Policy Statement, to provide for the collective investment of endowment funds. This commingling permits enhancement of long-term investment programs, affords appropriate risk control through diversification, and provides for optimization of asset mix through time. It follows that specific language which allows endowment funds to be invested in the U. T. System Long Term Fund or otherwise pooled for investment purposes should be included in all donative instruments.

G. Payout and Reinvestment Policy

1. A donative instrument shall not include terms regarding endowment payout that conflict with either the payout policies established by the Board or the payout provisions of the Texas Uniform Management of Institutional Funds Act, as amended.

2. In order to ensure that the Board has the ability to manage payout and reinvestment policies, the donative instrument should specifically allow the following:
  - a. funds distributed during a year to be retained by the component and expended for the purposes of the endowment in subsequent years, and
  - b. the reinvestment of some portion of the payout as a permanent addition to the principal of the endowment at the discretion of the Board or component institution staff.
3. All payout from endowments supporting unfilled academic positions shall be reinvested except for amounts necessary to fund costs relating to recruitment activities specific to the endowment or to cover the cost of programs and positions in direct support of the endowment purpose as authorized by the donative instrument. Any exceptions require, at a minimum, the approval of the appropriate Executive Vice Chancellor.

#### Section VI. Planned Gifts

- A. Restrictions on Acceptance of Planned Gifts and Donated Assets
  1. State law prohibits the Board from accepting gift annuities and deferred gift annuities. Inquiries concerning gift annuities and deferred gift annuities will be referred to appropriate external foundations established to benefit the U. T. System and/or its component institutions.
  2. The Board is willing to serve as trustee of trusts that are revocable by the donor, or where the donor retains the right to change the charitable beneficiary only if: (1) the U. T. System component institution will receive irrevocably at least 51% of the total funding of the trust; and (2) the value of the U. T. System component institution's irrevocable interest equals the minimum requirements established below in F.2. for accounts that cannot be pooled for investment purposes. These restrictions have been established to insure that Article III, Section 51 of the Texas Constitution is not violated. (Section 51 has been interpreted to prohibit the Board from providing trustee services to an individual without receiving a commensurate benefit in return.)
  3. The Board is willing to serve as trustee of trusts which allow for invasions of principal based upon objective, nondiscretionary standards only if: (1) the U. T. System component institution will receive irrevocably at least 51% of the total funding of the trust; and (2) the value of the U. T. System component institution's irrevocable interest equals the minimum requirements established below in F.2. for accounts that cannot be pooled for investment purposes. The Board should not be asked

to serve as trustee of trusts which allow income beneficiaries to invade the principal of the trust at the discretion of the trustee because of the potential for conflicts of interest and the constitutional provision referred to in A.2. above.

4. The Board is willing to serve as trustee of a charitable remainder trust with multiple charitable remainder beneficiaries only if: (1) the U. T. System component institution will receive at least 51% percent of the remainder; (2) the value of the U. T. System component institution's interest will be at least the minimum trust gift levels established below in F.2.; and (3) the other charities agree to provisions deemed appropriate by the OGC.
5. Because of the current tax laws and the potential for conflicts of interest, the Board will accept charitable lead trusts as a beneficiary, but will not serve as trustee of charitable lead trusts. Upon request, information may be provided the donor on institutions in his/her locale having the legal authority to act as a trustee.
6. Section 690 of the Texas Probate Code prohibits the Board from accepting a gift which would require the Board to serve as a guardian of the person or estate.
7. A planned gift that has the potential to create unrelated business income tax liability for a charitable remainder trust may not be approved for acceptance because of potential adverse tax consequences that result to the trust and the income beneficiary. (In a year in which a charitable remainder trust has any unrelated business income, the trust loses its tax-exempt status for the entire year.)
8. Stock in a Subchapter-S corporation will not be accepted without the written consent of all other shareholders to forfeit the corporation's Subchapter-S status.

B. Gifts of Real Property with Retained Life Estates

1. Gifts of real estate with retained life estates shall be reviewed and approved by the OAM prior to acceptance of the gift. Acceptance of such gifts must also be in accordance with the guidelines for acceptance of outright gifts of real property as set forth below.
2. Such gifts shall be accepted only if adequate provision is made by the donor for any expense in connection with ownership, including payment of mortgages, taxes, insurance and utilities, unless a source of funds to cover such expenses has been identified by the component institution for whose benefit the gift is being made.

C. Wills and Bequests

1. Sample language approved by the OGC may be provided to an individual inquiring about naming the U. T. System or a component institution as a beneficiary.
2. If an individual provides a copy of his or her will naming the U. T. System or a component institution as a beneficiary, a copy of the will shall be sent to the Office of Estates and Trusts ("OET") for review. As necessary, the OET shall furnish copies to the OGC, the DER, and the component institution development office for further review. Any person to whom an individual's will is furnished must protect the confidentiality of its contents.
3. The Board will not serve as executor or administrator of an estate because of the potential for conflicts of interest and the scope of the required duties.
4. U. T. System and component institution employees who agree to serve as executor or administrator of a donor's estate which benefits a U. T. System component institution are immediately to notify the OET of their appointment. Upon notification, the employee will be furnished a statement advising of the potential for conflicts of interest and directing that all communications pertaining to the estate between the employee and any office of the U. T. System or the component institutions shall be in writing.
5. U. T. System and component institution employees should not knowingly act as witnesses to wills in which the U. T. System or a component institution is named as a beneficiary because their doing so may jeopardize the receipt of the bequest.
6. When a component institution is notified of the death of a person who has named a U. T. institution as a beneficiary, the OET should be notified immediately and forwarded copies of all available documentation and correspondence. If the OET is notified of the death of a person who has named a U. T. component institution as a beneficiary, the OET shall notify the named component institution. The OET has exclusive authority to handle matters related to estates benefiting a U. T. institution, including authority to sign partial or complete releases of liability, and will be responsible for promptly supplying documentation to other U. T. System offices as appropriate.
7. The OAM will provide instructions regarding the disposition of estate assets. All estate distributions other than tangible personal property will be sent directly to the OET. Any tangible personal property not liquidated by the Executor should be shipped directly to the component institution. Unless otherwise requested by the component institution, any bequests designated for use as current restricted funds will be promptly transmitted to the institution.

D. Life Insurance

1. Gifts of life insurance policies naming the Board as owner and/or beneficiary may be accepted in accordance with the Regents' Rules and Regulations for acceptance of gifts.
2. A component institution is responsible for preserving the value to the U. T. System component institution of a life insurance policy owned by the Board pursuant to institutional guidelines. The guidelines should cover situations in which the insurance policy is not paid-up and does not have any source of funds for payment of the premiums identified at the time of the gift or thereafter.

E. Gifts of Interests in "Family" Limited Partnerships

1. Gifts of interests in family limited partnerships may be accepted, subject to a thorough analysis by the OAM, the OGC, and the DER of all available information. At a minimum, the U. T. System should receive copies of the limited partnership agreement, the proposed assignment of interest, and financial documentation sufficient to describe the assets of the partnership and their valuation.
2. In analyzing a proposed gift of an interest in a family limited partnership, the intent is to confirm that there is a real benefit to be derived by the component institution that is commensurate with any potential risks associated with the gift. Among the factors that will be considered are the following:
  - a. What is the donor's relationship to the component institution designated to benefit from the gift? Is there a history of demonstrable charitable intent? Is this merely a tax accommodation for the donor?
  - b. Is there a presently calculable guaranteed minimum amount intended to be distributed to the U. T. System during the existence of the limited partnership?
  - c. What administrative obligations would be assumed by the U. T. System? For example, would any of the activities of the partnership require U. T. to track for additional unrelated business income tax reporting?
  - d. Will the U. T. System receive a guaranteed annual income from the partnership interest sufficient to defray administrative costs? In lieu of an annual income payment, is there a cumulative payment made in the form of a preferred return before distributions to other partners at the termination of the partnership?
  - e. Does the partnership agreement provide for a defined distribution/termination event or date?
  - f. Does the U. T. System have any obligation to make capital contributions to the partnership?

- g. Can the U. T. System be held liable for debts of the partnership?
  - h. Does the partnership appear to be adequately capitalized in light of its activities? Does it maintain liability insurance?
3. The U. T. System cannot agree to be bound by any confidentiality requirements at variance with the Texas Open Records Act.
  4. The U. T. System should receive a full accounting for the partnership annually.

F. Charitable Trusts

1. Because of the potential for conflicts of interest, U. T. System and component institution employees who agree to serve as trustee of a trust benefiting a U. T. System component institution are immediately to notify the OET of their appointment. Upon notification, the employee will be furnished with a statement advising of the potential for conflicts of interest and directing that all communications pertaining to the trust between the employee and any office of the U. T. System or the component institutions shall be in writing.
2. A life charitable remainder trust of which the Board is proposed to be trustee should have no more than two income beneficiaries, the youngest of which is at least 55 years of age. A term charitable remainder trust may have income beneficiaries of any age.

If the trust: (1) has acceptable terms, (2) is funded with cash or marketable securities, and (3) may be pooled for investment purposes, the trust should be initially funded at a minimum gift level of \$50,000.

If the trust: (1) has acceptable terms, (2) is funded with cash or marketable securities, and (3) may not be pooled for investment purposes, the trust should be initially funded at a minimum gift level of \$100,000.

If the trust is funded with assets other than cash or marketable securities, the terms of the agreement must be reviewed and approved by the OAM and, when necessary, the OGC. A unitrust with a net income payout or net income with makeup provision payout should be established for trusts funded with assets other than cash or marketable securities. Other acceptable terms depend upon the standard criteria plus the ability and length of time required to liquidate or manage the asset used to fund the trust. Such trusts shall be reviewed by the OAM and, when necessary, the OGC prior to acceptance.

G. Pooled Income Fund

1. Gifts to a Pooled Income Fund may be accepted only for beneficiaries over the age of 55 if there are no more than two income beneficiaries for each account established in a Pooled Income Fund by a donor. The

minimum gift needed to enter a Pooled Income Fund is \$10,000, or a contribution of \$5,000 with a pledge that additional contributions will be made to bring the total dollar share in the Fund to \$10,000 within five years.

2. The Pooled Income Fund charter requires that all gifts must be made in cash or readily marketable securities.

#### H. Management and Investments

1. The Board does not authorize the OAM to administer and manage charitable trusts of which the Board is not trustee.
2. The U. T. System may request reimbursement from a charitable trust for any third party charges incurred by the trust. Such charges may include, but are not limited to, bank custodial fees, real estate expenses such as appraisals, surveys, environmental assessments, maintenance and repairs, and extraordinary legal fees. In circumstances where it is deemed inappropriate for the affected trusts to bear such expenses, reimbursements shall be made by the component institution for whose benefit the trust is administered.

#### I. Solicitation, Negotiation and Execution of Documents

1. Any advertisement or planned giving brochure to be mailed or otherwise furnished to potential donors shall be sent to the OAA or the OHA, as appropriate, for administrative approval following coordinated review for compliance with policy statements by that office and the DER, the OAM, and the OGC, before distribution to donors. Every attempt should be made to complete the reviews and provide a definitive response within two weeks of receipt of the materials.
2. Negotiation, execution, and acceptance of any planned gift shall follow procedures outlined in these guidelines. All agreements shall conform to the sample agreements approved by the OGC unless otherwise approved in accordance with the procedures set forth in these guidelines.
3. The chief administrative officer of each U. T. System component institution shall designate in writing to the Vice Chancellor for Asset Management the staff members who are authorized to enter into negotiations concerning planned gift agreements with potential donors. All negotiations shall be conducted in accordance with these guidelines and the format of the sample agreements approved by the OGC.
4. It is the responsibility of each U. T. System or component institution representative to keep detailed written notes to supplement written correspondence as evidence of ethical practices in negotiations with each donor.

5. The representative working with a donor who desires to make a planned gift shall contact the OAM as soon as possible.
6. The OAM shall furnish approved payout rates to all U. T. System and component institution staff members authorized to enter into negotiations concerning planned gift agreements to assist them during discussions with donors.
7. Donors should be informed that approved payout rates may be adjusted if market conditions change significantly before an agreement is finalized. Requested payout rates for charitable trusts are to be approved immediately prior to finalization of the trust by the Vice Chancellor for Asset Management, or his/her designee(s). Any request to deviate from the approved payout rates established by the OAM shall be considered in the same manner as outlined for gifts that deviate from these policy guidelines.
8. If the donor requests or requires that the donative instrument be signed by a representative of the Board, the document may be signed only after acceptance of the gift.
9. The Chancellor and the Vice Chancellor for Asset Management, or his/her designee(s), are each authorized to execute a donative instrument for a planned gift that has been accepted.

## Section VII. Gifts of Securities

### A. Authorized Persons

When securities are donated to the U. T. System or a component, the OET is to be contacted immediately for instructions, even if the sale proceeds are to be returned to the component institution for current purpose use. The Regents' Rules and Regulations authorize only the Chancellor and certain members of the OAM to purchase, exchange, sell, assign and transfer securities on behalf of the Board. No other person or entity may execute or instruct others to execute a transaction involving any securities in the name of the Board.

### B. Gifts of Closely-Held Stock

1. A cooperative effort should be made to obtain repurchase provisions in the donative instrument when securities are donated for which the donor or related parties are the primary market.
2. As applicable, the following criteria, in addition to those outlined in Section IV above, must be met in order for the U. T. System to approve and/or accept gifts of closely-held stock:
  - a. There must be a written donative instrument indicating the donor's intention to make the gift and its purpose.
  - b. The donor must provide financial/valuation information on the stock, including appraisals and/or statements of value.

- c. Copies of any shareholder agreements/buy-sell agreements that the Board would be subject to as shareholders should be provided, especially those that include any restrictions on the transfer of the stock, i.e., rights of first refusal, formulas for determining stock price.
- d. The donor must provide a written copy of any related offer to purchase the stock, including the purchase price per share.
- e. The ownership of the stock must be properly assigned by the donor to the Board.

## Section VIII. Gifts of Real Estate

### A. Real Estate Defined

For the purpose of these policy guidelines, real estate shall be defined to be all surface and/or mineral assets other than campus land which is donated or bequeathed to the U. T. System or any of its component institutions regardless of type, location, or designated use of the funds to be derived therefrom.

### B. Acceptance

1. A proposed gift of real estate to the U. T. System or its component institutions will be evaluated for its potential for immediate or future sale or retention. Such gift will be accepted if proceeds can be realized in a timely manner relative to the expenses and efforts required to hold, maintain and manage the property until disposition or there exists an effective direct use of the real estate by a component institution.
  - a. All gifts and bequests of real estate must be evaluated and inspected by an authorized representative of the U. T. System Office of Endowment Real Estate ("OERE") prior to acceptance.
  - b. An evaluation of the return expected from a gift of real estate shall include but not be limited to such factors as income potential, development characteristics, type of property interest, holding costs, management requirements, holding period and location. (See Section VIII. C. 2. a. - 1. and 3. a. - 1.)
    - (1) Gifts of surface interests which are expected to net less than \$25,000 upon sale will not be accepted; and
    - (2) Gifts of mineral interests other than working interests will be accepted if they are expected to generate a minimum net income of \$2,500 per year.
    - (3) Combined gifts of surface and mineral interests will be accepted if each individual interest meets at least the minimum acceptance criteria noted in (1) or (2) above.

- c. Gifts of real estate will be accepted if adequate provision is made by the donor or the component institution for any expenses of management until disposition. Whenever possible, the donor should be encouraged to contribute funds for the management of the property until disposition occurs. Any unreimbursed costs of management or sale of the property including disposal will be charged either against income earned by the property or proceeds from the sale of the property as appropriate.
  - d. Gifts of real estate may be considered for retention as investments when either:
    - (1) the return exceeds that which can be expected when the net sale proceeds are invested in the U. T. System Long Term Fund, or
    - (2) there is a prospect for direct use by an approved program of a component institution.
  - e. The authority to accept gifts and bequests of real estate is vested in the Board for the benefit of the designated component or fund. Therefore, title to each property shall be held in the name of the Board, not in the name of any component institution, department or individual within the U. T. System. (See Section VIII. C. 1. - 5.)
  - f. It shall be the policy of the Board to accept interests in real estate if such ownership will result in 100% interest in the property. Lesser interests in real estate will be accepted when a clear benefit to the U. T. System can be demonstrated. Minority interests in minerals, other than working interests, will be accepted if the gift or bequest meets the requirements outlined in B.1.b. above.
- 2. Gifts of real estate will not be accepted if donor restrictions place undue limitations on the U. T. System's ability to own, manage, and dispose of the property.
  - 3. Gifts of mortgaged or encumbered property will not be accepted unless:
    - a. a clear potential for gain can be demonstrated,
    - b. a source of funds to meet all requirements is dedicated to that purpose, and
    - c. acceptable terms of the mortgage or the encumbrance exist.
  - 4. The Board will not subordinate its fee simple interest in any holding of real estate absent extraordinary circumstances.

C. Procedures for Acceptance of Gifts of Real Estate

1. The authority to accept all gifts and bequests of real estate and mineral assets is vested in the Board, and its designees, and will be exercised only after evaluation and inspection by the OERE of the U. T. System. The OERE should be contacted immediately upon identification of a potential gift of real estate in order to determine if the property is acceptable. The OERE will obtain a title report, title policy or abstractor's certificate on each potential gift of real estate to insure that there are no recorded liens or encumbrances on the proposed gift. The fee for this report shall be charged to the component institution for which the gift is intended.
2. Prior to acceptance of a proposed gift of real estate the following should normally be provided by the donor.
  - a. Map showing location of property
  - b. Legal description of property
  - c. Proof of ownership (deed)
  - d. Survey of subject property
  - e. List of improvements
  - f. Copies of current leases, if any
  - g. List of encumbrances, including deed restrictions or covenants, liens and current expenses, if any
  - h. Proof of payment of taxes and association fees, if any
  - i. Copy of title policy or a recent title commitment
  - j. Recent appraisal or other acceptable valuation
  - k. A written statement from donor identifying any known waste disposal sites or spills of hazardous waste material on the property or a statement to the contrary
  - l. Written statement from donor outlining purpose of gift.
3. Prior to acceptance of a proposed mineral gift, the following should normally be provided by the donor:
  - a. Map, plat or survey of the property
  - b. Legal description of the property
  - c. Proof of ownership (deed or assignment)
  - d. Copies of current oil and gas leases, if any
  - e. Division orders

- f. List of all encumbrances including any liens and copies of the corresponding documentation
  - g. Abstracts of title or title opinions
  - h. Geological or geophysical records
  - i. Lease ratifications and lease assignments
  - j. Copies of appraisals or reserve studies
  - k. Copies of documents relating to past or present litigation directly affecting the mineral gift or bequest
  - l. Copies of insurance coverage carried by the well operator relative to environmental damage.
- 4. Testing for hazardous substances shall be performed in accordance with the U. T. System Environmental Review Policy for Acquisitions of Real Estate.
  - 5. Following review of the information provided by the donor a decision to accept or reject the proposed gift will be based on the potential of the property to produce an acceptable return or to contribute directly to approved programs of the component institution in light of:
    - a. Holding costs of every type
    - b. Holding period
    - c. Donor restrictions
    - d. Property valuation
    - e. Management requirements
    - f. Type of property interest
    - g. Ability to meet the requirements of the U. T. System Environmental Review Policy for Acquisitions of Real Estate.

D. Management of Real Estate

- 1. All deeds for real estate owned by the Board shall be filed in the county where the property is located with the original retained in the permanent records of the Board.
- 2. It shall be the policy of the Board to retain direct control of all interests in real estate owned by the U. T. System.
- 3. Subject to the Regents' Rules and Regulations, responsibility for the management, leasing and sale of all real estate which is covered by this policy is delegated to the Vice Chancellor for Asset Management.

4. The Vice Chancellor for Asset Management may delegate responsibility for the management of real estate assets to individuals within the OERE or its equivalent office and may employ such additional persons as he or she deems appropriate within the authority granted by the Board.
5. The Vice Chancellor for Asset Management or his/her designated representative is authorized and empowered on behalf of the Board to take all actions necessary and to execute all documents required to sell, lease or otherwise convey interests in real estate or minerals that are received by gift or bequest and that comply with these guidelines.
  - a. Approval as to legal form and documentation by the OGC shall be required for each transaction.
  - b. Any transaction accomplished under this section shall be reported to the Board as prescribed.
6. The preferred method of valuation for the purpose of determining sale price or lease rates for real estate interests shall be use of an independent State certified or other licensed appraiser. The value of transactions involving real estate of nominal value may be determined by use of available resources. An appraisal shall not be required when real estate is sold at public auction or by use of sealed bids.
7. The preferred methods of valuation for the purpose of determining sale price for mineral assets shall be by determination of a petroleum or other geological engineer, by offer solicitation, or by any other generally accepted industry standard.

E. Conflict of Interest

Members of the Board are frequently persons of wide-ranging business interests. Therefore, a prudent, independent decision process may result in real estate transactions with or involving firms or organizations with whom a member of the Board is affiliated. Affiliation shall be interpreted within this section to mean an employee, officer, director, or owner of five percent or more of the voting stock of a firm or organization. No member of the Board or employee of the OAM may participate in any transaction with the U. T. System involving interests in real estate with which such Board member or employee is affiliated other than to convey a gift or bequest to the U. T. System.

BACKGROUND INFORMATION

Pursuant to the recommendations of the Chancellor and the members of the U. T. System Process Review Committee, chaired by Regent Lebermann, the Office of Asset Management has been working to implement a comprehensive proposal to streamline the acceptance of gifts processed via the Office of Asset Management. This plan, as previously presented to meetings of the U. T. System Executive Officers and the Lebermann Committee, addresses both policy and automation issues and has been reviewed by the U. T. System chief administrative officers.

The recommended policy will replace the (1) U. T. System Endowment Policy Guidelines established in April 1988, (2) Trust Fund Real Estate Policy Statement established in April 1988, and (3) U. T. System Planned Giving Policy Guidelines established in December 1989.

The proposed policy consolidation and amendments to the Regents' Rules and Regulations are intended to realize the policy goal of "management by exception." These amendments are predicated upon newly enacted legislation that specifically authorizes the delegation proposed.

See Item 2 on Page B of R - 4 for proposed amendments to the Regents' Rules and Regulations.

## Executive Session of the Board

BOARD OF REGENTS  
EXECUTIVE SESSION  
Pursuant to Texas Government Code  
Chapter 551, Sections 551.071, 551.072, and 551.074

Date: August 10, 1995

Time: 10:30 a.m. The Board will convene in Open Session and immediately recess to Executive Session. The Open Session will reconvene about 1:30 p.m. and continue through adjournment.

Place: Nellie B. and John B. Connally Conference Center (Open Session) and Classroom 1 (Executive Session), Third Floor, U. T. Institute of Texan Cultures - San Antonio

1. Pending and/or Contemplated Litigation - Section 551.071
2. Land Acquisition, Purchase, Exchange, Lease or Value of Real Property and Negotiated Contracts for Prospective Gifts or Donations - Section 551.072
  - a. U. T. Southwestern Medical Center - Dallas: Request to Negotiate the Purchase of Approximately 19 Acres of Land and Improvements Located in Proximity to the North Campus Development in Dallas, Texas, and Authorization for the Use of the Revenue Financing System as the Source of Funds
  - b. U. T. Health Science Center - Houston: Request to Negotiate the Purchase of Approximately 3.9448 Acres of Land and Improvements Located at 7000 Fannin Street, Being the Southwest Corner of Fannin and Galen Drive, Houston, Harris County, Texas
  - c. U. T. Health Science Center - Houston: Request to Negotiate a Long-Term Ground Lease on Approximately 6 Acres of Land Located West of Cambridge Street and South of Old Spanish Trail in Houston, Harris County, Texas, and Request to Accept an Exchange Property of Approximately 6 Acres of Land Located on the Northwest Corner of El Paseo and Cambridge Street in Houston, Harris County, Texas

3. Personnel Matters Relating to Appointment, Employment, Evaluation, Assignment, Duties, Discipline, or Dismissal of Officers or Employees - Section 551.074

U. T. System: Consideration of Personnel Aspects of the Operating Budgets for the Fiscal Year Ending August 31, 1996, Including Auxiliary Enterprises, Grants and Contracts, Designated Funds, Restricted Current Funds, and Medical and Dental Services, Research and Development Plans and Authorization for the Chancellor to Make Editorial Corrections Therein