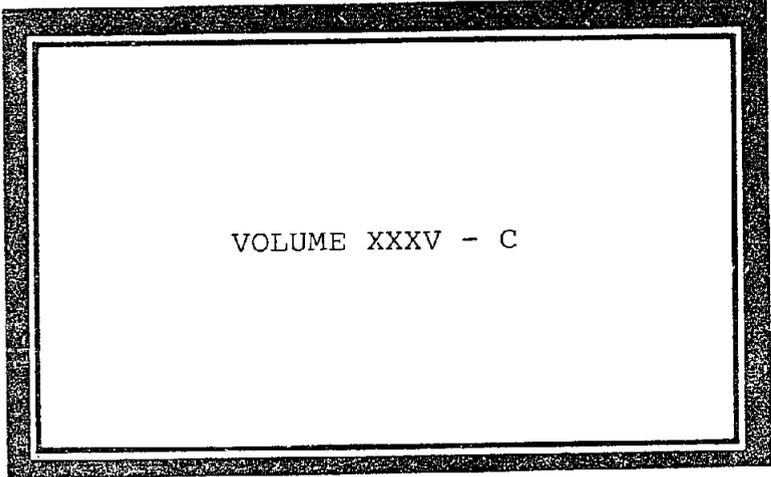


Meeting No. 831

THE MINUTES OF THE BOARD OF REGENTS
OF
THE UNIVERSITY OF TEXAS SYSTEM



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San Antonio, Texas

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 OF
 THE UNIVERSITY OF TEXAS SYSTEM
 FEBRUARY 11, 1988
 SAN ANTONIO, TEXAS

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MEETING NO. 831

THURSDAY, FEBRUARY 11, 1988.--The members of the Board of Regents of The University of Texas System convened in regular session at 10:35 a.m. on Thursday, February 11, 1988, in Room 4.03.12 of the John Peace Library Building at The University of Texas at San Antonio, San Antonio, Texas, with the following in attendance:

ATTENDANCE.--

Present

Chairman Blanton, presiding
Vice-Chairman Ratliff
Vice-Chairman Roden
Regent Baldwin
Regent Barshop
Regent Moncrief
Regent Yzaguirre

Absent

* Regent Beecherl
**Regent Hay

Executive Secretary Dilly

Chancellor Mark
Executive Vice Chancellor Duncan
Executive Vice Chancellor Mullins
Executive Vice Chancellor Patrick

Chairman Blanton announced a quorum present and called the meeting to order.

RECESS TO EXECUTIVE SESSION.--Chairman Blanton announced that the Board would recess to convene in Executive Session pursuant to Vernon's Texas Civil Statutes, Article 6252-17, Sections 2(e), (f) and (g) to consider those matters set out in the Material Supporting the Agenda: litigation, land acquisition and personnel matters.

RECONVENE.--At 2:00 p.m., the Board reconvened in open session.

WELCOME BY DR. JAMES W. WAGENER, PRESIDENT OF THE UNIVERSITY OF TEXAS AT SAN ANTONIO.--Chairman Blanton stated that the Board was pleased to be meeting in San Antonio and expressed appreciation to President Wagener for the very generous hospitality extended to the Board. He then called on Dr. James W. Wagener, President of The University of Texas at San Antonio (the host institution).

On behalf of the faculty, staff and students of U. T. San Antonio, President Wagener welcomed the members of the Board and other guests to San Antonio. In view of the Regents' full agenda, President Wagener elected to forego the usual institutional presentation.

* Regent Beecherl was absent due to a death in his family.

**Regent Hay was excused because of a previous commitment.

U. T. BOARD OF REGENTS: APPROVAL OF MINUTES OF REGULAR MEETING HELD ON DECEMBER 3, 1987.--Upon motion of Vice-Chairman Ratliff, seconded by Vice-Chairman Roden, the Minutes of the regular meeting of the Board of Regents of The University of Texas System held on December 3, 1987, in Austin, Texas, were approved as distributed by the Executive Secretary. The official copy of these Minutes is recorded in the Permanent Minutes, Volume XXXV, Pages 932 - 1626.

SPECIAL ITEMS

1. U. T. Board of Regents: Adoption of Resolution Authorizing Execution of a First Supplemental Escrow Agreement Amending the Board of Regents of The University of Texas System General Tuition Revenue Refunding Bonds, Series 1986, Escrow Agreement with MTrust Corp, National Association, Houston, Texas; Authorization for Office of Asset Management to Restructure the Board of Regents of The University of Texas System General Tuition Revenue Refunding Bonds, Series 1986, Escrow Fund; Approval of Sale of Escrow Fund Securities to Underwood, Neuhaus and Co. Incorporated, Houston, Texas; and Appointment of Vinson & Elkins, Austin, Texas, as Legal and Tax Counsel and Ernst & Whinney, Tucson, Arizona, as Escrow Verification Agent.--Following opening remarks by Executive Vice Chancellor for Asset Management Patrick and upon motion of Vice-Chairman Ratliff, seconded by Regent Yzaguirre, the Board:
 - a. Adopted a resolution authorizing the execution of a First Supplemental Escrow Agreement amending the Board of Regents of The University of Texas System General Tuition Revenue Refunding Bonds, Series 1986, Escrow Agreement with MTrust Corp, National Association, Houston, Texas, to permit the restructuring of the Escrow Fund

Both the Resolution and the Agreement are set out on Pages 4 - 9.
 - b. Authorized the Office of Asset Management to restructure the Board of Regents of The University of Texas System General Tuition Revenue Refunding Bonds, Series 1986, Escrow Fund by substituting currently escrowed securities with U. S. Treasury Obligations - State and Local Government Series (SLGS)
 - c. Authorized the simultaneous sale of Escrow Fund securities to Underwood, Neuhaus and Co. Incorporated, Houston, Texas, and, from sale proceeds, purchase of the substitute SLGS from the Federal Reserve Bank, provided that the net realized gain from the transaction exceeds \$400,000
 - d. Appointed Vinson & Elkins, Austin, Texas, as legal and tax counsel for this transaction
 - e. Appointed Ernst & Whinney, Tucson, Arizona, as escrow verification agent.

In the majority of bond refunding transactions, the escrow is funded with SLGS subscriptions rather than U. S. Treasury obligations purchased in the open market. This is due to the fact that SLGS provides a perfect matching of investment maturities with the debt service requirements of the refunded bonds. At the time of issuance of the General Revenue Refunding Bonds in 1986, however, interest rates were such that it was to the U. T. System's advantage to use higher yielding open market Treasuries in the Escrow Fund. This position in turn created the future opportunity (given certain rate differentials between the SLGS market and the open market) to trade into SLGS at a profit. The maximum net profit from restructuring the General Tuition Revenue Refunding Bonds Escrow Fund allowed by the U. S. Treasury is \$526,000.

RESOLUTION
AUTHORIZING THE EXECUTION OF A FIRST SUPPLEMENTAL
ESCROW AGREEMENT AMENDING THAT CERTAIN
ESCROW AGREEMENT DATED AS OF JUNE 1, 1986
RELATING TO THE REFUNDING OF
THE BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM
GENERAL TUITION REVENUE BONDS, SERIES 1971,
SERIES 1972 AND SERIES 1972-A AND
GENERAL TUITION REVENUE REFUNDING BONDS, SERIES 1978

WHEREAS, it is necessary and advisable that the Board of Regents of The University of Texas System (the "Board") enter into the first supplemental escrow agreement hereinafter authorized with MTrust Corp, National Association Houston, Texas for the purpose of amending that certain Escrow Agreement dated as of June 1, 1986 (the "Escrow Agreement") between the Board and MBank Houston, National Association (now MTrust Corp) relating to the refunding, through the issuance of the Board's General Tuition Revenue Refunding Bonds, Series 1986, of the following obligations of the Issuer (collectively, the "Refunded Obligations"): General Tuition Revenue Bonds, Series 1971, dated October 1, 1971, issued in the original aggregate principal amount of \$50,000,000; General Tuition Revenue Bonds, Series 1972 dated April 1, 1972 issued in the original aggregate principal amount of \$50,000,000; General Tuition Revenue Bonds, Series 1972-A dated October 1, 1972, issued in the original aggregate principal amount of \$17,000,000; and General Tuition Revenue Refunding Bonds, Series 1978, dated August 1, 1978, issued in the original aggregate principal amount of \$32,280,000.

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

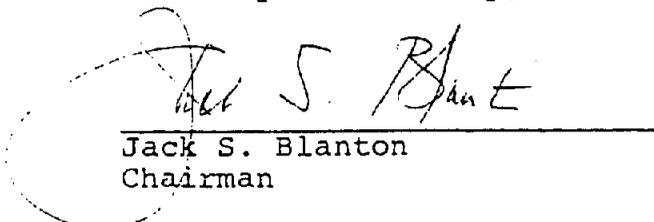
Section 1. That the Executive Vice Chancellor for Asset Management of The University of Texas System is authorized and directed, for and on behalf of the Board, to sign, seal, and otherwise execute and deliver a first supplemental escrow agreement in substantially the form and substance attached to this Resolution and made a part hereof for all purposes (the "First Supplemental Agreement").

Section 2. That, upon its execution and delivery by the parties thereto, the First Supplemental Agreement shall constitute a binding and enforceable agreement of the Board in accordance with its terms and provisions.

Section 3. That the Board hereby finds and determines that the amendments to the Escrow Agreement made by the First Supplemental Agreement, and the carrying out of the actions permitted by such amendments in accordance with the requirements of the First Supplemental Agreement, will not adversely affect the owners of the Refunded Obligations.

Section 4. That the Escrow Agreement, as amended and supplemented by the First Supplemental Agreement, is ratified and approved hereby and shall remain in full force and effect, as so amended.

PASSED AND APPROVED this 11th day of February, 1988.



Jack S. Blanton
Chairman

Attest:



Arthur H. Dilly
Executive Secretary

FIRST SUPPLEMENTAL

ESCROW AGREEMENT

THIS FIRST SUPPLEMENTAL ESCROW AGREEMENT, dated as of February 1, 1988 (herein called the "First Supplemental Agreement") is entered into by and between the BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM (herein called the "Issuer") and MTRUST CORP, NATIONAL ASSOCIATION Houston, Texas (formerly MBank Houston, National Association), as escrow agent (herein, together with any successor in such capacity, called the "Escrow Agent").

W I T N E S S E T H :

WHEREAS, by resolution of the Issuer dated June 5, 1986 (the "Bond Resolution") the Issuer has heretofore authorized and has entered into an escrow agreement with the Escrow Agent dated as of June 1, 1986 (the "Original Agreement" and, together with any amendments or supplements thereto, including this First Supplemental Agreement, the "Agreement"), for the purpose of providing for the safekeeping, investment, administration and disposition of a deposit made by the Issuer with the Escrow Agent as a firm banking and financial arrangement for the discharge and final payment of certain obligations of the Issuer (the "Refunded Obligations," as defined in the Original Agreement);

WHEREAS, the Issuer desires to amend the Original Agreement in order to permit a sale and replacement of certain of the securities held to the credit of the Escrow Fund created under the Section 3.01 of the Escrow Agreement, in order to realize substantial economic benefits to the Issuer and provide continued firm banking and financial arrangement for the discharge and final payment of the Refunded Obligations;

WHEREAS, the Escrow Agent is a party to this First Supplemental Agreement in order to acknowledge its acceptance of the terms and provisions hereof and its approval of the amendments of the Original Agreement made hereby;

NOW THEREFORE, in consideration of the mutual undertakings, promises and agreements herein contained and other

good and valuable consideration, the sufficiency of which are acknowledged hereby, the Issuer and the Escrow Agent mutually undertake, promise and agree for themselves and their respective representatives and successors, as follows:

Section 1. Definitions. The terms "First Supplemental Agreement," "Issuer," "Escrow Agent," "Original Agreement" and "Agreement," when they are used in this First Supplemental Agreement, shall have the meanings assigned to them in the preamble to this First Supplemental Agreement. All other capitalized terms used herein, unless otherwise expressly defined herein or unless the context clearly indicates otherwise, shall have the meanings assigned to them in Article I of the Original Agreement.

Section 2. Amendment of Original Agreement. Section 4.03 of the Original Agreement is amended hereby to read as follows:

Section 4.03. Substitution for Escrowed Securities. At the written request of the Issuer, and upon compliance with the conditions hereinafter stated, the Escrow Agent shall sell, transfer, otherwise dispose of or request the redemption of the Escrowed Securities and apply the proceeds therefrom to purchase Refunded Obligations or direct obligations of, or obligations the principal of and interest on which is unconditionally guaranteed by, the United States of America, which do not permit the redemption thereof at the option of the obligor. Any such transaction may be effected by the Escrow Agent only if: (i) the Escrow Agent shall have received a written opinion from a nationally recognized firm of certified public accountants that such transaction will not cause the amount of money and securities in the Escrow Fund to be reduced below an amount sufficient to provide for the payment of principal of, redemption premium on and interest on the Refunded Obligations as they become due pursuant to Section 3.02 and 3.03 of this Agreement; and (ii) the Escrow Agent shall have received the unqualified written legal opinion of nationally recognized bond counsel or tax counsel to the effect that such transaction will not violate applicable laws of the State of Texas or the terms of this Escrow Agreement, and will not cause any of the Refunding

Obligations to be an "arbitrage bond" within the meaning of Section 103(c) of the Code. The Issuer agrees that, in the event that the Escrow Agent shall sell, transfer, otherwise dispose of or request the redemption of any Escrowed Securities under this paragraph at the request of the Issuer, and apply the proceeds therefrom to purchase any Refunded Obligations, the Issuer promptly shall cancel or cause to be cancelled any Refunded Obligations so purchased, so that such Refunded Obligations thereafter shall no longer be outstanding for any purpose.

In addition to the substitution permitted by the foregoing paragraph, the Issuer, concurrently with the sale and delivery of the Refunding Obligations to the initial purchaser thereof, may substitute cash or non-interest bearing direct obligations of the United States Treasury (i.e., Treasury obligations that mature and are payable in a stated amount on the maturity date thereof, and for which there are no payments other than the payment made on the maturity date), which do not permit the redemption thereof at the option of the obligor, for non-interest bearing Escrowed Securities, if any, listed in part IV of Exhibit D attached hereto, but only if such cash and/or substituted non-interest bearing direct obligations of the United States Treasury -

- (a) are in an amount, and/or mature in an amount, that, together with any cash substituted for such obligations, is equal to or greater than the amount payable on the maturity date of the obligation listed in part IV of Exhibit D for which such obligation is substituted, and
- (b) mature on or before the maturity date of the obligation listed in part IV of Exhibit D for which such obligation is substituted.

If any such cash and/or obligations are so substituted for any Escrowed Securities, the Issuer may, at any time thereafter, substitute for such cash and/or obligations the same Escrowed Securities for which such cash and/or obligations originally were substituted.

Section 3. Ratification of Agreement. The Original Agreement, as amended by this First Supplemental Agreement, is hereby ratified and approved and shall remain in full force and effect.

Section 4. Effective Date. This First Supplemental Agreement shall be effective upon its due authorization and execution by the parties hereto.

EXECUTED as of the date first written above.

BOARD OF REGENTS OF THE
UNIVERSITY OF TEXAS SYSTEM

By M.E. Patrick
M.E. Patrick
Executive Vice Chancellor
for Asset Management

MTRUST CORP, NATIONAL ASSOCIATION
Houston, Texas

By J. Lee Miller
Title First Vice President

ATTEST:

By Beth Bradford
Title: TRUST OFFICER
(CORPORATE SEAL)

2. U. T. Board of Regents - General Revenue Subordinate Lien Notes: Declaration of Project Eligibility for U. T. Austin - Recreational Sports Facilities - Phase I and U. T. Medical Branch - Galveston - Shriners Burns Institute - New Parking Structures; Authorization to Pay Project Costs from Note Proceeds; and Pledge of Revenues.--At the request of Chairman Blanton, Executive Vice Chancellor for Asset Management Patrick reviewed the recommendations related to projects eligible for the General Revenue Subordinate Lien Notes. He noted that, at its August 1987 meeting, the Board adopted a resolution authorizing the issuance of up to \$20 million of General Revenue Subordinate Lien Notes to provide interim financing for non-PUF capital projects. The purpose of the program was to enable the U. T. System to minimize financing costs during project construction by issuing short-term variable rate notes. Project notes would be combined and subsequently refinanced permanently with a single fixed rate long-term bond.

Based upon this presentation, the Board, upon motion of Vice-Chairman Ratliff, seconded by Vice-Chairman Roden:

- a. Declared The University of Texas at Austin Recreational Sports Facilities - Phase I (Project No. 102-596) and The University of Texas Medical Branch at Galveston - Shriners Burns Institute - New Parking Structures (Project No. 601-670) to be Eligible Projects for purposes of the Note Resolution authorizing General Revenue Subordinate Lien Notes
- b. Authorized the payment of any costs and expenses attributable to the construction of these projects from Note proceeds
- c. Authorized as additional Pledged Revenues:
 1. the U. T. Austin Recreational Sports Fee (to be assessed upon completion of Phase I of the Recreational Sports Facilities) and
 2. the U. T. Medical Branch - Galveston John Sealy Hospital Cafeteria Net Revenues and University Parking Facilities Net Revenues.

It is anticipated that two notes totalling \$6,500,000 will be issued during the eight months construction period for the U. T. Medical Branch - Galveston - New Parking Structures with interest and issuance costs to be paid from pledged revenues and interest income on note proceeds.

It is expected that from four to six notes totalling \$13,500,000 will be issued during the 22 months construction period for the U. T. Austin Recreational Sports Facilities with interest and issuance costs to be paid substantially from note proceeds.

See Page 81 related to the construction and financing of the U. T. Austin Recreational Sports Facilities.

3. U. T. Board of Regents: Authorizations Related to the (a) Issuance of New Permanent University Fund Debt and (b) Refinancing of Existing Permanent University Fund Debt.--Chairman Blanton called on Executive Vice Chancellor for Asset Management Patrick to present the recommendations related to the issuance of new Permanent University Fund debt and the refinancing of existing Permanent University Fund debt. Mr. Blanton noted that each of the attachments cited in the recommendations was before the Board for review and reference.

Following a detailed presentation and upon motion of Vice-Chairman Ratliff, seconded by Regents Yzaguirre and Barshop, the Board:

- a. Adopted a Resolution (Attachment A)
1. Amending and restating a resolution adopted by the Board on December 5, 1985, as amended on December 4, 1986, establishing an interim financing program for Permanent University Fund Capital Improvement projects
 2. Approving and authorizing the issuance of notes in an aggregate principal amount at any one time outstanding not to exceed \$125,000,000 (except for a promissory note associated with supporting the credit agreement shown in Attachment C which may be in the principal amount of \$134,500,000) to provide interim financing to pay Project Costs for Eligible Projects
 3. Authorizing the sale of \$25,000,000 of such notes
 4. Authorizing such notes to be issued, sold and delivered in various forms, including commercial paper notes, variable rate notes and a revolving note, and prescribing the terms, features and characteristics of such instruments
 5. Approving and authorizing certain authorized officers and employees of the U. T. System to act on behalf of the Board in the selling and delivery of such notes, within the limitations and procedures specified herein
 6. Making certain covenants and agreements in connection therewith
 7. Resolving other matters incident and related to the issuance, sale, security and delivery of such notes
 8. Approving the following agreements:
 - (a) Paying Agent/Registrar Agreement (substantially in the form set forth in Attachment B)
 - (b) Credit Agreement (substantially in the form set forth in Attachment C)

- (c) Trust Agreement with the Texas State Treasurer (substantially in the form set forth in Attachment D)
- (d) Official Statement (substantially in the form set forth in Attachment E)
- (e) Remarketing Agreement (substantially in the form set forth in Attachment F)

NOTE: These Attachments, which were before the Board, are not included in the Minutes but are on file in the Office of the Board of Regents.

- b. Reappointed McCall, Parkhurst & Horton, Dallas, Texas, as bond counsel
- c. Reappointed Goldman Sachs & Co., New York, New York, as Dealer/Remarketing Agent
- d. Reappointed Morgan Guaranty Trust Company, New York, New York, as Paying Agent/Registrar.

Further, the Board authorized the issuance of \$100,000,000 of Permanent University Fund Bonds, Series 1988, to refinance \$100,000,000 outstanding Permanent University Fund Variable Rate Notes, Series A. In accordance therewith, the Board:

- a. Designated Vinson & Elkins, Austin, Texas, as bond counsel
- b. Authorized the Office of Asset Management to:
 - (1) Advertise for bids for the sale of bonds, Paying Agent/Registrar, and printing of the bonds (all of which will be submitted for Board approval at its April 1988 meeting)
 - (2) Take any and all actions necessary to bring to the Board, for approval at its April 1988 meeting, competitive bids for the purchase of the Series 1988 Bonds
- c. Authorized the payment of issuance costs from proceeds of Permanent University Fund Variable Rate Notes, Series A.

At its December 1985 meeting, the U. T. Board of Regents authorized the issuance of Permanent University Fund Variable Rate Notes, Series A (the "Notes") in an original amount of \$100 million to fund a portion of the PUF Capital Improvement Program. The financing program underlying the issuance of the Notes anticipated financing in two stages: first, short-term variable rate financing during construction and second, refunding of variable rate notes at periodic intervals with fixed rate long-term bonds. This two stage financing program was adopted because it permitted the U. T. System to minimize Available University Fund debt service during construction by borrowing at short-term interest rates and only as expenditures were incurred.

As of January 31, 1988, unexpended Note proceeds totalled \$35.3 million. Projected expenditures for capital expenditures of \$145.8 million through fiscal year 1989 will require that the U. T. System have in place a sustained financing capability during this period.

4. U. T. Board of Regents: Adoption of Resolution Authorizing Issuance of Travis County Research and Development Authority Multi-Modal Interchangeable Rate Revenue Bonds (The University of Texas at Austin Semiconductor Manufacturing Laboratory Project), Series 1988.--At the request of Chairman Blanton, Executive Vice Chancellor for Asset Management Patrick reviewed the recommendations related to the financing arrangements and agreements regarding the SEMATECH facility at The University of Texas at Austin Montopolis Research Center. Mr. Blanton noted that each of the attachments referenced in the recommendations was before the Board for review.

Following Executive Vice Chancellor Patrick's presentation and with the aid of slides, Chancellor Mark presented a comprehensive overview of the benefits to U. T. Austin expected to be derived from SEMATECH and the Semiconductor Manufacturing Laboratory.

Following these detailed presentations, the Board, upon motion of Regent Moncrief, seconded by Vice-Chairman Roden, adopted the Resolution (Attachment A) relating to the issuance of the Travis County Research and Development Authority Multi-Modal Interchangeable Rate Revenue Bonds (The University of Texas at Austin Semiconductor Manufacturing Laboratory Project), Series 1988. The Board's approval of the Resolution was contingent upon execution of participation agreements committing SEMATECH members to fund a cumulative annual budget of \$100,000,000 or more and to conduct research and development concerning advanced semiconductor manufacturing techniques at the Montopolis Research Center.

In adopting this Resolution, the Board recognized that each of the Attachments listed below was before them substantially in final form but recognized also that U. T. System Officials were continuing the negotiating process and that some terms and conditions could well be amended. With this understanding, the Board:

- a. Authorized the execution and delivery of
 - (1) a Lease and Installment Sale Agreement (Attachment B)
 - (2) a Standby Bond Purchase Agreement (Attachment C)
 - (3) a Lease Agreement (Attachment D)
 - (4) a Funds Management Agreement (Attachment E)
 - (5) a Remarketing Agreement (Attachment F)
 - (6) a Purchase Contract (Attachment G)
- b. Approved:
 - (1) an Indenture of Trust and Security Agreement (Attachment H)
 - (2) a Paying Agent/Registrar Agreement (Attachment I)
 - (3) an Official Statement (Attachment J)

- c. Approved the description of the Project to be financed (Attachment K)
- d. Authorized the Chairman of the Board, Executive Secretary to the Board, authorized representatives and other officers of the U. T. System and of U. T. Austin, jointly and severally, to do any and all things and to execute and deliver any and all documents which they may deem necessary or advisable in order to consummate the issuance, sale and delivery of the Bonds and to effectuate the purposes of the Resolution.
- e. Approved and adopted the report entitled "Chancellor's Report on the Benefits Expected to be Derived by The University of Texas at Austin from SEMATECH and the Semiconductor Manufacturing Laboratory," as set forth in Attachment A.

NOTE: These Attachments, which were before the Board, are not included in the Minutes but are on file in the Office of the Board of Regents.

On January 20, 1988, U. T. Austin purchased 94.36 acres of land and improvements known as the Data General site. Pursuant to the Lease and Installment Sale Agreement (Attachment B), U. T. Austin will lease 35 acres of the site plus existing improvements (the "Premises") to the Travis County Research and Development Authority for a nominal amount. The lease will expire on the earlier of February 1, 1993, or the date of completion of a clean room to be constructed by the Authority (at the direction of the Board) with proceeds of a \$38 million bond issue. U. T. Austin, in turn, will purchase the clean room from the Authority on an installment basis for an amount equal to the principal and interest payments on the Bonds less any amounts the Authority receives from the State. The installment payments will be due at the times and in amounts sufficient to pay debt service payments on the Bonds and will be payable and secured by a fourth lien on the Available University Fund.

To enable same day remittance of the required installment payments, the State Treasury, per the Funds Management Agreement (Attachment E), will hold amounts pre-withdrawn from the Available University Fund in a separate account and wire the payments to the Trustee as directed.

Under the Lease Agreement (Attachment D), U. T. Austin concurrently will lease the Premises and the clean room to SEMATECH. Preliminary negotiations have centered around a primary term of ten years at a nominal rental, with an option for SEMATECH to renew the lease for an additional ten year period at a rent equal to the lesser of a fair market rental or at the maximum amount that will not adversely affect the tax exempt status of the Bonds.

The Bonds will be authorized and issued by the Authority pursuant to an Indenture of Trust and Security Agreement (Attachment H) and will be secured first by amounts received by the Authority from the State of Texas and second, to the extent such amounts are insufficient from installment payments made by U. T. Austin. The Bonds will be issued in the form of Multi-Modal Interchangeable Rate Revenue Bonds, payable at the end of 20 years, and will be purchased initially by J. P. Morgan Securities pursuant to the Purchase Contract (Attachment G) and the Official Statement (Attachment J).

The Bonds will be issued initially in a short-term low interest rate mode in order to minimize debt service prior to the next biennium. At the option of the Board, the Bonds may be prepaid should the State appropriate sufficient funds for redemption or be converted into fixed rate amortizing bonds should the State only appropriate annual debt service.

At any time prior to conversion to a fixed rate long-term rate mode, holders of the Bonds will have the right to tender any Bond for purchase by the Board. Pursuant to the Remarketing Agreement (Attachment F), J. P. Morgan Securities will use its best efforts to remarket all tendered Bonds. In the event, however, of a failure to remarket, Morgan Guaranty Trust Company of New York will serve as a source of liquidity and purchase all Bonds not promptly remarketed under the Standby Bond Purchase Agreement (Attachment C).

RECESS FOR COMMITTEE MEETINGS AND COMMITTEE REPORTS TO THE BOARD.--At 2:40 p.m., the Board recessed for the meetings of the Standing Committees and Chairman Blanton announced that at the conclusion of each committee meeting, the Board would reconvene to approve the report and recommendations of that committee.

The meetings of the Standing Committees were conducted in open session and the reports and recommendations thereof are set forth on the following pages.

REPORTS AND RECOMMENDATIONS OF STANDING COMMITTEES

REPORT OF EXECUTIVE COMMITTEE (Pages 16 - 49).--In compliance with Section 7.14 of Chapter I of Part One of the Regents' Rules and Regulations, Chairman Blanton reported to the Board for ratification and approval all actions taken by the Executive Committee since the last meeting. Unless otherwise indicated, the recommendations of the Executive Committee were in all things approved as set forth below:

1. Permanent University Fund: Approval to Appoint Mr. E. L. "Pete" Wehner, Houston, Texas, to the Investment Advisory Committee for Three-Year Term Through August 31, 1990 (Exec. Com. Letter 88-11).--Approval was given to appoint Mr. E. L. "Pete" Wehner, retired Vice Chairman and Chief Administrative Officer of Blocher Energy Corporation, Houston, Texas, to replace Mr. Dee S. Osborne of Houston, Texas, to the Investment Advisory Committee for the Permanent University Fund of The University of Texas System. Mr. Wehner's appointment is for a three-year term through August 31, 1990.

With this appointment, the membership of the Investment Advisory Committee is as follows:

	<u>Term Expires</u>
Andrew Delaney	8/31/88
John T. Trotter	8/31/88
Edward Randall III	8/31/89
John T. Stuart III	8/31/89
E. L. "Pete" Wehner	8/31/90

One position remains open and available for Regental appointment.

2. U. T. Austin: Authorization to Accept Cotton Bowl or Bluebonnet Bowl Bid for the 1987 Football Season (Exec. Com. Letter 88-9).--The Board, upon recommendation of the Executive Committee, authorized President Cunningham to accept a football bowl participation bid for The University of Texas at Austin at the end of the 1987 football season, subject to win/loss conditions as outlined below:

- a. If U. T. Austin defeats Texas A&M University - Cotton Bowl*

*automatically eligible and obligated under Southwest Conference rules

- b. If U. T. Austin defeats Baylor University and loses to Texas A&M University - Bluebonnet Bowl
- c. If U. T. Austin loses to both Baylor University and Texas A&M University - no bowl participation.

It is understood that:

- a. Board approved guidelines on bowl participation will prevail

- b. Expenses will not exceed those already estimated for "Special Events" in the approved budget, and
 - c. A final fiscal report will be submitted via the U. T. Austin Docket as soon as accounting records are complete.
3. U. T. Austin: Approval of Option Agreement Related to the SEMATECH (Semiconductor Manufacturing Technology) Proposal; Authorization to Purchase Approximately 94.36 Acres of Land and Improvements in Southeast Austin (Data General Corporation Site); and Authorization for Executive Vice Chancellor for Asset Management to Execute All Documents Pertaining to Purchase (Exec. Com. Letter 88-13).--Upon recommendation of the Executive Committee, the Board approved the option agreement set out on Pages 18 - 45 related to the SEMATECH (Semiconductor Manufacturing Technology) proposal for the purchase of approximately 94.36 acres of land plus 294,367 square feet of improvements in Southeast Austin (commonly known as the Data General Corporation Site) on behalf of The University of Texas at Austin at a price of \$12.3 million from Permanent University Fund Bond Proceeds and authorized the Executive Vice Chancellor for Asset Management to execute all documents pertaining to the purchase following the approval of the Office of General Counsel. In 1987, the property was valued at \$14,313,742 by the Travis County Appraisal District.

This agreement, executed by the appropriate officials of the institution and facility to be effective upon approval by the U. T. Board of Regents, provides for a 90-day no cost option to purchase the Data General Corporation Site dating from November 1, 1987. The agreement may be extended after the initial 90-day period for up to three months on a month-to-month basis by the payment of \$25,000 per month. Given SEMATECH'S decision to locate its facilities in Austin, the option to purchase will be exercised in a timely fashion and no payments or additional option periods beyond the initial 90-day option period will be required.

It was reported that appropriate adjustments to the Capital Improvement Program will be made to reflect the purchase of the Data General Corporation Site from Permanent University Fund Bond Proceeds.

OPTION AGREEMENT

THE STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

This OPTION AGREEMENT dated as of the 29th day of DECEMBER, 1987, from DATA GENERAL CORPORATION, a Delaware corporation (hereinafter called the "Seller") to the BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM, for and on behalf of THE UNIVERSITY OF TEXAS AT AUSTIN (hereinafter called the "Purchaser"),

W I T N E S S E T H:

ARTICLE I

1.1 The Seller and Purchaser agree that when used in this Option Agreement the terms set forth below shall have the respective meanings set forth after them, unless context otherwise requires:

- (a) The "Subject Land" shall refer to the property described on Exhibit A attached hereto and incorporated herein, together with all easements, rights-of-way and all right, title and interest of the Seller in and to all lands in the easements, rights-of-way, streets, roads and alleys adjacent to or abutting to the above described land, and all other rights and appurtenances thereunto in anywise belonging.
- (b) The "Improvements" shall refer to all those certain buildings, structures, fixtures, paving, utility poles, lines and conduits, and other improvements of every kind and nature presently situated on, in or under, or hereafter (but prior to the "Closing Date", defined below) erected or installed, or used in, on or about, or in connection with the operation of the Subject Land. Any improvements that Southwestern Bell has placed in any easement which is part of the Subject Land shall not be included in the definition of "Improvements" hereunder.
- (c) The "Improved Property" shall refer collectively to the Subject Land and Improvements.
- (d) The "Personal Properties" shall refer to all apparatus, materials, engines and machinery, utility service devices, connections and meters, pumps, motors, window screens, window shades, venetian blinds, awnings, floor coverings, window coverings, wall coverings, appliances, air conditioning equipment, heating equipment, air handling equipment and apparatus, shrubbery, and all other personal property of every kind and nature now or hereafter installed or attached to the Improved Property, and all renewals, replacements and substitutions therefor and additions thereto. Without limitation, Seller's movable furniture, trade fixtures and other

equipment and personal property not directly related to the operation of the Improved Property and Data General's exterior sign shall not be included in the definition "Personal Property" hereunder.

- (e) The "Incidental Rights" shall refer to the Seller's assignable rights under all contracts, service and maintenance agreements, permits, licenses, equipment warranties, utility contracts or other agreements relating to the use, operation or maintenance of any and all of the Improved Property or the Personal Properties.
- (f) The "Subject Properties" shall refer collectively to the Subject Land, the Improvements, the Personal Properties and the Incidental Rights.
- (g) The "Seller's Deed" shall refer to a general warranty deed dated as of the "Closing Date" (defined below), executed and acknowledged by the Seller, in favor of the Purchasers conveying the Subject Properties to the Purchaser free of all encumbrances except the "Subject Encumbrances" (defined below), and any "Waived Objections" (defined below), and providing for ad valorem taxes for the year in which the Closing Date occurs to be prorated as of the Closing Date.
- (h) The "Agreed Consideration" shall refer to the total sales price of the Subject Properties which is the sum of Twelve Million Three Hundred Thousand Dollars (12,300,000.00).
- (i) The "Earnest Money" shall refer to the amount of \$25,000.00.
- (j) The "Title Company" shall refer to Gracy Title Company, whose principal business office is located at 220 West 7th, Austin, Texas 78701, as agent for the "Title Insurer," as such term is hereinafter described and defined.
- (k) The "Title Insurer" shall refer to Chicago Title Insurance Company.
- (l) The "Title Insurance Commitment" shall refer to a written commitment for an owner's title policy describing the Improved Property, and committing the Title Insurer to issue such title policy at closing and upon satisfaction of normal closing conditions, subject only to exceptions relating to (1) the Permitted Encumbrances, (2) taxes for the current year of closing and subsequent years, (3) restrictive covenants of record, provided that such exception concerning restrictive covenants shall be modified by adding "None of Record" thereafter, and (4) "Shortages in Area".
- (m) The "Conforming Title Policy" shall refer to a Texas standard form owner's policy of title insurance issued by the Title Insurer to the Purchaser, as "insured," in a face amount equal to the Agreed Consideration, describing the Improved Property with the following modifications: (i) the printed form exception relating to taxes shall be modified to read "taxes for the current year and subsequent years"; (ii) the printed form survey exception

shall be modified to read: "shortages in area"; (iii) the printed form exception for restrictive covenants of record shall be modified to show "none of record"; and (iv) the printed form may be modified by adding exceptions relating to the Permitted Encumbrances and the Waived Objections.

- (n) The "Waived Objections" shall refer to those matters (1) which may be contained in any title report or title insurance commitment furnished to the Purchaser or which constitute "Survey Objections" (defined below) not contemplated to be contained in the Title Insurance Commitment and Survey Work, respectively, and (2) which the Seller, after using all reasonable efforts (not including, however, the filing or prosecution of any title clearing suit, or expenditures or undertaking of liability in excess of \$10,000.00 relative to this transaction in the aggregate) cannot have deleted from such title report by the Title Company and in the case of Survey Objections, are not cured and satisfied, and (3) which the Purchaser elects to waive as objections to title and to take title subject to the existence of which.
- (o) The "Permitted Encumbrances" shall refer collectively to the items, if any, set out and described on Exhibit C attached hereto and made a part hereof for all purposes, to the extent and only to the extent the same may be valid and subsisting and affect the portions of the Subject Properties described in the instruments evidencing the same.
- (p) The "Surveyor" shall refer to S.A. Garza Engineers, Inc. and upon whose work the Title Company indicates that it will rely in deleting the survey exception (other than shortages in area) from the Conforming Title Policy, to perform the "Survey Work" as hereinafter provided.
- (q) The "Survey Work" shall refer to a current Category 1A, Urban, Condition II land survey (as defined by the Manual of Practice for Land Surveying in Texas published by the Texas Surveyors Association) conducted by the Surveyor of the Improved Property, including therein, without limitation, the Surveyor preparing under this seal and certificate (1) a survey plat of the Improved Property on which he certifies the number of acres (calculated to the nearest one hundredth of an acre) contained in the Subject Land, and (2) the metes-and-bound description of the Subject Land and (3) a certification that the Improved Property neither is subject to nor has been designated as being subject to any special flood hazards, or is flood prone, or requires the maintenance of flood insurance before a national banking association can lend on the security thereon.
- (r) The "Survey Objections" shall be as defined in Article IV hereinafter.
- (s) The "Option Expiration Date" shall refer to the date ninety (90) days after the "effective date" (as defined in subparagraph 1.1(w) below) of this Agreement, as the same may be extended as set forth in Section 2.4.

- (t) The "Closing Date" shall refer to the date sixty (60) days after the "Exercise Date" (as hereinafter defined) unless Purchaser, in its sole discretion, elects an earlier date by notifying Seller in writing at least thirty (30) days prior to such earlier date.
- (u) The "Option" shall refer to the option granted in Section 2.1 below.
- (v) The "Exercise Date" shall refer to the date described in Section 2.3.
- (w) The "effective date" shall refer to November 1, 1987.
- (x) The "Option Extension Consideration" shall refer to the amount of (i) \$25,000.00 if the Option Expiration Date is extended to the date one hundred twenty (120) days after the effective date of this Agreement as set forth in Section 2.4; (ii) \$50,000.00 if the Option Expiration Date is extended to the date one hundred fifty (150) days after the effective date of this Agreement as set forth in Section 2.4; and (iii) \$75,000.00 if the Option Expiration Date is extended to the date one hundred eighty (180) days after the effective date of this Agreement as set forth in Section 2.4.
- (y) The "Initial Consideration" shall refer to the amount of \$100.00.
- (z) The "Option Consideration" shall refer to the sum of the Option Extension Consideration plus the Initial Consideration.

ARTICLE II

2.1 For and in consideration of the Initial Consideration paid in cash or its equivalent by the Purchaser to the Seller, the receipt of which is hereby confessed and acknowledged by it, the Seller does hereby grant to the Purchaser the exclusive option and right, exercisable during the term of the Option, to purchase the Subject Properties from the Seller for the Agreed Consideration and upon and subject to the terms and provisions of this Option Agreement.

2.2 In order to exercise the Option, the Purchaser must give to the Seller written notice of Purchaser's exercise of the Option at or prior to midnight of the Option Expiration Date. In the event the Purchaser fails to timely give such notice of its exercise of the Option, then the Option shall automatically expire and this Option Agreement shall be of no further force or effect.

2.3 If the Purchaser shall timely give written notice of its election of the Option and Purchaser is not in default hereunder, then effective on the date such written notice is so timely given (which date shall be the "Exercise Date" for purposes of this Agreement), this Option Agreement shall become a binding agreement for the purchase and sale of the Subject Properties upon the terms and provisions hereinafter set forth.

2.4 Purchaser shall have the right to extend the Option granted under this Agreement for three (3) additional, consecutive thirty (30) day periods upon Purchaser's compliance with the procedure described in this Section 2.4 and provided Purchaser is not then in default hereunder. If Purchaser wants to extend the Option Expiration Date to the date (the "First Extension Date") one hundred twenty (120) days after the effective date of this Agreement, Purchaser shall so notify Seller in writing in accordance with this Agreement no later than sixty (60) days after the effective date of this Agreement and Purchaser shall deliver cash in the amount of Twenty-five Thousand Dollars (\$25,000) to Seller on or before the date ninety (90) days after the effective date of this Agreement. After Purchaser extends the Option Expiration Date to the First Extension Date, if Purchaser wants to extend the Option Expiration Date to the date (the "Second Extension Date") one hundred fifty (150) days after the effective date of this Agreement, Purchaser shall so notify Seller in writing no later than ninety (90) days after the effective date of this Agreement and Purchaser shall deliver an additional amount of cash in the amount of Twenty-five Thousand Dollars (\$25,000.00) to Seller on or before the date one hundred twenty (120) days after the effective date of this Agreement. After Purchaser extends the Option Expiration Date to the Second Extension Date, if Purchaser wants to extend the Option Expiration Date to the date one hundred eighty (180) days after the effective date of this Agreement, Purchaser shall so notify Seller in writing no later than one hundred twenty (120) days after the

effective date of this Agreement and Purchaser shall deliver an additional amount of cash in the amount of Twenty-five Thousand Dollars (\$25,000.00) to Seller on or before the date one hundred fifty (150) days after the effective date of this Agreement. Any failure of Purchaser to deliver the cash consideration described in this Section 2.4 to extend this Agreement after Purchaser has notified Seller in accordance with this Section 2.4 that Purchaser intends to extend the Option Expiration Date shall not be a default by Purchaser under this Agreement and Purchaser shall not be obligated hereunder to make any such payments even if such notice has been given. If Purchaser does fail to deliver the cash consideration as described above, then Purchaser shall be deemed to have waived all its rights under this Agreement even if notice was given in a timely fashion.

ARTICLE III

3.1 If the Option is timely and properly exercised, and the deposit described in Section 3.2 (a) made in a timely manner, the Seller agrees to sell to the Purchaser and the Purchaser agrees to purchase from the Seller all of the Subject Properties for the Agreed Consideration, payable as hereinafter set forth.

3.2 The Agreed Consideration for all the Subject Properties shall be paid and payable as follows:

(a) At the time the option is exercised, the Earnest Money shall be deposited with the Title Company, as escrow agent, together with a fully executed counterpart hereof within ten (10) days after the Exercise Date and at the time of the closing of the sale, if consummated, the Earnest Money will be applied toward payment of the Agreed Consideration.

(b) The balance of the Agreed Consideration, equal to the amount derived by subtracting the Earnest Money from the Agreed Consideration, will be paid to the Seller at the consummation of the sale, if consummated, upon delivery by the Seller of the Seller's Deed to the Purchaser.

ARTICLE IV

The Seller agrees to order the Survey Work from the Surveyor on or before the later to occur of (1) ten (10) days after the Exercise Date, (2) receipt of the Earnest Money and

(3) payment of all Option Consideration due hereunder, and the Seller agrees to direct the Surveyor to use reasonable efforts to complete the Survey Work ^{within} ~~on or before~~ thirty (30) days ~~after~~ ^{the Exercise Date}. The Survey Work shall be done at the cost and expense of the Seller. Upon completion of the Survey Work two (2) sets of each of the plat, description and certification constituting the parts of such Survey Work shall be furnished to both the Purchaser and to the Title Company by the Seller. In the event any material encroachments by the Improvements are found to exist upon any other lands or upon any easements or building lines or in the event any ~~material~~ fence or other improvement ^{materially} encroaches upon the Improved Property, or in the event the Purchaser has any other ^{material} objection to the conditions disclosed by the Survey Work, then the Purchaser may give the Seller written notice of such matters to which it objects (herein called the "Survey Objections") and the Seller shall thereafter have thirty (30) days in which to cure and satisfy all such objections of the Purchaser. In the event the Seller fails to cure and satisfy all the Survey Objections within said 30-day period of time, then the Purchaser shall have the option and right within ten (10) business days after the expiration of said 30-day period of time, to (a) grant the Seller such additional time not to exceed thirty (30) days in which to cure and satisfy all the Survey Objections, or (b) waive the Survey Objections which remain uncured and unsatisfied and close the purchase of the Subject Properties without adjustment of the Agreed Consideration upon the other terms and provisions hereof, or (c) terminate this Option Agreement whereupon the Seller shall be obligated to return to Purchaser all Earnest Money together with any Option Extension Consideration paid to Seller as of the date of such termination, after which both parties hereto shall be released and relieved from all further obligations hereunder. The Seller shall have the right to order the survey earlier than herein above provided.

ARTICLE V

The Seller agrees to order the Title Insurance Commitment from the Title Company on or before the later to occur of (1) five (5) days after the Exercise Date, (2) receipt of the Earnest Money and (3) payment of all Option Consideration due hereunder. In the event the Seller is unable to furnish both the Title Insurance Commitment and complete, legible copies of all documents listed thereon within the time herein stated, the Purchaser may elect within ten (10) days to (a) terminate this Option Agreement, whereupon Seller shall deliver to Purchaser all Earnest Money together with any Option Extension Consideration paid to Seller as of the date of termination, after which both parties shall be released from all further obligations contained in this Option Agreement, or (b) proceed with the closing, without adjustment of the Agreed Consideration either without the Conforming Title Policy or with such title insurance commitment and owner's policy of title insurance as the Title Company and the Title Insurer, respectively, may be willing to issue upon the Subject Properties, or (c) grant to Seller such additional time, not to exceed thirty (30) days, in which to obtain and deliver the Title Insurance Commitment and copies of all documents listed thereon to Purchaser. The Seller shall be responsible for and pay all premiums for the Conforming Title Policy, or any other owner's title policy or commitment obtained for and accepted by the Purchaser hereunder.

ARTICLE VI

6.1 The Seller represents that it has good, merchantable title to the Subject Properties (except as to the Permitted Encumbrances) *and the Seller shall be obligated to deliver to the Purchaser at closing, a general warranty deed which shall convey all the Subject Properties free of all encumbrances except the Permitted Encumbrances and the subject matter of any Waived Objections. Notwithstanding anything to the contrary contained in this Agreement, in the event that *provided such title can be delivered without cost or expense to Seller to clear title in excess of \$10,000,

Seller breaches the representation contained in this Section 6.1, the Purchaser's sole remedy for such breach shall be the return of the Earnest Money and the Option Extension Consideration. The representation contained in this Section 6.1 shall not survive closing and nothing in this Section 6.1 shall be deemed or construed to limit, diminish or impair Seller's liability on its warranty of title to be contained in said general warranty deed.

6.2 In the event any title report furnished to the Purchaser shall reflect any liens encumbering the Subject Properties, then the Seller, at or prior to the Closing Date, shall furnish proof of payment of all indebtednesses secured by such liens and shall have all such liens fully released of record prior to the Closing Date, or prior to the Closing Date, shall furnish to the Title Company all documents, in recordable form, necessary for the full release and discharge of all such liens fully executed by the holder or holders of the indebtedness concerned and directing the Title Company to deliver such releases at the closing of this sale, subject to no conditions or other matters which may be inconsistent with the transaction contemplated hereunder,* and without the Purchaser being required to take any action other than to pay, in the manner herein provided, the Agreed Consideration on the Closing Date. The Seller agrees that effective upon closing the Seller will be responsible for payment of all sums and the taking of all actions necessary to release of record any lien upon all or any part of the Subject Properties. If the Seller defaults under the preceding provisions of Section 6.2, the Purchaser may, but shall not be obligated to, cause all sums remitted at closing to be paid over to the holder or holders of said indebtedness involved to the full extent necessary to secure full releases of all such liens upon all or any portion of the Subject Properties, and to deduct all sums so paid from the proceeds of the Agreed Consideration payable to the Seller hereunder.

*See Page 27.

*provided, however, that if notwithstanding the representations herein stated, if a title matter (other than liens) shall ^b find the property, not otherwise excused by being a Permitted Encumbrance, Seller's sole liability hereunder shall be to seek to remove, cure or discharge the same so long as the expense of such effort(s) does not exceed \$10,000 in the aggregate. If Seller is not able to deliver clear title expending not more than \$10,000, Purchaser shall have the rights and elections set forth in Article V.

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6.3 The Seller, at the time of closing, shall further furnish to the Purchaser in recordable form (a) a bill of sale conveying to the Purchaser all the Personal Properties with covenants of general warranty,^{*} and (b) an assignment of all the Incidental Rights.

6.4 The Purchaser, at its option, may prepare itemized schedules of the Personal Properties based upon current inventories of such properties. The Seller shall permit the Purchaser to enter upon the Subject Properties and each part thereof for the purposes of preparing such schedules and the Seller shall cooperate with the Purchaser in delivering any information to Purchaser reasonably required by Purchaser in connection with its preparation of such schedules. Such schedule prepared as of the Closing Date shall be attached to the bill of sale described under Section 6.3 as a portion of the properties covered thereby.

6.5 The Purchaser may obtain, at the Seller's expense not to exceed \$200.00, prior to the closing (a) a current certificate from the Secretary of State of Texas and from the Title Company reflecting that no financing statements (UCC-1's) or other filings pursuant to the Texas Business and Commerce Code, are then on file in the office of the Secretary of State or in the office of the County Clerk of Travis County, Texas, naming the Seller as the debtor and describing or possibly covering some portion or all of the Subject Properties as the collateral covered thereby, (b) a current certificate of good standing from the Secretary of State of the state of incorporation of Seller, (c) a current certificate of good standing from the Comptroller of Public Accounts of the State of Texas, and (d) a current certificate of qualification to do business in the State of Texas issued by the Secretary of State of Texas.

ARTICLE VII

7.1 In addition to the representations contained in other sections hereof, the Seller represents and warrants to *of title but otherwise expressly excluding all warranties, express or implied,

the Purchaser that to the knowledge of Seller's Real Estate Manager:

(a) All documents, inventories and other information provided to the Purchaser hereunder and all information contained in the brochure attached hereto as Exhibit B and made a part hereof are and will be materially true and accurate as of the respective dates the same are provided to the Purchaser except that the zoning of the Subject Properties under Chapter 13-2A of the Code of Ordinances of the City of Austin is incorrectly stated in said brochure. Seller covenants that there will be no material adverse changes with respect to the matters covered by or stated in such items during the period from the respective dates the same are provided to the Purchaser, down to the Closing Date.

(b) There are no unpaid bills, charges, costs, expenses, taxes, assessments or claims for labor, material, or both, in connection with the construction or any repair of the Improvements, or which could give rise to any tax, mechanic's or materialman's, or other statutory or constitutional or other lien on the Subject Properties.

(c) There exists no material violation of any statutes, laws, ordinances, rules, regulations or restrictive covenants with respect to the Improvements or the ownership, operation or maintenance thereof.

(d) There are no known material defects in the structure of the Improvements.

(e) There are no and shall be no parties in possession of or occupying any portion of the Subject Properties as tenants, lessees, trespassers or otherwise.

(f) There is no pending condemnation nor has Seller received a formal written notice from a condemning authority of its intent to commence condemnation or similar proceeding affecting the Subject Properties, or any part thereof.

(g) There is no pending governmental proceeding nor has Seller received a formal written notice from any governmental agency of an intent to commence any governmental proceeding which would limit or result in the termination of, full and free access between the Subject Land and the adjoining public streets and roads.

(h) There is no pending litigation by, nor has Seller received a formal written notice from any potential claimant of an intent to commence litigation against, Seller which could adversely affect title to the Subject Land or any part thereof or the ability of Seller to perform any of its obligations hereunder.

(i) Except for the approval described in Section 14.9, the consent or approval of all persons, entities and governmental bodies and agencies which may be required with respect to the authorization, execution and performance of this Option Agreement by Seller and the closing of the transaction evidenced herein have been obtained by Seller.

(j) There is no pending application by the Seller or any predecessor in title to Seller for a change in the zoning or in the planned development area agreement, any application to resubdivide the Subject Land, obtain any waterway development permits or any site development permits with respect to the Subject Land.

7.2 The Seller covenants and agrees that the representations and warranties contained in Section 7.1 and in other sections of this Option Agreement shall be materially true and correct to its knowledge as of the Closing Date, and the Seller agrees upon reasonable notice to make available all information and to permit all inspections by the Purchaser, and its representatives, as may be reasonably requested by the Purchaser in order to establish such facts so represented as subsisting at or prior to the Closing Date.

ARTICLE VIII

8.1 The Seller agrees to make available to the Purchaser and its representatives, at the offices of the Seller access to its material and pertinent books and records and construction drawings and specifications relating to the Improved Properties, land and the operation and maintenance thereof. Such books and records and construction drawings and specifications may be examined and copied at all reasonable times by Purchaser. All copies of books, records, prints, plans and specifications shall, however, be returned to the Seller in the event the contemplated transaction hereunder is not closed. Seller makes no representations or warranties about the accuracy of any of the records supplied except as stated in Section 7.1(a).

8.2 The Seller agrees that from time to time after the date hereof provided reasonable prior notice has been given to Seller, the Purchaser and those persons authorized by the Purchaser shall have the right to enter upon the Subject Properties and each part thereof for the purpose of inspecting the same, making tests with respect to the Improvements and the Personal Properties, and preparing plans of further improvement of the Subject Properties provided such entry is at Purchaser's

own risk. Purchaser shall hold Seller harmless from any and all loss, cost, damage, expense and liability, including, without limitation, reasonable attorney's fees and costs of defense, for personal injury, death or damage to tangible property resulting from such entry insofar as Seller is authorized to do so under the laws of the State of Texas.

8.3. The Seller further agrees that from time to time after the date hereof, provided reasonable prior notice has been provided to Seller, the Purchaser and those persons authorized by the Purchaser shall have the right* to enter upon the Subject Properties and each part thereof for the purposes of determining that the following matters are true and correct with respect to the Subject Properties as of the Closing Date:

(a) That ^{no} underground tank (as that term is used in the Resource Conservation and Recovery Act, 42 U.S.C. §6991(1)), either presently or previously in service on the Subject Properties owned or operated by the Seller or any of its predecessor owners or operators (the Seller and all said predecessor owners or operators of the Subject Properties being herein collectively called "Potentially Responsible Parties"), has leaked or otherwise released any petroleum product or hazardous or toxic waste, substance, or constituent into the environment.

~~(b) That operations of each of the Potentially Responsible Parties on the Subject Properties complied in all material respects with all applicable federal, state, or local environmental statutes and regulations, including but not limited to the Resource Conservation and Recovery Act, 42 U.S.C. 6901 et seq.; the Clean Air Act, 42 U.S.C. 7401 et seq.; the Federal Water Pollution Control Act, 33 U.S.C. 1251 et seq.; the Toxic Substances Control Act, 15 U.S.C. 2601 et seq.; the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. 9601 et seq.; the Occupational Safety and Health Act, 29 U.S.C. 651 et seq.; the Texas Solid Waste Disposal Act, Tex. Rev. Civ. Stat. Ann. art. 4477-7; the Texas Water Code Chapters 26 and 27; and the Texas Clean Air Act, Tex. Rev. Civ. Stat. Ann. art. 4477-5 and (a) none of the operations of any of the Potentially Responsible Parties on the Subject Properties is subject to any judicial or administrative proceedings alleging the violation of the above listed statutes,~~

(1)(b) none of the operations of any of the Potentially Responsible Parties on the Subject Properties is the subject of federal, state or local investigation evaluating whether any remedial action is needed to respond to a release of any hazardous or toxic waste, substance or constituent of any other substance into the environment, (2)(*) none of the Potentially Responsible Parties has filed nor has been required to file any notice with respect to the Subject Properties under federal, state or local law indicating past or present treatment, storage or disposal of a hazardous waste or reporting a spill or release of a hazardous

*during the term of this Agreement

or toxic waste, substance or constituent, or any other substance into the environment; ~~(d) each of the~~ Potentially Responsible Parties has maintained all chemicals stored or used on the Subject Properties including waste chemicals, petroleum products, hazardous or toxic substances, and polychlorinated biphenils (PCB's), in compliance with all applicable federal, state, and local environmental statutes and ~~regulations~~; and ~~(e)~~(3) none of the Potentially Responsible Parties has disposed of or otherwise released any waste chemicals, petroleum products, or hazardous or toxic substances on, in, or under the Subject Properties including any surface waters or groundwater located on such properties.

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JAN*

The Seller shall cooperate with the Purchaser in ^{to Purchaser in confidence} delivering any information possessed by Seller to Purchaser required by Purchaser in connection with Purchaser's investigations under this Section 8.3. If the Purchaser determines at any time on or prior to the Closing Date that any of the matters specified in subparagraphs (a) and (b) above are not true or that the environmental condition of the Subject Properties is ^{*}otherwise unacceptable to Purchaser, then Purchaser shall have the right to terminate this Agreement immediately by giving written notice thereof to Seller. In the event of such termination, the Earnest Money and the Option Extension Consideration paid to Seller as of the date of such termination shall be returned to Purchaser by Seller, after which both parties hereto shall be released and relieved from all further obligations hereunder.

*BBB
JAN*

8.4 While this Option Agreement remains in force and effect, the Seller agrees that it will not enter into any new contracts or agreements, or renewals or extensions of any present contracts or agreements, relating to the use, operation or maintenance of the Improvements or Personal Properties which would or could survive the closing of sale thereof to Purchaser unless the Purchaser approves the same in writing.

ARTICLE IX

9.1 Conditioned upon valid exercise of the Option, the Seller agrees to deliver possession of the Subject Properties on the Closing Date.

*JAN
BBB*

9.2 At the closing of any purchase of the Subject Properties by the Purchaser hereunder, the Seller agrees to either comply with the exemption requirements of, or permit the ^{*}in violation of any environmental law or regulation or

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Purchaser's withholding of the taxes prescribed by, Section 1445 of the Internal Revenue Code of 1986.

9.3 The Seller shall be obligated to deliver at Closing all tangible items constituting the Subject Properties in substantially the same condition as they now exist, reasonable wear and tear excepted. In the event loss or destruction occurs with respect to any item or items of the Subject Properties by reason of a casualty whether insured or uninsured prior to closing, the Purchaser shall be entitled either to receive all insurance proceeds payable on account thereof and close the purchase of the Subject Properties in accordance with the other terms and provisions hereof, or to terminate this Option Agreement and receive back all Earnest Money, whereupon both parties shall be released from all further obligations hereunder; provided, however, if the Purchaser elects to receive the insurance proceeds and close the purchase of the Subject Properties, then the Seller shall pay to Purchaser in cash ^{or as an adjustment at closing} ~~upon Purchaser's election to close~~ the amount of any deductible applied by the insurance company in determining the amount payable for the loss sustained.

ARTICLE X

10.1 In the event there exists any federal or state revenue or stamp tax incident to the sale and purchase hereunder as of the date of closing, the Seller, at its expense, shall obtain and furnish such stamps. The Seller warrants and represents that all ad valorem taxes upon the Subject Properties are paid down to and including the year 1986 and the Seller shall be responsible for all such ad valorem taxes accrued down to and including the calendar year immediately preceding the calendar year during which the sale and purchase hereunder are consummated. Ad valorem taxes for the year during which the sale and purchase are consummated hereunder shall be prorated as of Closing Date. The Seller shall be charged at the closing with the pro rata part of such current year's ad valorem taxes accrued down to the Closing

Date, and the Purchaser shall assume and agree to pay said ad valorem taxes in full prior to delinquency and receive a credit against the cash payable by the Purchaser at closing equal to the Seller's pro rata share. Such proration shall be based upon the actual taxes for the current year of closing, if such taxes can be determined at closing. In the event such taxes cannot be determined at the time of closing, such taxes shall be prorated on the basis of the actual ad valorem taxes for the year preceding the year during which the sale and purchase are consummated; however, as an agreement which shall survive closing, the Seller and the Purchaser agree to adjust such proration made at closing at such time as the actual ad valorem taxes for the current year of closing are determined, if such actual taxes differ from the figure on which the proration at closing was made subject to further adjustment in the case of any abatement obtained by either party.

10.2 Final meter readings for all utility services provided to the Subject Properties on or before the Closing Date shall be made as of the Closing Date and the Seller shall arrange for and pay at closing final billings on all such utilities down to and including the Closing Date.

10.3 All other accrued and unpaid costs, expenses and charges incurred by the Seller in respect of the Subject Properties and their ownership, maintenance and operation down to and including the Date of Closing shall be paid in cash by the Seller on or before the Closing Date.

ARTICLE XI

11.1 If all conditions of this Option Agreement have been satisfied and all the Seller's representations and warranties herein are true and correct at such date, the parties agree to close this sale at the offices of the Title Company at 220 West 7th, in Austin, Travis County, Texas, at 2:00 p.m. prevailing local time, on the Closing Date.

11.2 In the event all conditions of this Option Agreement are satisfied, all the Seller's representations and

warranties herein are true and correct on the Closing Date and full performance of this Agreement is tendered by the Seller but the sale is not consummated through default on the part of the Purchaser which occurs after the Exercise Date and has not been cured on or before the Closing Date, then the Seller, as the Seller's sole remedy hereunder for a breach hereof by the Purchaser, shall be entitled either (a) to receive the Earnest Money from the Title Company and retain any Option Extension Consideration as full, agreed, liquidated damages for breach of this Agreement on the part of the Purchaser, thereby waiving and releasing any and all other remedies which it may have or hereafter acquire against Purchaser on account thereof or (b) to sue for its actual damages resulting from such breach by Purchaser. If Seller does elect to sue for its actual damages, Seller shall be obligated to apply all Earnest Money obtained by Seller upon any judgment rendered against the Purchaser. The Seller agrees to make such election within six (6) months after the Closing Date.

11.3 Except as set forth in Article IV, Article V and Section 6.2, Section 8.3, Section 9.3 Section 6.1 hereof (the provisions of which shall control over the provisions of this Section 11.3), in the event the sale is not consummated through default on the part of the Seller, the Purchaser shall be entitled to the return of the Earnest Money and the Option Extension Consideration or the Purchaser may elect to seek to enforce specifically this Option Agreement or Purchaser may seek such other remedies provided by law or in equity.

ARTICLE XII

In the event this sale and purchase is closed, the Seller agrees to pay to Commercial Industrial Properties Co. on the Closing Date the commission specified in a separate written agreement between them. The parties represent that neither has contracted to pay a real estate or sales commission to any party (other than Commercial Industrial Properties Co.) in connection with this sale and each party (an "Indemnifying

Party") agrees to indemnify, save and hold harmless the other party hereto (an "Indemnified Party") against all claims for a real estate commission which are alleged to arise by, through or under the Indemnifying Party, provided the Indemnified Party hereto shall give the Indemnifying Party notice of any such claim and control of the defense and reasonable cooperation with respect thereto.

ARTICLE XIII

13.1 Any notice or other communication provided for or permitted herein shall be in writing and the delivery thereof shall be effected in the manner described in Section 13.2. Any notice must be prepaid and properly addressed. Any notice or communication intended for the Seller shall be addressed and may be delivered to the Seller ~~at~~ ^{to} Data General Corporation, 4400 Computer Drive, Westboro, MA 01580, Attention: Corporate Mail Stop ^{copies} Real Estate Manager, ~~mail stop~~ C213, with ~~a copy~~ to Data General Corporation, 4400 Computer Drive, Westboro, MA 01580, Attention: Senior Real Estate Counsel, Law Department, ^{Mail} ~~mail~~ Stop ^{to} ~~stop~~ A212 and Commercial Industrial Properties Company, 7320 Mopac, Suite 101, Austin, Texas 78731. Any notice or other communication intended for the Purchaser shall be addressed and may be delivered to the Purchaser at 201 West 7th Street, Austin, Texas 78701, Attention Arthur H. Dilly, with copies to James S. Wilson, University of Texas System, 210 West 6th Street, Austin, Texas 78701 and to R. G. Converse, Fulbright & Jaworski, 600 Congress, 24th Floor, Austin, Texas 78701.

13.2 Any such notice or other communication may be effected for purposes of this Agreement by personal delivery (if receipted by the person to whose attention directed) or by means of Federal Express, or other courier service providing return receipt, or by means of the United States mail, return receipt requested. If such notice is given by personal delivery, the date and hour of actual delivery* shall fix the time such notice is deemed hereunder to have been given and received. If such notice is given by means of Federal Express, *to the person to whose attention such communication is directed

or other courier service, or registered or certified mail, the date and hour of delivery shown on the return receipt (unless clearly erroneous) shall fix the time such notice is deemed hereunder to have been given and received.

ARTICLE XIV

14.1 This Option Agreement shall be binding upon and inure to the benefit of the Seller and the Purchaser, and their respective successors, legal representatives and assigns.

14.2 This Option Agreement contains the entire agreement of the parties hereto and supercedes all prior written and oral agreements with regard to those matters. This Option Agreement can be modified or amended only by a written instrument executed by all of the parties hereto.

14.3 Time is of the essence of this Option Agreement.

14.4 This Option Agreement shall be construed and interpreted under the laws of the State of Texas, and the parties expressly agree that venue for any legal actions brought by them under or by virtue of this Option Agreement shall lie in the State courts of Texas or the Federal Courts of the United States.

14.5 In accordance with the terms of the Real Estate License Act of Texas, Purchaser acknowledges that the real estate broker identified Article XII has advised Purchaser that PURCHASER SHOULD BE FURNISHED WITH OR OBTAIN A POLICY OF TITLE INSURANCE COVERING THE SUBJECT PROPERTIES OR HAVE AN ABSTRACT COVERING THE SUBJECT PROPERTIES EXAMINED BY AN ATTORNEY OF PURCHASER'S SELECTION.

14.6 The Purchaser acknowledges that the Purchaser has not been influenced to enter into this transaction nor has he relied upon any warranties or representations not set forth or incorporated in this agreement.

14.7 Seller and Buyer agree that neither this Agreement nor any memorandum or notice hereof shall be recorded. This agreement shall, at the option of Seller, become void if any such document is filed.

14.8 This Option Agreement shall not be binding upon the Purchaser unless and until at least two counterparts hereof which have been executed by the Purchaser have been fully executed by the Seller and have been returned to the Purchaser all prior to December ____, 1987. If this Option Agreement is not so executed and delivered by the Seller on or before said date, this Option Agreement shall be of no force or effect and shall be null and void.

14.9 Seller's obligations hereunder shall be conditioned upon the approval of this Agreement and the transaction contemplated hereby by Seller's Board of Directors within twenty (20) business days after the date of execution of this Agreement by the last of the parties hereto to execute same.

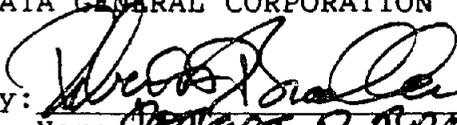
14.10 Except as set forth in the immediately succeeding sentence, Purchaser represents and warrants that the consent or approval of all persons, entities and governmental bodies with respect to the authorization, execution and performance of this Option Agreement by Purchaser and the closing of the transaction evidenced hereby have been obtained by Purchaser. Purchaser's obligations hereunder shall be conditioned upon the approval of the Agreement and the transaction contemplated hereby by The Board of Regents of the University of Texas System within twenty (20) business days after the date of execution of this Agreement by the last of the parties hereto to execute same.

Except as otherwise provided herein, Seller and Buyer each warrants that it is authorized to enter into this Agreement and consummate the transaction herein described.

EXECUTED as of the date first hereinabove written in multiple counterparts, each of which shall be deemed an

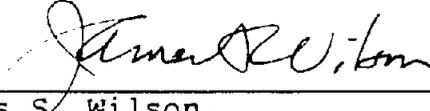
original for all purposes, but all of which shall constitute but one and the same agreement.

DATA GENERAL CORPORATION

By: 
Name: Robert D. Brooks
Title: Director of Administration
"SELLER"

ATTEST:

BOARD OF REGENTS OF THE
UNIVERSITY OF TEXAS SYSTEM

By: 
James S. Wilson,
Manager, Endowment Real Estate,
University of Texas System

"PURCHASER"

0998L

CERTIFICATE OF APPROVAL

I hereby certify that pursuant to procedures authorized by the Board of Regents of The University of Texas System the foregoing Agreement was approved on the 11th day of January, 1988, and that the person whose signature appears above is authorized to execute such agreement on behalf of the Board.

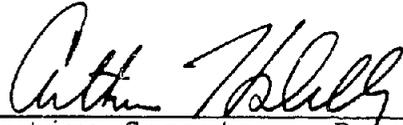

Executive Secretary, Board of Regents
The University of Texas System

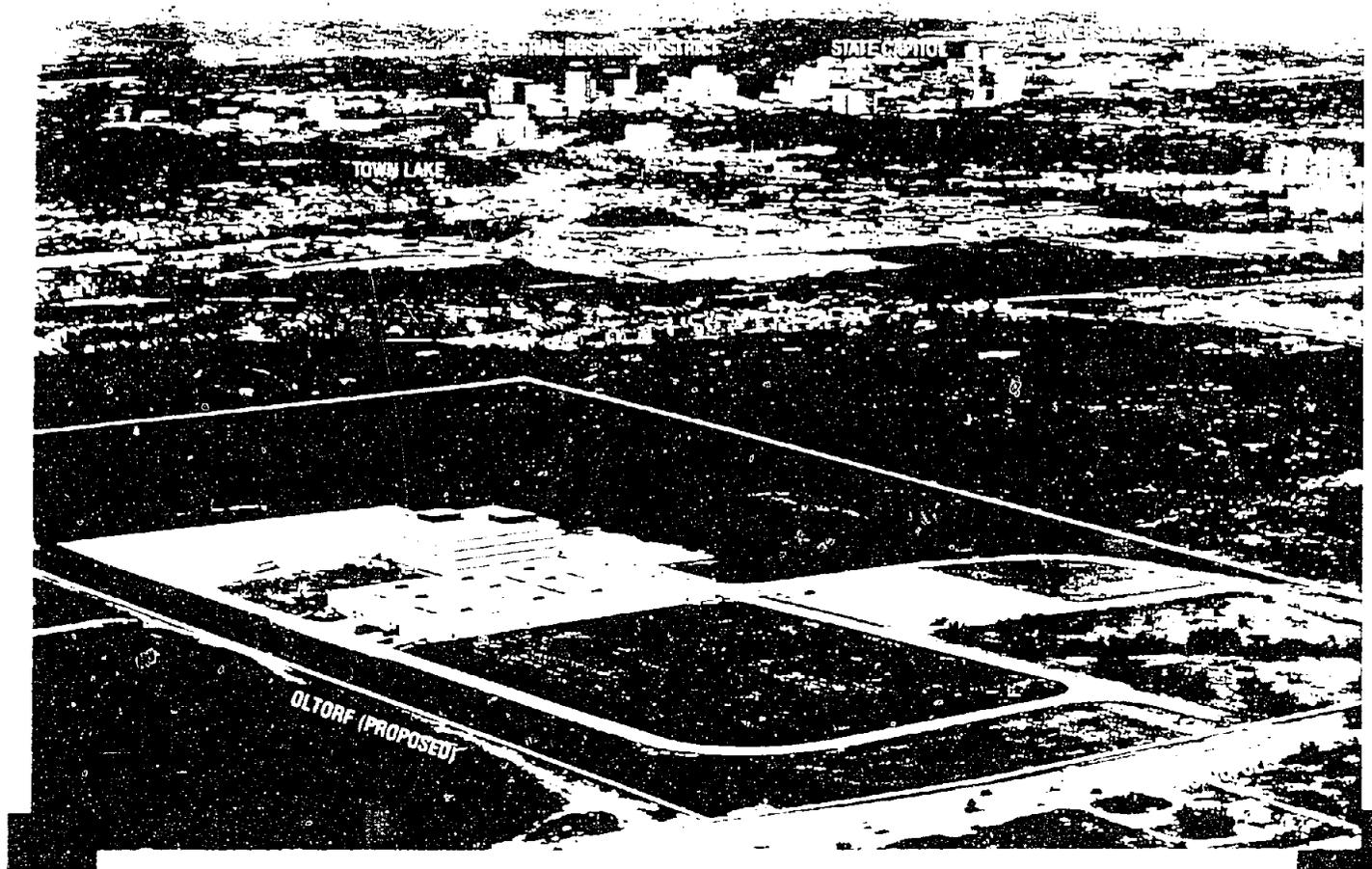
EXHIBIT A

Lot 2, Block C, MARSHALL HILLS, SECTION TWO,
an addition in Travis County, Texas,
according to the map or plat thereof
recorded in Book 76, Page 279, of the Plat
Records of Travis County, Texas.

DPS
jon

4299A

AVAILABLE



AUSTIN, TEXAS

294,367 ± SQUARE FOOT FACILITY

ON 94.36 ± ACRES

For Further Information Contact:
Frank S. Niendorf, S.I.O.R.
or Royce O. Lacey
512/346-5180

LOCATION:

This facility is located in southeast Austin on Montopolis Drive between Ben White Boulevard and Riverside Drive.

This is in an area of Austin that has a significant amount of high tech industry including Lockheed Missiles and Space and Advanced Micro Devices.

Located on a high point of the surrounding area, excellent views of the Town Lake area and downtown Austin may be enjoyed from this facility.

SIZE:

Total Buildings: 294,367 ± square foot

Manufacturing Building:

Production and Stockroom	112,595 ± s.f.
Office and Labs	22,772 ± s.f.
	<u>135,367 ± s.f.</u>

Tower (Engineering) Building:

(offices, labs and cafeteria)	
5 Floors at 31,057 ± s.f.	155,285 ± s.f.
Lobby and Equipment room	3,715 ± s.f.
	<u>159,000 ± s.f.</u>

Land: 94.36 ± acres

ZONING:

Limited Industrial ("LI") under the City of Austin. Developed under a Planned Development Area Agreement (PDA) with the City of Austin (Copy of this agreement is available upon request).

OFFICE BUILDING FINISH-OUT:

Finished drop ceiling throughout is 9 feet. Floors 2 and 3 of the Tower building are not finished-out. However, air conditioning capacity, electrical power capacity, etc. are available for this to be done. This situation will allow a buyer to finish these two floors to meet its specific needs.

ELECTRICAL SERVICE:

Site Service — 430 amps, 15,000 volts through high voltage switch to each building.

Manufacturing Building: 2,500 amp, 277/480 volts, 1500 kva

Tower Building: 4,000 amp, 277/480 volts, 2,500 kva

Emergency Power — diesel generator: 100 kw, 277,480 volts with 285 gallon underground tank

WATER:

City of Austin. Served by a fire demand meter that has an 8 inch fire flow and a 4 inch compound water supply meter.

WASTEWATER:

City of Austin. Served with 6 inch sewer tap.

LIGHTING:

Manufacturing Building:

- Production area — 269 metal halide, 400 watts, 277 volts
- Stockroom — 150 high pressure sodium, 400 watts, 277 volts

Tower Building:

- 2.5 watts per square foot, 2' x 4' recessed fluorescent

AIR CONDITIONING:

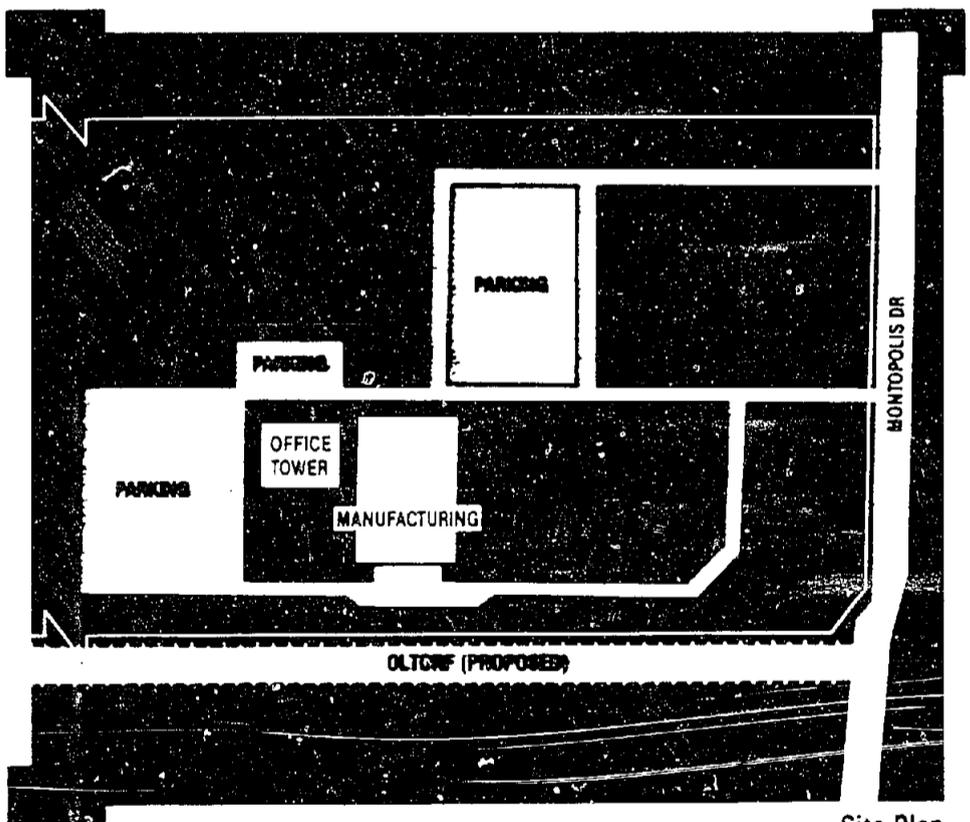
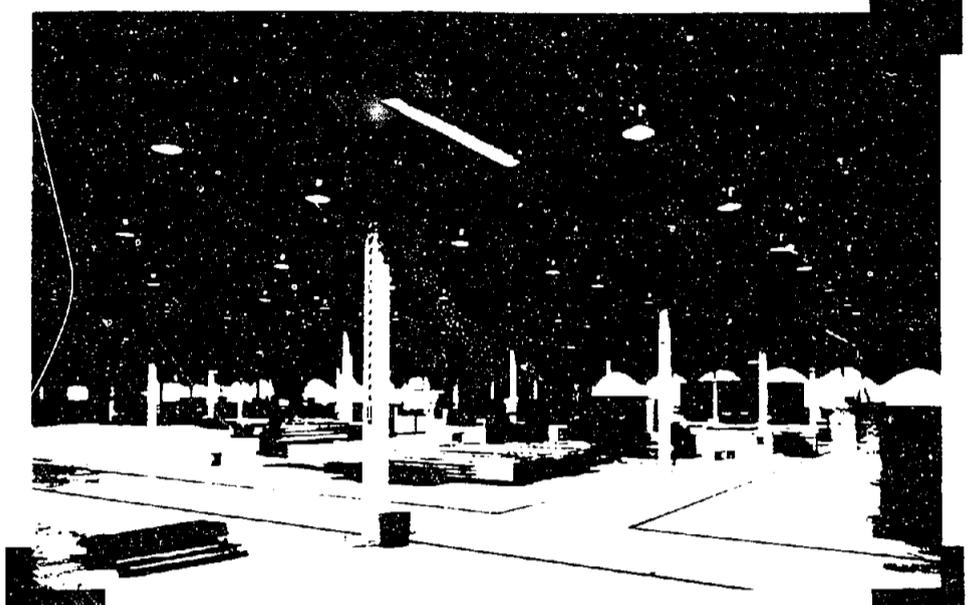
Manufacturing Building:

- 9 — 40 ton direct expansion units
- 2 — 10 ton direct expansion heat pumps
- 4 — 7.5 ton direct expansion units
- Total 410 tons direct expansion

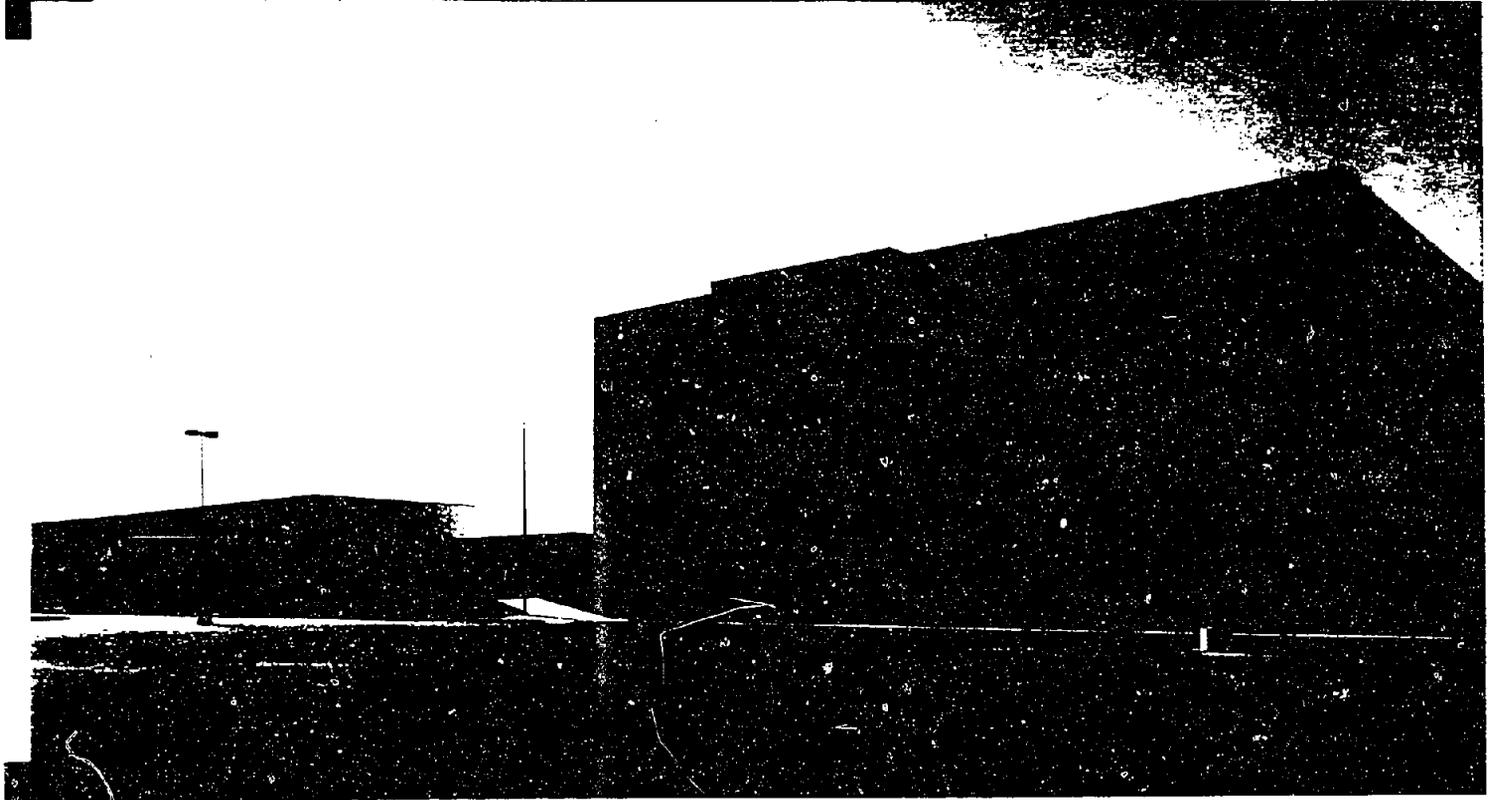
Tower Building:

- 2 — 290 tons centrifugal chillers

Manufacturing Building



Site Plan

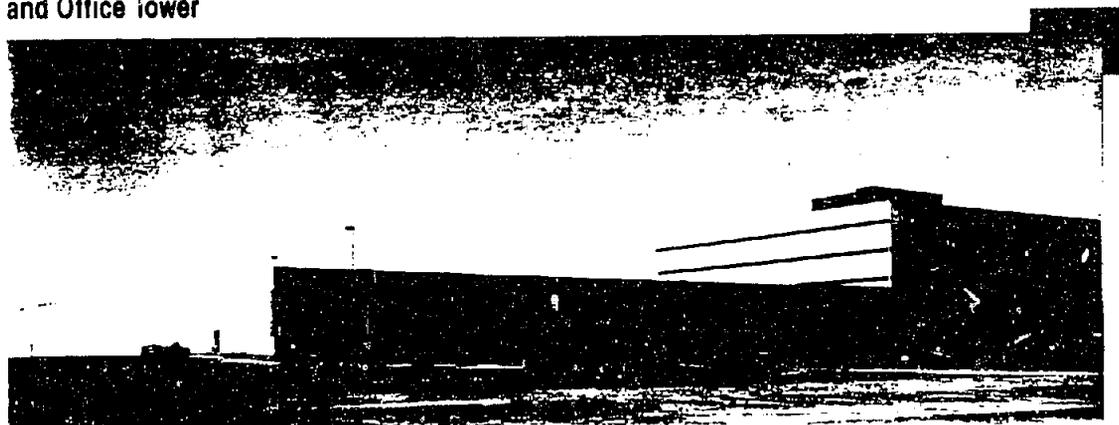


Office Tower and
Manufacturing Building



Manufacturing Dock Area

Manufacturing Building
and Office Tower





SPRINKLERS:

Buildings are fully sprinklered

PARKING:

1,184 spaces

MANUFACTURING BUILDING:

Loading:

4 overhead dock high 8' w x 9' h doors with Kelly loadlevelers.

1 overhead dock high 5' w x 7' h door.

Bay Size:

40' ± x 40' ±

Clear Height:

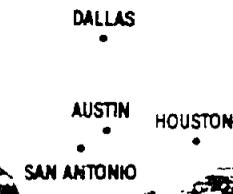
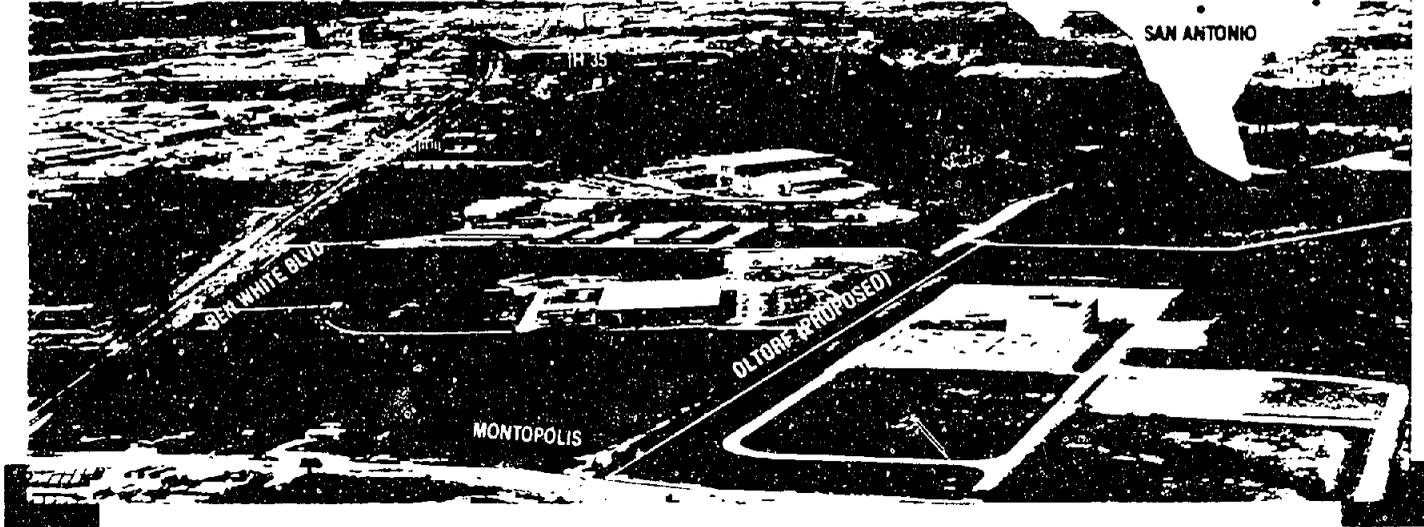
20' ± minimum

EXPANSION CAPABILITY:

As can be seen from the enclosed site plan, significant building expansion is possible on this site. The PDA site plan showed two additional building footprints equal in size to the current manufacturing building.

ADDITIONAL LAND:

Contiguous to this 94.36 ± acre site but with different ownership, is a 25 ± acre parcel and an 86.4 ± acre parcel that are available. Therefore, it is possible to expand this site to a total size of approximately 200 acres.



7320 MoPac Expressway North, Suite 101
 Austin, Texas 78731
 512/343-5180 Telex: 78-7170



Society of Industrial and Office Realtors®
 Individual Membership

All information furnished regarding this property is from sources deemed reliable. However, Commercial Industrial Properties Company has not made an independent investigation of these sources and no warranty or representation is made by Commercial Industrial Properties Company as to the accuracy thereof and same is submitted subject to errors, omissions, change of price, rental, or other conditions, prior sale, lease or withdrawal from market without notice.

EXHIBIT C

1. Restrictive Covenants of record in Volume 6162, Page 166, of the Deed Records of Travis County, Texas and set forth on the plat of record in Book 76, Page 279, of the Plat Records of Travis County, Texas.
2. A fifty foot (50') gas pipeline easement along the south and east property lines of the property, to United Gas Pipeline Co., recorded in Volume 961, Page 267, of the Deed Records of Travis County, Texas.
3. A thirty foot (30') natural gas pipeline easement along the south property line of the property, to Lo-Vaca Gathering Co., recorded in Volume 2725, Page 24, of the Deed Records of Travis County, Texas.
4. An electric/telephone easement five feet (5') wide and one thousand feet (1000') long across the northeast area of the property, to City of Austin, recorded in Volume 2128, Page 170, of the Deed Records of Travis County, Texas.
5. Area dedicated for street purposes along the east property line of the property, as shown on plat of record in Book 76, Page 279, of the Plat Records of Travis County, Texas.
6. A twenty-five foot (25') drainage easement, along the southwest property line of the property, as shown on plat in Book 76, Page 279, Plat Records of Travis County, Texas.
7. Agreement for driveway access to and from the future location of Oltorf Street, subject to the terms and provisions contained therein, recorded in Volume 6158, Page 468, of the Deed Records of Travis County, Texas.
8. Public utility easement set out in Volume 6162, Page 166, of the Deed Records of Travis County, Texas.
9. A seven and one-half foot (7.5') electric/telephone easement to City of Austin, recorded in Volume 6576, Page 2226, of the Deed Records of Travis County, Texas.
10. A surface pipeline easement containing 0.1516 of an acre of land to Valero Transmission Company, recorded in Volume 8019, Page 127, of the Real Property Records of Travis County, Texas.
11. An easement to Southwestern Bell Telephone Co., recorded in Volume 9794, Page 578, of the Real Property Records of Travis County, Texas.
12. A Lateral Support Easement granted to the City of Austin, recorded in Volume 9852, Page 320, of the Real Property Records of Travis County, Texas.

4299A

EBB
John

4. U. T. Austin: Authorization to Enter Into an Agreement with Travis County Research and Development Authority Relating to the SEMATECH (Semiconductor Manufacturing Technology) Proposal and Improvements to the Data General Corporation Site; Appointment of Executive Committee to Review Progress of Project and Approve Actions Necessary to Expedite Work; Authorization for U. T. Austin to Provide Logistical Support and Appropriation of a Contingency Fund (Exec. Com. Letter 88-13).---The State's commitment to SEMATECH (Semiconductor Manufacturing Technology) called for an accelerated conversion of the Data General Corporation Site in South Austin for use by SEMATECH. In accordance therewith, the Executive Committee recommended and the Board authorized the Office of Facilities Planning and Construction on behalf of The University of Texas at Austin to enter into an agreement with the Travis County Research and Development Authority under which the architectural firm of Graeber, Simmons & Cowan, AIA Architects, Inc., Austin, Texas, will be the Project Architect and The University of Texas System Office of Facilities Planning and Construction will be the Project Manager for the purpose of converting the Data General Corporation Site to provide a manufacturing facility and office space for the SEMATECH Consortium, subject to approval of the Office of General Counsel. The estimated project cost is \$37.7 million, the funds for which will be provided through the Travis County Research and Development Authority or other appropriate sources.

Further, the Board appointed the Executive Committee of the U. T. Board of Regents to review the progress of the project at periodic intervals, with authority to approve such actions as may be necessary to expedite the work including, but not limited to, advertisement for bids, award of contracts, hiring of temporary staff and consultants and purchase and rental of equipment.

The Board further authorized U. T. Austin to provide logistical support to the SEMATECH project on a reimbursable basis and appropriated \$2.7 million from Available University Funds as a contingency fund to cover fees, administrative costs, project mobilization and early construction contracts and advance equipment purchases, with the understanding that these funds will be reimbursed through the Travis County Research and Development Authority or other appropriate sources.

5. U. T. Southwestern Medical Center - Dallas: Appointment of F & S Partners Incorporated, Dallas, Texas, Master Planning Consultant for Land Granted by the John D. and Catherine T. MacArthur Foundation, Chicago, Illinois, for Campus Expansion (Exec. Com. Letter 88-10).---In order to fulfill the requirements of a Letter of Understanding by and between The University of Texas Southwestern Medical Center at Dallas and the John D. and Catherine T. MacArthur Foundation, Chicago, Illinois, wherein the Foundation granted approximately 29 acres of land for the future expansion of the U. T. Southwestern Medical Center - Dallas, the Board appointed the firm of F & S Partners Incorporated, Dallas, Texas, as Master Planning Consultant to prepare the Master Plan for the land granted by the Foundation. The firm's proposal included the professional services of a team of architects, landscape architects, civil engineers, mechanical/electrical engineers, and transit and traffic engineers at an estimated cost of \$250,000.

The U. T. Board of Regents previously appropriated \$470,000 from the U. T. Southwestern Medical Center - Dallas Institutional Interest Income Account for total funding of the Master Plan project. This amount will cover professional fees, topographic surveys, geotechnical investigation and administrative expenses associated with the Master Plan.

6. U. T. Southwestern Medical Center - Dallas - Charles C. Sprague Clinical Science Building (Project No. 303-598): Award of Construction Contract to Spaw-Glass Construction Inc., Dallas, Texas (Exec. Com. Letter 88-12).--The Executive Committee recommended and the Board awarded a construction contract for the Charles C. Sprague Clinical Science Building at The University of Texas Southwestern Medical Center at Dallas to the lowest responsible bidder, Spaw-Glass Construction Inc., Dallas, Texas, for the Base Bid and Alternate No. 1 in the amount of \$11,300,000.

This project was approved by the Texas Higher Education Coordinating Board in October 1986 and December 1987.

7. U. T. Medical Branch - Galveston - Expansion of Thermal Energy Plant - Phase I Distribution System (Project No. 601-657): Award of Construction Contract to R.E.C. Industries, Inc., Bryan, Texas (Exec. Com. Letter 88-11).--The Board, upon recommendation of the Executive Committee, awarded a construction contract for the Expansion of Thermal Energy Plant - Phase I Distribution System at The University of Texas Medical Branch at Galveston to the lowest responsible bidder, R.E.C. Industries, Inc., Bryan, Texas, for the Base Bid and Alternate Bid No. 1, Thermal Energy Piping for the Future Medical Science and Education Building, in the amount of \$1,171,000.

8. U. T. Health Science Center - San Antonio - Basic Science Building Fifth Level Completion (Project No. 402-608): Award of Contracts for Furniture and Furnishings to Commercial Furniture Services, Inc., Houston, Texas; Southwest Office Interiors, Inc., Austin, Texas; Office Furniture, Inc., Houston, Texas; CDM Contract Furnishings, Austin, Texas; Architectural Interior Services, Houston, Texas; Disco Print Company, Houston, Texas; Marshall Clegg Associates, San Antonio, Texas; and HiTech Companies, Plano, Texas; and Authorization for the Chancellor to Sign the Contracts (Exec. Com. Letter 88-12).--Upon recommendation of the Executive Committee, the Board awarded contracts for furniture and furnishings for the Basic Science Building Fifth Level Completion at The University of Texas Health Science Center at San Antonio to the following lowest responsible bidders:

Commercial Furniture Services, Inc.
Houston, Texas

Base Proposal "A" (Steel Office Chairs)	\$20,418.00
--	-------------

Southwest Office Interiors, Inc. Austin, Texas	
Base Proposal "B" (Secretarial Chairs)	\$2,439.50
Base Proposal "I" (Laboratory Stools)	<u>8,667.20</u>
Total Contract Award to Southwest Office Interiors, Inc.	\$11,106.70
Office Furniture, Inc. Houston, Texas	
Base Proposal "C" (Faculty Office Furniture)	5,200.00
Base Proposal "E" (Bookcases and Conference Tables)	<u>9,794.51</u>
Total Contract Award to Office Furniture, Inc.	14,994.51
CDM Contract Furnishings Austin, Texas	
Base Proposal "D" (Chairman's Office Furniture)	3,022.76
Architectural Interior Services Houston, Texas	
Base Proposal "F" (Conference Room Seating)	6,084.00
Disco Print Company Houston, Texas	
Base Proposal "G" (Steel Files)	11,756.94
Marshall Clegg Associates San Antonio, Texas	
Base Proposal "H" (Wall Cabinets)	1,954.13
HiTech Companies Plano, Texas	
Base Proposal "J" (Laboratory Carts)	<u>11,470.00</u>
GRAND TOTAL CONTRACT AWARDS	\$80,807.04

Further, the Chancellor was authorized to sign the contracts awarding these bids based on the results of the Executive Committee circularization.

9. U. T. Health Science Center - San Antonio - Expansion of Clinical Science Teaching Space (Project No. 402-609): Award of Construction Contract to Turner Construction Company of Texas, Houston, Texas (Exec. Com. Letter 88-9).--The Board, upon recommendation of the Executive Committee, awarded a construction contract for the expansion of Clinical Science Teaching Space at The University of Texas Health Science Center at San Antonio to the lowest responsible bidder, Turner Construction Company of Texas, Houston, Texas, for the Base Bid and Alternate Bid Item Nos. 2, 6, 7, 8, 9, 10 and 13, in the amount of \$13,862,500.
10. U. T. Cancer Center: Approval to Withdraw the Appointment of Mr. Michael E. Patrick as a Member of the Board of Directors of The Macrophage Company, Inc., The Woodlands, Texas, and to Appoint Mr. Steven C. Schultz, Executive Vice President for Administration, as Regental Representative on the Board of Directors (Exec. Com. Letter 88-11).--At its February 1987 meeting, the U. T. Board of Regents approved an exclusive license agreement by and between The University of Texas System Cancer Center and The Macrophage Company, Inc., The Woodlands, Texas, wherein it licensed certain patents in exchange for an equity interest in the company and a seat on its Board of Directors. Pursuant to this agreement, the U. T. Board of Regents designated Mr. Michael E. Patrick, Executive Vice Chancellor for Asset Management, as its representative on the Board of The Macrophage Company, Inc.

Since time constraints prevent Mr. Patrick from attending the board meetings of The Macrophage Company, Inc. on a regular basis and upon recommendation of the Executive Committee, the Board withdrew its designation of Executive Vice Chancellor for Asset Management Michael E. Patrick as the U. T. Board of Regents' representative on the Board of Directors of The Macrophage Company, Inc., The Woodlands, Texas, and substituted Mr. Steven C. Schultz, Executive Vice President for Administration at the U. T. Cancer Center, as its representative on this Board.

REPORT AND RECOMMENDATIONS OF THE FINANCE AND AUDIT COMMITTEE (Pages 50 - 54).--Committee Chairman Roden reported that the Finance and Audit Committee had met in open session to consider those matters on its agenda and to formulate recommendations for the U. T. Board of Regents. Unless otherwise indicated, the actions set forth in the Minute Orders which follow were recommended by the Finance and Audit Committee and approved in open session and without objection by the U. T. Board of Regents:

1. U. T. System: Approval of Docket No. 38 of the Office of the Chancellor (Catalog Change).--Upon recommendation of the Finance and Audit Committee, the Board approved Docket No. 38 of the Office of the Chancellor in the form distributed by the Executive Secretary. It is attached following Page 142 in the official copies of the Minutes and is made a part of the record of this meeting.

It was expressly authorized that any contracts or other documents or instruments approved therein had been or shall be executed by the appropriate officials of the respective institution involved.

It was ordered that any item included in the Docket that normally is published in the institutional catalog be reflected in the next appropriate catalog published by the respective institution.

Regent Ratliff abstained from voting on items within the Docket related to Exxon Corporation and Southwest Texas Electric Cooperative due to a possible conflict of interest.

2. U. T. Board of Regents - Regents' Rules and Regulations, Part Two: Amendments to Chapter III, Section 10, Subsection 10.442, Concerning Reimbursement of Travel Expenses Paid from Gifts, Grants, Designated and Auxiliary Enterprise Funds and Authorization for the Executive Secretary to the Board to Make Appropriate Editorial Changes Therein.--Approval was given to amend the Regents' Rules and Regulations, Part Two, Chapter III, Section 10, Subsection 10.442, concerning reimbursement of travel expenses paid from gifts, grants, designated and auxiliary funds, to read as set forth below:

- 10.442 Gifts, Grants, Designated and Auxiliary Enterprise Funds.--Reimbursement of travel expenses paid from gifts, grants, designated and auxiliary enterprise funds will be as follows:
- (a) For grants from or derived from Federal or State agencies, travel allowances shall be paid as specified in the foregoing provisions.
 - (b) For other gifts, grants, designated, or auxiliary enterprise funds, travel allowances may be for actual expenses for meals and lodging not to exceed \$180 per day. The transportation allowances will be as specified in the foregoing provisions.

The provisions of both (a) and (b) above are subject to the terms, provisions and conditions of the particular gifts, grants, or funds involved. Further exceptions of these provisions may be in accordance with specific authorization by the Board with certain designated funds. Likewise, when anticipated living costs are unusually low for those engaged in travel, the person authorizing the travel may reduce the allowance for all or any part of the travel, provided that the employee shall be notified of such reduced allowance before being allowed to incur any expense. When not otherwise prohibited by the terms of the gift or grant, employees may also be reimbursed for required registration fees or similar expenses incurred in attending meetings of organizations or associations. Receipts for lodging, registration fees, or similar expenses shall be obtained and attached to the expense voucher. Project Directors, Principal Investigators, Departmental Chairpersons, or other authorized personnel under a gift or grant who travel in their personally owned airplanes on necessary official business may be reimbursed therefor as provided in the current appropriations act.

Further, approval was granted for the Executive Secretary to the U. T. Board of Regents, in consultation with the Office of General Counsel, to make such editorial changes in the remainder of the Regents' Rules and Regulations as may be necessary in order to conform to the foregoing changes related to travel reimbursement and to ensure that Chapter III is not gender specific.

3. U. T. System: Approval of 1988-89 Budget Policies and Limitations for General Operating Budgets, Auxiliary Enterprises, Contracts and Grants, Restricted Current Funds, Designated Funds, and Service and Revolving Funds Activities and Calendar for Budget Operations.--Following a detailed presentation by Chancellor Mark, the Board, upon recommendation of the Finance and Audit Committee, approved the following Budget Policies and Limitations and Calendar for preparation of the 1988-89 Operating Budgets for The University of Texas System:

1988-89 Budget Policies and Limitations

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

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

- ° General Revenue Appropriations
- ° Estimates of Local Income
- ° Limited Use of Institutional Unappropriated Balances.

- a. The recommendations for salary increases for personnel are subject to the current regulations and directives included in the General Appropriations Bill. This Bill states in part:

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

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

"Article V, Sec. 68. SALARIES TO BE PROPORTIONAL BY FUND. It is the intent of the Legislature that unless otherwise restricted payment for salaries, wages, and benefits paid from appropriated funds shall be proportional to the source of funds.

"Article V, Sec. 102. This Section is contingent upon a finding of fact by the Comptroller of Public Accounts at the time of certification that sufficient revenue is estimated to be available to certify the appropriations contained in this Act (excluding this Section) in accordance with Article 3, Section 49.a. of the Texas Constitution. From unappropriated balances remaining in the General Revenue Fund and the special funds there is hereby appropriated to the Comptroller such amounts as may be available for the purpose of providing not more than a 2% salary increase for state employees and officials effective September 1, 1988. The salaries of faculty employed by institutions of higher education shall be determined by appropriations made elsewhere in this Act, and faculty shall be excluded from the salary increase authorized by this Section.

"The Comptroller shall promulgate rules and regulations which may be necessary to administer this provision."

b. General Salary Policy

In addition to the salary provisions mandated in the Appropriations Bill, selective merit salary increases may be provided for the faculty, administrative/professional staff and classified staff subject to available resources. This policy applies to all fund sources.

(1) Faculty Salary Policy - Merit increases or advances in rank are to be on the basis of teaching effectiveness, research, and public service. Recognizing the expectations of the legislative leadership and the intent of the faculty compensation policies enacted in H. B. 2181,

the institutions must sustain faculty salary levels reached in 1987-88 and should provide average merit faculty salary increases for 1988-89 of a minimum of 5%, with the goal being to accomplish merit increases in the range of 8-10%, for filled and continuing positions of the tenure or tenure-track ranks. As with the 1987-88 fiscal year, faculty salary increases are the highest priority and the U. T. System goal is to equal the average of that provided by institutions nationwide having a similar role and mission.

(2) Administrative and Professional Salary Policy - Merit salary increases over and above the 2% salary adjustments provided in the Appropriations Bill may be granted to administrative and professional staff and are to be based on evaluation of performance in areas appropriate to work assignments. Merit increases for administrative and professional staff should approximate average increases available for classified personnel but not exceed those available for faculty.

(3) Classified Personnel Salary Policy - Merit salary increases over and above the 2% salary adjustments provided in the Appropriations Bill may be granted to classified personnel. Merit salary increases for classified staff are to be based on evaluation of performance in areas appropriate to work assignments. Merit increases may be given only to individuals who will have been employed by the institution for at least six months as of August 31, 1988, and should be given in full step increments in accordance with the institutional pay plan.

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

1988-89 OPERATING BUDGET CALENDAR

February 11, 1988	U. T. Board of Regents' Approval of Budget Policies and Limitations
April 1, 1988	<u>Seven</u> draft copies (bound) of Budgets due to System Administration (including 5 copies of supplemental data)
April 18-29, 1988	Budget Hearings with System Administration
May 9, 1988	<u>Ten</u> copies of Budgets (bound) due to System Administration (with 5 copies of adjusted supplemental data as applicable)
May 27, 1988	Budgets mailed to the U. T. Board of Regents
June 9, 1988	U. T. Board of Regents' Budget Meeting
June 24, 1988	<u>Fifty</u> copies of Budgets (unbound) due to System Administration for binding

4. U. T. System: Authorization to Transfer Funds Between Legislative Appropriation Items During the Biennium Beginning September 1, 1987 (Article III, S. B. 1, 70th Legislature, Second Called Session, 1987).--The Board adopted the following resolution which provides for the most effective utilization of the General Revenue Appropriations during the 1987-1989 biennium:

RESOLUTION

Pursuant to the appropriate transfer provisions of Article III, S. B. 1, 70th Legislature, Second Called Session, 1987, it is hereby resolved that the State Comptroller be requested to make necessary transfers within the Legislative Appropriations from the General Revenue Fund for each of the following components as authorized by the Chief Financial Officers of The University of Texas System institution concerned:

The University of Texas at Arlington
The University of Texas at Austin
The University of Texas at Dallas
The University of Texas at El Paso
The University of Texas 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 System Cancer Center
The University of Texas Health Center at Tyler.

REPORT AND RECOMMENDATIONS OF THE ACADEMIC AFFAIRS COMMITTEE (Pages 55 - 72).--Committee Chairman Baldwin reported that the Academic Affairs Committee had met in open session to consider those matters on its agenda and to formulate recommendations for the U. T. Board of Regents. Unless otherwise indicated, the actions set forth in the Minute Orders which follow were recommended by the Academic Affairs Committee and approved in open session and without objection by the U. T. Board of Regents:

1. U. T. Arlington: Approval of Increases in Parking Fees and Parking and Traffic Enforcement Fees Effective with the Fall Semester 1988 (Catalog Change).--The Board, upon recommendation of the Academic Affairs Committee, approved increases in The University of Texas at Arlington parking fees and parking and traffic enforcement fees as shown below effective with the Fall Semester 1988:

	1988-89 Fees
<u>Faculty/Staff Decals</u>	
Annual Permit	\$48.00
Annual Permit (motorcycle)	24.00
<u>Student (Full-time) Decals</u>	
Annual Permit	36.00
Annual Permit (motorcycle)	24.00
<u>Parking and Traffic Enforcement Fees</u>	
Violators with properly displayed decals	10.00
Violators with improperly displayed decals	15.00
No current decal displayed	24.00
Unauthorized parking in handicap parking	50.00
*No current decal dis- played on second family-owned vehicle	10.00

* Upon proof of registration of a first vehicle, this enforcement fee of \$24 is reduced as shown.

Annual parking permit fees are prorated if purchased for only one semester or summer session and each individual is afforded the opportunity of parking at a remote location, such as Maverick Stadium or the Arlington Athletic Complex, at one-half of the basic fee.

It was ordered that the next appropriate catalog published at U. T. Arlington be amended to conform to this action.

2. U. T. Austin: Authorization to Establish a Ph.D. Degree in Nutritional Sciences and to Submit the Program to the Coordinating Board for Approval (Catalog Change).--In order to fulfill a state and national need for trained nutritionists, authorization was given to establish a Ph.D. degree in Nutritional Sciences at The University of Texas at Austin and to submit the degree program to the Texas Higher Education Coordinating Board for approval. If approved by the Coordinating Board, implementation will be in Fall 1988.

The Doctor of Philosophy in Nutritional Sciences would be administered by the Division of Nutrition and Foods, Department of Home Economics, College of Natural Sciences, and would be an extension of the already established master's level program in nutrition.

It is anticipated that the division has adequate space and facilities to support the program, and the General Libraries of U. T. Austin have available more than the minimum volumes needed in nutritional sciences and allied fields. No additional faculty positions would be required to implement the program. The added teaching load would be accommodated by reassigning courses among the eleven current faculty and the one to be hired to fill a vacant endowed chair. No new state funding would be required to implement the program, although additional contract and grant support for research would be sought.

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

3. U. T. Austin: Permission for Professor Elspeth Rostow to Serve as a Member of the United States Institute of Peace [Regents' Rules and Regulations, Part One, Chapter III, Section 13, Subsections 13.(10) and 13.(11)].--Permission was given for Professor Elspeth Rostow, Stiles Professor in American Studies in the Lyndon B. Johnson School of Public Affairs at The University of Texas at Austin, to serve as a member of the United States Institute of Peace.

The Institute consists of a fifteen-member board of directors with members serving six-year terms.

Professor Rostow's appointment to this Institute by President Reagan is of benefit to the State of Texas, creates no conflict with her regular duties at U. T. Austin and is in accordance with approval requirements for positions of honor, trust, or profit provided in Article 6252-9a of Vernon's Texas Civil Statutes, and Part One, Chapter III, Section 13, Subsections 13.(10) and 13.(11) of the Regents' Rules and Regulations.

4. U. T. Austin: Approval to Name (a) Room 4-5 in Goldsmith Hall in the School of Architecture the Hal Box Reading Room, (b) Room 1.440 in the New Chemical and Petroleum Engineering Building in the College of Engineering the Chemical Engineering Class of 1943 Undergraduate Unit-Operations Laboratory (No Publicity) and (c) Room 1.313 in Sid Richardson Hall the Charles W. Hackett Room (Regents' Rules and Regulations, Part One, Chapter VIII, Section 1, Subsection 1.2, Naming of Facilities Other Than Buildings).--Approval was given to name the following rooms at The University of Texas at Austin 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:

- a. Room 4-5 in Goldsmith Hall in the School of Architecture as the Hal Box Reading Room

See Page 106 related to acceptance of a gift from the J. M. West Texas Corporation and establishment of a permanent endowment account.

- b. Room 1.440 in the new Chemical and Petroleum Engineering Building in the College of Engineering as the Chemical Engineering Class of 1943 Undergraduate Unit-Operations Laboratory

It was requested that no publicity be given to this matter.

See Page 102 related to acceptance of gifts and establishment of a permanent endowment account.

- c. Room 1.313 in Sid Richardson Hall as the Charles W. Hackett Room

The naming of this room is in memory of Dr. Charles W. Hackett, the founder and first director of the Institute of Latin American Studies, and his distinguished service to U. T. Austin.

5. U. T. Austin: Approval of Private Fund Development Campaign for the College of Natural Sciences McDonald Observatory to Construct and Operate the Spectroscopic Survey Telescope (SST) (Regents' Rules and Regulations, Part One, Chapter VII, Section 2, Subsection 2.44).--In accordance with the Regents' Rules and Regulations, Part One, Chapter VII, Section 2, Subsection 2.44, the Board approved a private fund development campaign on behalf of the College of Natural Sciences, Department of Astronomy, McDonald Observatory at The University of Texas at Austin.

The purpose of this campaign is to raise \$1,500,000 in private gifts by January 1, 1989, to be utilized in conjunction with funds in an equal amount to be budgeted from institutional Available University Fund resources over a period of three years to meet a \$3,000,000 pledge by U. T. Austin to fund one-half of a project to construct and operate, in cooperation with Pennsylvania State University, a major facility for astronomical research. The project, called the Spectroscopic Survey Telescope (SST), will be located at the U. T. Austin McDonald Observatory at Mount Locke.

When funds are in hand, specific project proposals and operating plans will be submitted to the U. T. Board of Regents for review and approval.

If funding sufficient for the total capital cost of the research telescope project cannot be guaranteed by January 1, 1989, either U. T. Austin or Pennsylvania State University may terminate the fund-raising effort and planning activities. Funds raised from the private sector will be held in escrow accounts and refunded to donors should the project be terminated.

6. U. T. Austin: Approval of Rate Schedule for University Apartments - Married Student Housing, Student Housing Units - Women's Cooperatives, and University Residence Halls Effective with the Fall Semester 1988 (Catalog Change).--In order to meet the projected increases in general operating expenses anticipated for 1988-89, the Board approved the rate schedule set out below for University Apartments - Married Student Housing, Student Housing Units - Women's Cooperatives, and University Residence Halls at The University of Texas at Austin effective with the Fall Semester 1988:

The University of Texas at Austin
RATE SCHEDULE EFFECTIVE 1988-89
University Apartments - Married Student Housing

	<u>Monthly Rate</u> <u>1988-89</u>
Mobile Home Lot	\$ 70
Colorado and Gateway Apartments	
Unfurnished	
1 bedroom	241
2 bedroom	269
Furnished	
1 bedroom	283
2 bedroom	316
Brackenridge Apartments	
1 bedroom	264
2 bedroom	313
3 bedroom	398

- a. Rates for Colorado Apartments include gas and water. Rates for the Mobile Home Park, Gateway Apartments, and Brackenridge Apartments include only water.
- b. The resident is responsible for the electric bill in all units and for the gas bill in the Mobile Home Park and the Brackenridge Apartments.

The University of Texas at Austin
 RATE SCHEDULE EFFECTIVE 1988-89
 Student Housing Units - Women's Cooperatives

Monthly Rental Per Co-op Paid to the University

	<u>Number of residents per Co-op</u>	<u>1988-89 Monthly rent paid to University</u>
Air-conditioned Double Rooms	17	\$1,313.25
	19	1,467.75
Non air-conditioned Double Rooms	15	772.25

The University of Texas at Austin
 RATE SCHEDULE EFFECTIVE 1988-89
 University Residence Halls

	<u>1988-89 Long Session Rate</u>		
	<u>Room</u>	<u>Meals</u>	<u>Total</u>
<u>Air-conditioned Double Rooms</u>			
Jester, Kinsolving, Blanton, Moore-Hill, Simkins			
community bath	\$1,484	\$1,682	\$3,166
connecting bath	1,484	1,682	3,166
<u>Non-air conditioned Double Rooms</u>			
Andrews, Carothers, Littlefield, Brackenridge-Roberts-Prather			
community bath	1,180	1,682	2,862

- a. The above rates include twenty meals per week. Meal contract options of thirteen meals per week (\$1,608 for the Long Session) and ten meals per week (\$1,452 for the Long Session) are also available.
- b. Meals are required as a part of the contract for all residence halls, with only those individuals currently on a room only plan eligible to renew a room only contract.

Other University Residence Hall Rates

- a. Rates for single rooms and double rooms as singles are 1.667 times the double rate.
- b. Summer Session rates are based on the long session per diem rate and the number of days in the summer session adjusted to meet market demand.

- c. Short-term, Orientation, and Summer Conference Program rates vary based on the length of stay, number of participants, and the services provided. Base rates are as follows:

	<u>Daily Rate Per Person</u>
Meals	\$12.55
Double Room	<u>10.35</u>
Total	\$22.90
Single Room	(1½ times the double rate)

The next appropriate catalog published at U. T. Austin will be amended to conform to this action.

7. U. T. Austin: Approval of Increases in (a) Certain Voluntary Student Services Fees [UtMost, Analecta, Performing Arts Center and Polis] and (b) Parking Fees Effective with the Fall Semester 1988 (Catalog Change).-- Upon recommendation of the Academic Affairs Committee, the Board approved increases in (a) certain Voluntary Student Services Fees and (b) parking fees at The University of Texas at Austin to be effective with the Fall Semester 1988 as set forth below:

- a. Voluntary Student Services Fees

	<u>1988-89</u>	
	<u>Actual Fee</u>	
	<u>Academic Year</u>	<u>Spring Semester</u>
<u>Cactus</u> (Yearbook)	\$27.50	\$27.50
<u>UtMost</u>	8.50	4.30*
<u>Directory</u>	1.50	1.50
TSP Package**	32.50	28.25
<u>Analecta</u>	3.50	3.50
Drama Department Fee	12.00	6.00
Intercollegiate Athletics	52.00	26.00
Intercollegiate Athletics Dependent Fee	64.00	32.00
Locker/Basket and Shower	4.00	2.00
<u>Peregrinus</u> (Law School Yearbook)	14.00	14.00
Performing Arts Center	30.00	15.00
<u>Polis</u>	4.00	2.00

* Increase is due to new sales tax rate.

** TSP package includes Cactus, UtMost, and the Directory at a reduced rate.

Voluntary Student Health Insurance*

\$285/single student/12 mos.**

* Available for the first time under the optional (voluntary) fee check-off at registration.

** Single student policy, without major medical option, is for \$25,000 maximum coverage and includes a \$100.00 policy deductible. Dependent care and major medical options are available on special arrangement. Prorated policies are also available for less than a calendar year.

b. Parking Fees

	<u>1988-89</u> <u>Fees</u>
<u>Faculty/Staff Decals</u>	
Class A (unreserved)	\$26.00
Class D (disabled)	64.00
Class F (reserved)	64.00
Class M (motorcycle)	9.00
Class O (administrators)	96.00
<u>Student Decals</u>	
Class A (health)	13.00
Class C (students)	13.00
Class D (disabled)	13.00
Class G (graduate students)	22.00
Class M (motorcycle)	9.00

Annual parking permit fees are prorated if purchased for only one semester or summer session.

It was ordered that the next appropriate catalog published at U. T. Austin be amended to conform to this action.

8. U. T. Dallas: Authorization to Establish a Doctor of Science Degree in Electrical Engineering and to Submit the Degree Program to the Coordinating Board for Approval (Catalog Change).--At the February 1984 meeting of the U. T. Board of Regents, approval was given to proceed with the development of a Doctor of Science Degree in Electrical Engineering at The University of Texas at Dallas with implementation to occur when an adequate research base was established and sufficient faculty and other resources of appropriate quality were acquired.

Since U. T. Dallas has demonstrated its ability to obtain adequate resources to support the program and has employed a core faculty of sufficient quality to initiate the program, authorization was given to establish a Doctor of Science Degree in Electrical Engineering at U. T. Dallas and to submit the degree program to the Texas Higher Education Coordinating Board for approval.

It was noted that additional faculty will be recruited between the time the program is approved and the time it admits its first students.

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

9. U. T. El Paso: Authorization to Establish a Ph.D. Degree in Psychology and to Submit the Program to the Coordinating Board for Approval (Catalog Change).--Authorization was granted to establish a Ph.D. degree in Psychology at The University of Texas at El Paso and to submit the program to the Texas Higher Education Coordinating Board for approval. Upon Coordinating Board approval, implementation will be in the Fall 1988.

Although the Department of Psychology wishes to add, over the first five years of operation, four additional faculty members to provide additional depth in selected areas, the program can be offered, if necessary, by the twelve existing faculty members. The department has over \$350,000 in externally funded research currently underway and anticipates being able to attract significantly more external funding with the doctoral program. This additional external funding will permit the department to provide more financial aid to doctoral students and to bring visiting and adjunct faculty into the department. Space and library resources are adequate to support the program.

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

10. U. T. El Paso: Approval to Increase Parking Fees and Parking and Traffic Enforcement Fees Effective with the Fall Semester 1988 (Catalog Change).--The Board approved increases in The University of Texas at El Paso parking fees and parking and traffic enforcement fees as shown below effective with the Fall Semester 1988:

	<u>1988-89*</u> <u>Fees</u>
<u>Faculty/Staff Decals</u>	
Class O (reserved)	\$45.00
Class F (faculty)	30.00
Class S (staff)	30.00
Class H (disabled)**	No charge
<u>Student Decals</u>	
Class A (all students)	10.00
Class M (motorcycles)	10.00
Class D (occupants of residence halls)	No charge
Class V (residents of UTEP Village)	No charge
Class R (Share-A-Ride)	1.00

* Annual parking permit fees are prorated if purchased for only one semester or summer session.

** If vehicle is not in compliance with the provisions of Vernon's Annotated Texas Civil Statutes, Articles 6675a-5e and 6675a-5e.1, the annual fee is \$20.00.

1988-89
Fees

Parking and Traffic
Enforcement Fees***

\$ 5.00
10.00
25.00

*** Descriptions and specific charges for traffic enforcement fees are described and explained in full in U. T. El Paso's official parking and traffic regulations. If the traffic enforcement fees for parking and driving offenses are not paid within 12 calendar days after issuance of the citation, a \$5.00 late charge will be assessed.

It was ordered that the next appropriate catalog published at U. T. El Paso be amended to conform to this action.

11. U. T. El Paso: Authorization to Establish a Student Union Fee Effective with the Fall Semester 1988 (Catalog Change).--The Academic Affairs Committee recommended and the Board authorized implementation of a Student Union Fee in the amount of \$15.00 per student for each regular term and \$7.50 per student for each summer session at The University of Texas at El Paso effective with the Fall Semester 1988.

Revenue generated by this fee will be used to fund increased utility costs, to improve annual routine maintenance, to fund deferred maintenance and minor alterations, and to fund some student program costs for the operation of the Student Union.

The next appropriate catalog published at U. T. El Paso will be amended to conform to this action.

12. U. T. El Paso: Approval to Name (a) the Central Atrium of the New Library Building the Pillow Atrium and (b) Room 203 in the East Wing of the Union Building the Haskell Monroe Suite (Regents' Rules and Regulations, Part One, Chapter VIII, Section 1, Subsection 1.2, Naming of Facilities Other Than Buildings).--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, approval was given to name the following facilities at The University of Texas at El Paso:

- a. The central atrium of the new Library Building as the Pillow Atrium

The naming of this atrium is in memory of Mrs. Lucille B. Pillow, a former faculty member at U. T. El Paso.

- b. Room 203 in the east wing of the Union Building as the Haskell Monroe Suite.

The naming of this room is in honor of former President Haskell Monroe and his contributions to U. T. El Paso.

13. U. T. El Paso: Approval of Affiliation Agreement with the El Paso County Community College District, El Paso, Texas.--Approval was given to the affiliation agreement set out on Pages 64 - 69 by and between The University of Texas at El Paso and the El Paso County Community College District, El Paso, Texas.

This agreement, executed by the appropriate officials of the institution and facility to be effective upon approval by the U. T. Board of Regents, will enable students enrolled in the Health Occupation Education Programs/Courses at El Paso Community College to use the College of Nursing and Allied Health facilities at U. T. El Paso for practical experience in clinical service and procedures.

EPCC Contract #C02086

STATE OF TEXAS:
COUNTY OF EL PASO:
EL PASO COUNTY COMMUNITY COLLEGE DISTRICT:

AFFILIATION AGREEMENT

HEALTH OCCUPATIONS DIVISION PROGRAMS/COURSES

AGREEMENT made this 18th day of March, 19 87, between the board of Trustees of the El Paso County Community College District, a political subdivision of the State of Texas, Post Office Box 20500, El Paso, Texas 79998, hereinafter referred to as "District" and University of Texas at El Paso, College of Nursing & Allied Health, 1101 N. Campbell, El Paso, TX 79902, hereinafter referred to as "Affiliate".

RECITALS

It is the desire of both parties that students enrolled in the Health Occupation Education Programs/Courses at El Paso Community College be provided the benefit of educational facilities at the University of Texas at El Paso, College of Nursing & Allied Health for practical experience in clinical service and procedures.

It is recognized that the District is authorized to enter into this agreement as a function of its governmental and educational powers granted and proscribed by the State of Texas.

It is mutually beneficial to both the District and the Affiliate that students be afforded opportunities for clinical education as outlined in this agreement.

A G R E E M E N T

Term

1.01 The respective duties and obligations of the parties hereto shall commence upon the date of execution of this agreement and shall continue for a period of one year.

1.02 The term of this agreement shall be automatically renewed for an additional one year unless cancelled by either party according to the termination provisions hereinafter stated or unless either party gives notice to the other of its intention not to renew this agreement at least thirty (30) days prior to the termination of this agreement.

Responsibilities of District

2.01 It shall be the responsibility of the District to plan and conduct a cooperative and coordinated educational program for the clinical instruction of its Health Occupation Education Programs/Courses students with the Affiliate.

2.02 The District will provide qualified, registered instructors for all general and or supporting course work as prescribed in the Health Occupation Education Programs/Courses curricula.

2.03 The District will provide administrative services to include student admissions, scheduling, attendance, and maintenance of achievement records for all students.

2.04 The District agrees that all of its instructors and students will abide by the policies and regulations of the Affiliate while using its facilities.

2.05 The Faculty of the District will supervise the students and provide suitable clinical experience situations in patients care as prescribed by the adopted curricula. It is understood that at no time will students in the Health Occupation Education Programs/Courses be engaged in the provision of direct patient care without said instructors or affiliate preceptors being physically present in Affiliate's hospital for supervision of the students. It is further understood that students may be

present in the Affiliate for purposes of observation without direct supervision by District instructors. During such observation students will at no time perform direct patient care services.

2.06 In cooperation with the Affiliate's designated representative, the District will familiarize the students and instructors with the Affiliate's facilities, procedures, personnel policies, standards and code of ethics.

2.07 The District will furnish each semester to the Affiliate's designated representative a rotation plan of students setting forth the number of participating students, the dates and hours, the assigned areas that the students will be participating. Any changes in the plan will be immediately brought to the attention of the same.

2.08 The District will provide to the Affiliate evidence of tuberculin testing for Health Occupation Education Programs/Courses students and instructors.

2.09 Malpractice liability insurance shall be carried by District students and instructors for the entire period of this agreement, and a certificate of insurance will be provided to the Affiliate indicating effective date, limits of coverage and other pertinent data. The Affiliate shall be notified of any change or termination in coverage. The District hereby agrees to maintain said malpractice insurance the limits of which shall be not less than one million dollars (\$1,000,000.00) for any one medical incident and one million dollars (\$1,000,000.00) aggregate.

Responsibilities of Affiliate

3.01 Affiliate will accept Health Occupation Education Programs/Courses students from El Paso Community College for clinical experience during agreed upon time as outlined in 2.07 and 4.01.

3.02 Affiliate shall make available to the District such use of classrooms, libraries and teaching aids as may be necessary for the implementation, training, and education of the students during the clinical phase of the program/course at no cost to the District.

3.03 The Affiliate shall make available patient care facilities, charts, medical records, equipment and supplies normally used in the Affiliate as may be necessary for clinical instruction at the Affiliate.

3.04 The Affiliate shall provide suitable clinical experience insofar as possible based on the availability of patients, sufficient number of personnel and clinical materials recognizing the possible necessity of the District transferring students to other agencies which can provide experience in specific clinical services in the event of the unavailability of above.

3.05 The Affiliate shall provide qualified licensed/registered health care professionals directly supervising each clinical area utilized for educational purposes at no cost to the District.

3.06 Affiliate will observe the District's calendar of vacations and holidays for the students.

3.07 The parties agree that the Affiliate is responsible for the care of patients at the Affiliate.

3.08 Affiliate shall provide Medical Emergency Care up to the limit of Affiliate's ability to provide emergency care for accidents and illnesses which occur while the student is at the Affiliate; however, it is understood that the Affiliate assumes no financial responsibility for the provision of such care which remains the obligation of the student. It is expressly understood that students are not covered under the Affiliate's Worker's Compensation or other insurance coverage normally applicable to employees. Students will be subject to the normal admissions procedures common to all patients of the Affiliate.

Students

4.01 Assignment and scheduling of students will be by mutual agreement between both parties hereto at least thirty (30) days in advance of the beginning of each new semester.

4.02 A student in the Health Occupation Education Programs/ Courses may be dismissed from Affiliate participation by the administrator of the Affiliate for cause that is reasonable and has been documented in writing.

Indemnity Against Loss

5.01 To the extent that the District is legally capable, the District shall indemnify and hold the Affiliate harmless for losses suffered by the Affiliate due to injuries proximately caused a third party by the negligent acts of students during their training at Affiliate. Such indemnification shall not extend to losses suffered by the Affiliate due to injuries proximately caused a third party by the negligent acts of Affiliate personnel or other non-district personnel. It is expressly understood that it is not the intention or purpose of this Agreement to create any liability against the District and its Board unless such liability is imposed by law.

5.02 The Affiliate shall instruct its personnel that only duly authorized persons may instruct, order, or direct District students or instructors, and that unless so authorized such personnel shall not instruct, order or direct students or instructors. Personnel receiving such authorization shall be instructed that the students are undergoing a learning experience and shall not be expected, instructed, ordered or directed to perform functions beyond the level of training previously received.

Law Governing Contract

6.01 This agreement shall be construed under and in accordance with the law of the State of Texas, and all

obligations of the parties created hereunder are performable in El Paso County, Texas.

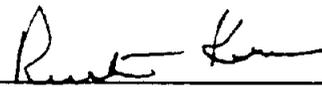
Termination

7.01 This agreement may be terminated in whole or in part by either party giving a full thirty (30) days notice in writing to the other party. Such notice shall be sent by certified mail, return receipt requested to the address of the respective parties listed above. However, such termination shall not take affect with regard to students already enrolled, until such time as those students have completed their respective course.

EXECUTED at El Paso, Texas on the day and year above mentioned.

DISTRICT

ATTEST:


Secretary

EL PASO COUNTY COMMUNITY COLLEGE
DISTRICT

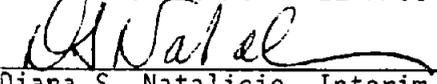
By: 
Arturo Lightbourn, President,
Board of Trustees

AFFILIATE:

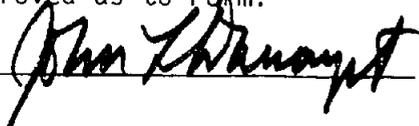
ATTEST:


Secretary

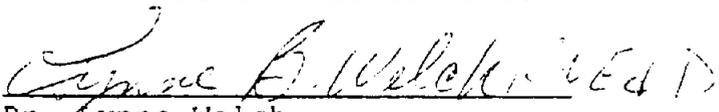
UNIVERSITY OF TEXAS AT EL PASO

BY: 
Diana S. Natalicio, Interim President

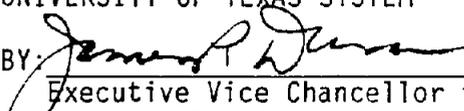
Approved as to Form:



UNIVERSITY OF TEXAS AT EL PASO,
COLLEGE OF NURSING & ALLIED HEALTH

By: 
Dr. Lynne Welch
Dean, College of Nursing &
Allied Health

UNIVERSITY OF TEXAS SYSTEM

BY: 
Executive Vice Chancellor for
Academic Affairs

14. U. T. San Antonio: Approval to Increase Parking Fees Effective with the Fall Semester 1988 (Catalog Change).---
 In order to partially offset expenses which cannot be covered from other fund sources, including campus security personnel and debt service to cover construction of a new parking lot, the Board approved increases in The University of Texas at San Antonio parking fees as shown below effective with the Fall Semester 1988:

	<u>1988-89</u> <u>Fees</u>
<u>Executive Officers Decals</u>	
Class O (Reserved)	\$90.00
<u>Faculty/Staff Decals</u>	
Class A (general)	36.00
Class B (bicycles)	3.00
Class C (motorcycles)	12.00
Class E (dual parking)	36.00
Class H (handicapped)*	36.00
Class K (mini-car)	27.00
Class P (carpool)	36.00
Class R (reserved)	72.00
<u>Student Decals</u>	
Class B (bicycles)	3.00
Class C (motorcycles)	12.00
Class D (student resident)	22.00
Class F (dual parking)	22.00
Class G (general)	22.00
Class H (handicapped)*	22.00
Class M (mini-car)	15.00
Class S (carpool)	22.00
<u>Other</u>	
Class T (vendors, salespersons, technical representatives, other servicing personnel, and persons regularly using campus facilities)	10.00

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

Annual parking permit fees are prorated if purchased for the spring semester or summer session only. Parking and traffic enforcement fees will not be changed.

It was ordered that the next appropriate catalog published at U. T. San Antonio be amended to conform to this action.

See Page 84 related to construction of a new surface parking facility.

15. U. T. System - General Academic Institutions: Annual Report on Nonsubstantive Academic Program Changes Approved by the Texas Higher Education Coordinating Board.--At the conclusion of the Academic Affairs Committee meeting, Committee Chairman Baldwin called to the Board's attention an annual summary report from Executive Vice Chancellor for Academic Affairs Duncan on nonsubstantive academic program changes approved at the Texas Higher Education Coordinating Board staff level. The report is herewith incorporated into the Minutes.

Annual Report to the U. T. Board of Regents on
Nonsubstantive Academic Program Approvals

Under Board approved guidelines, academic changes of a nonsubstantive nature which are consistent with Board approved institutional missions are forwarded by the Office of the Chancellor to Coordinating Board staff for approval at the staff level. Since the last report to this Board on nonsubstantive program changes, 13 program modifications have been approved or concurred in at the Coordinating Board staff level.

U. T. Austin (8 items)

- a. Changed a Bachelor of Arts in Computer Science degree to a Bachelor of Science in Computer Science to be more consistent with national trends.
- b. Divided an existent Master of Arts in Speech Communication degree into two degree options, Master of Arts in Speech Communication and Master of Arts in Communication Sciences and Disorders. This distinguishes the more professionally oriented academic work in speech pathology, audiology, and education of the deaf from academic work in communication studies and communications performance.
- c. Initiated a Master of Science degree in Statistics under the existent Master of Arts in Mathematics degree to provide students with a more focused and readily identifiable program.
- d. Changed the title of the Bachelor of Science in Speech to a Bachelor of Science in Communication Sciences and Disorders to recognize curriculum which has been in place for several years.
- e. Changed the name of the Department of Physical and Health Education to Department of Kinesiology and Health Education to reflect national trends and more accurately describe the current department and program emphasis.
- f. Changed the name of the Department of General Business to the Department of Management Science and Information Systems to more accurately reflect the primary emphasis of the Department's activities.
- g. Established two new joint Master of Arts degree programs: (a) between Middle Eastern Studies and Business Administration; and (b) between Public Affairs and Asian Studies.

- h. Transferred administrative responsibility of the Bachelor of Science in Architectural Science degree with a major in Architectural Studies (B.S.A.S.) from the College of Liberal Arts to the School of Architecture to omit numerous advising and other logistical difficulties for both Deans' offices.

U. T. El Paso (4 items)

- i. Changed the name of Bachelor of Science degree with a major in Computer Science to a Bachelor of Science in Computer Science to make the degree title consistent with similar programs in the College of Engineering.
- j. Changed the name of the Department of Drama to the Department of Theatre Arts to more accurately reflect the performance emphasis of the department.
- k. Changed the Master of Arts in Speech degree to a Master of Arts in Communication to more accurately describe degree program emphasis on communication theory and analysis and bring the degree title in line with nomenclature of similar programs nationwide.
- l. Merged the separate Departments of Linguistics and Modern Languages into a single Department of Languages and Linguistics to strengthen existing programs, contribute to program coherence, and eliminate unnecessary duplication of efforts.

U. T. San Antonio (1 item)

- m. Changed the name of the Division of Mathematics, Computer Science, and Systems Design to the Division of Mathematics, Computer Science, and Statistics to more accurately reflect the curricula being taught within the Division.

REPORT AND RECOMMENDATIONS OF THE HEALTH AFFAIRS COMMITTEE (Pages 73 - 77).--Committee Chairman Yzaguirre reported that the Health Affairs Committee had met in open session to consider those items on its agenda and to formulate recommendations for the U. T. Board of Regents. Unless otherwise indicated, the actions set forth in the Minute Orders which follow were recommended by the Health Affairs Committee and approved in open session and without objection by the U. T. Board of Regents:

1. U. T. System: Approval to Increase Premium Rates for The University of Texas System Professional Medical Liability Self-Insurance Plan Effective September 1, 1988.--Upon recommendation of the Health Affairs Committee, approval was given to increase the premium rates for The University of Texas System Professional Medical Liability Self-Insurance Plan effective September 1, 1988, as follows:

Risk Class	Premium Rates		
	Effective September 1, 1988	Staff	Resident
1	\$ 2,112	\$ 1,428	
2	3,528	2,340	
3	6,024	4,008	
4	9,792	6,516	
5	16,224	10,812	

This 99% increase in Self-Insurance Plan premium rates is reasonable and necessary to maintain the integrity of the Plan, and the rates are still far below those charged by commercial carriers.

2. U. T. Southwestern Medical Center - Dallas: Permission for (a) Kenneth Z. Altshuler, M.D., to Serve on the Governing Board of the Texas School for the Deaf, Austin, Texas, and (b) Vernie A. Stenbridge, M.D., to Serve as a Member of the Radiation Advisory Board [Regents' Rules and Regulations, Part One, Chapter III, Section 13, Subsections 13.(10) and 13.(11)].--Permission was granted for the following faculty members at The University of Texas Southwestern Medical Center at Dallas to serve as indicated:

- a. Kenneth Z. Altshuler, M.D., Chairman of the Department of Psychology, to the Governing Board of the Texas School for the Deaf, Austin, Texas

Dr. Altshuler's appointment to this Board, which expires January 31, 1993, will be without salary but he is entitled to reimbursement for actual and necessary expenses incurred in carrying out his official duties.

- b. Vernie A. Stenbridge, M.D., Chairman and Professor of the Department of Pathology, as a member of the Radiation Advisory Board for a term to expire April 16, 1993

Members of this Board serve without salary but are entitled to reimbursement for actual and necessary expenses incurred in carrying out official duties.

These appointments are of benefit to the State of Texas and create no conflict with their regular duties at U. T. Southwestern Medical Center - Dallas. They are in accordance with approval requirements for positions of honor, trust, or profit provided in Article 6252-9a of Vernon's Texas Civil Statutes and Part One, Chapter III, Section 13, Subsections 13.(10) and 13.(11) of the Regents' Rules and Regulations.

3. U. T. Southwestern Medical Center - Dallas: Appointment of Initial Holders - (a) Vernie A. Stembridge, M.D., to The Senator Betty and Dr. Andy Andujar Chair in Pathology, (b) Paul C. Peters, M.D., to The Dr. Paul Peters Chair in Urology in Memory of Rumsey and Louis Strickland and (c) Dr. Lila M. Gierasch to The Robert A. Welch Chair in Chemistry Effective Immediately.--The Board appointed the following individuals to endowed academic positions at The University of Texas Southwestern Medical Center at Dallas effective immediately:
 - a. Vernie A. Stembridge, M.D., Professor and Chairman of the Department of Pathology, as initial holder of The Senator Betty and Dr. Andy Andujar Chair in Pathology

See Page 108 related to the redesignation of this Chair.
 - b. Paul C. Peters, M.D., Professor of Surgery and Chief of Urology, as initial holder of The Dr. Paul Peters Chair in Urology in memory of Rumsey and Louis Strickland

See Page 109 related to the establishment of this Chair.
 - c. Dr. Lila M. Gierasch, Professor of Pharmacology and Biochemistry, as initial holder of The Robert A. Welch Chair in Chemistry.
4. U. T. Medical Branch - Galveston: Appointment of David N. Herndon, M.D., as Initial Holder of the Annie Laurie Howard Distinguished Professorship in Burn Surgery Effective Immediately.--Approval was given to appoint David N. Herndon, M.D., Professor in the Department of Surgery at The University of Texas Medical Branch at Galveston, as initial holder of the Annie Laurie Howard Distinguished Professorship in Burn Surgery effective immediately.
5. U. T. Health Science Center - Houston: Darwin R. Labarthe, M.D., Appointed to the James W. Rockwell Professorship in Public Health (Preventive Medicine and Epidemiology) Effective Immediately.--The Board approved the appointment of Darwin R. Labarthe, M.D., Professor, Department of Epidemiology, to the James W. Rockwell Professorship in Public Health (Preventive Medicine and Epidemiology) at The University of Texas Health Science Center at Houston effective immediately.
6. U. T. Health Center - Tyler - Development Board: Approval of Nominees Thereto.--Three nominees for membership to the Development Board at The University of Texas Health Center at Tyler were approved for terms expiring in 1988, 1989 and 1990, respectively.

The names of the nominees will be reported for the record after they have been contacted and their acceptances have been received.

7. U. T. Health Center - Tyler: Establishment of the Director's Associates for Private Fund Development Purposes.--
The Board, upon recommendation of the Health Affairs Committee, established the Director's Associates of The University of Texas Health Center at Tyler to recognize and show appreciation to those who have participated in the private fund development programs of this institution.

The funds received through this program are unrestricted for the use of the Director of the U. T. Health Center - Tyler.

Below is the plan for this organization:

Director's Associates
of
The University of Texas Health Center at Tyler

- I. Name: Director's Associates
- II. Purposes:
- a. To encourage annual contributions to the U. T. Health Center - Tyler with special emphasis upon the development of new, unrestricted gifts
 - b. To recognize and show appreciation to those who demonstrate their loyalty and devotion to the U. T. Health Center - Tyler through their membership
 - c. To create an organization whose members will be active in promoting the welfare of the U. T. Health Center - Tyler.
- III. Qualifications for Membership:
- a. Memberships are renewable each year through an annual gift to the U. T. Health Center - Tyler of \$500 or more
 - b. Membership may be held by an individual, jointly by husband and wife, or by a corporation, organization or foundation (an individual will be selected as a representative)
 - c. A corporation gift matching an individual's gift will count toward qualifying the individual for membership
 - d. The matching gift does not qualify a corporation for membership
 - e. Specified prepayments (i.e., \$1,000 for two years or \$5,000 for ten years) will be accepted only if donor specifies the gift as "prepayments"
 - f. Gifts made prior to the beginning of the program will not qualify the donor for membership.

8. Report by Executive Vice Chancellor for Health Affairs Mullins on the Special Committee on Post-Secondary Medical, Dental and Allied Health Education.--At the request of Committee Chairman Yzaguirre, Executive Vice Chancellor for Health Affairs Mullins reported that the Special Committee on Post-Secondary Medical, Dental and Allied Health Education held its organizational meeting in Austin, Texas, on January 5, 1988, and its second meeting at The University of Texas Health Science Center at San Antonio on February 1, 1988. He noted that House Concurrent Resolution 107 (HCR 107), which established the Committee, specifies that the group study the following:
- a. Most effective system of health education governance
 - b. Role and mission statements for each institution
 - c. Long-term manpower needs for physicians and other health professionals in Texas
 - d. The role of research in health-related institutions
 - e. The role of medical and dental institutions in the delivery of health care for Texas residents
 - f. Recommendations for a cost-effective methodology to fund health-related education.

Executive Vice Chancellor Mullins reported that the Committee consists of the following members:

Mr. Jamie Clements, Chairman
Senator Cyndi Krier
Senator Carl Parker
William C. Levin, M.D.
Charles C. Sprague, M.D.
Representative Wilhelmina Delco
Representative Gary Watkins
Mr. Maxie Davie
Mr. Lou Walters

The Committee has a responsibility to make recommendations to the 71st Legislature that will impact the health professional education system in the State of Texas.

9. U. T. Health Science Center - San Antonio: Report by President John P. Howe III.--At the conclusion of the Health Affairs Committee meeting, Committee Chairman Yzaguirre called on President John P. Howe III for a report on activities at The University of Texas Health Science Center at San Antonio.

With the aid of a multimedia film, President Howe reviewed the institution's patient care programs, enrollment growth, research activities, faculty recruitment efforts and construction projects. He noted that in each of these areas partnerships with the community and with other segments of the health care community had been important to the institution's progress and success.

President Howe pointed out that the institution's primary missions are (1) educating students, (2) caring for patients, (3) continuing research, and (4) serving the community. He noted that the U. T. Health Science Center - San Antonio has an objective to ensure that its programs will be of the highest quality and that the institution is on its way to developing increased stature and recognition on the national scene.

Dr. Howe commented briefly on the relationships with the Medical Center Hospital, Audie L. Murphy Memorial Veterans Hospital and the Santa Rosa Medical Center and emphasized the importance of the establishment of the Institute of Biotechnology in the Texas Research Park.

On behalf of the Board, Chairman Blanton thanked President Howe for the very informative report.

REPORT AND RECOMMENDATIONS OF THE BUILDINGS AND GROUNDS COMMITTEE (Pages 78 - 89).--In the absence of Committee Chairman Hay, Regent Ratliff reported that the Buildings and Grounds Committee had met in open session to consider those items on its agenda and to formulate recommendations for the U. T. Board of Regents. Unless otherwise indicated, all actions set forth in the Minute Orders which follow were recommended by the Buildings and Grounds Committee and approved in open session by the U. T. Board of Regents:

1. U. T. Arlington - Partial Depression of Cooper Street (Project No. 301-592): Authorization to Increase Total Project Cost; Approval of Final Plans; Authorization to Enter Into an Agreement with the Texas Department of Highways and Public Transportation; and Additional Appropriation Therefor.-- Upon recommendation of the Finance and Audit and Buildings and Grounds Committees, the Board:
 - a. Authorized an increase in the estimated total project cost for the Partial Depression of Cooper Street at The University of Texas at Arlington from \$6,157,830 to \$6,425,691
 - b. Approved final plans and specifications for the construction of the Partial Depression of Cooper Street at U. T. Arlington
 - c. Authorized the Office of the Chancellor to enter into an agreement with the Texas Department of Highways and Public Transportation for the construction and management of the project
 - d. Appropriated from Permanent University Fund Bond Proceeds \$2,300,000 (Unappropriated Balance in the Capital Improvement Program for this project) and \$558,859 from Ad Valorem tax fund balances for total funding of U. T. Arlington's portion of this estimated total project cost. Previous appropriations had been \$300,000 from Permanent University Fund Bond Proceeds and \$75,000 from Unappropriated Plant Funds - Interest on Local Funds. The balance of the total project cost will be provided by the Texas Department of Highways and Public Transportation and the City of Arlington.

This project includes the widening of Cooper Street to six lanes through the campus, the partial depression of the street through the central portion of the campus, and the construction of three elevated pedestrian bridges.

It was noted that the increase in the estimated total project cost is primarily due to the need to provide elevators to serve the handicapped and increased requirements for the asphaltic base. The increased cost for the asphaltic base will be borne by the Texas Department of Highways and Public Transportation and the cost of the elevators is included in U. T. Arlington's portion (\$3,233,859) of the estimated total project cost of \$6,425,691.

Certain legal issues prevent the Texas Department of Highways and Public Transportation from granting authority for the construction of this project to another agency. This issue has been discussed by the U. T. System Office of General Counsel and the General Counsel of the Texas

Department of Highways and Public Transportation as well as representatives from the Attorney General's Office; thus, the decision for the Texas Department of Highways and Public Transportation to manage the bidding, award a construction contract and supervise the construction related to the road work. The Office of Facilities Planning and Construction will supervise the general construction work.

2. U. T. Austin - Balcones Research Center - Microelectronics and Engineering Research Building (Project No. 102-660): Approval of Preliminary Plans; Authorization to Prepare Final Plans; and Additional Appropriation Therefor.--Following opening remarks by President Cunningham, Mr. Al Simmons and Mr. Jerry Fine, representing the Project Architect, Graeber, Simmons & Cowan, Austin, Texas, presented the preliminary plans for the Microelectronics and Engineering Research Building at the Balcones Research Center of The University of Texas at Austin to the Buildings and Grounds Committee.

At the conclusion of this presentation, President Cunningham introduced Dr. Herbert Woodson, Acting Dean of the College of Engineering, Dr. Al Tasch and Dr. Ben Streetman and emphasized that these individuals were available to answer any questions from the Board related to this project. A detailed discussion ensued related to the advisability, as suggested by Regent Moncrief, of postponing proceeding to the final plans for the Microelectronics and Engineering Research Building until the project architect, Graeber, Simmons & Cowan, completes the SEMATECH project. It was pointed out that, while coordination was in fact a part of the planning process for each building, the primary focus of each project was different: manufacturing and production for SEMATECH and research and teaching for the Balcones Research Center facility.

Upon recommendation of the Academic Affairs, Finance and Audit and Buildings and Grounds Committees, the Board:

- a. Approved preliminary plans for the construction of the Microelectronics and Engineering Research Building at the Balcones Research Center at U. T. Austin at an estimated total project cost of \$20,000,000
- b. Authorized the Project Architect to prepare final plans and specifications to be presented to the U. T. Board of Regents for consideration at a future meeting
- c. Appropriated \$500,000 from U. T. Austin General Fee Balances for fees and administrative expenses through completion of final plans. Previous appropriations had been \$485,000 from the same source.

Regent Moncrief abstained from voting on this matter.

This two-level building will provide approximately 134,000 gross square feet of research facilities for the College of Engineering. It will include office, laboratory and support spaces for the interdisciplinary fields of microelectronics, materials and manufacturing technology. The project will also include service yards, driveways, parking areas and the extension of underground utilities to the building site.

This project is within the scope of the Capital Improvement Program approved by the U. T. Board of Regents on January 14, 1987, to be funded with \$10,000,000 from Permanent University Fund Bond Proceeds and \$10,000,000 from U. T. Austin General Fee Balances. Approximately \$17,800,000 will be needed in addition for departmental equipment to make this facility a workable first-class research entity.

Regent Ratliff noted that the Board should be fully advised regarding the planning and design efforts to maintain the Microelectronics and Engineering Research Building as a state-of-the-art facility.

On behalf of the Board, Chairman Blanton instructed President Cunningham to provide the Board with a planning progress report on this building at the April meeting.

3. U. T. Austin - Peter T. Flawn Academic Center: Approval of an Energy Conservation Project; Appointment of Energy Engineering Associates, Inc., Austin, Texas, Project Engineer to Prepare Final Plans; Approval for Submission to the Coordinating Board; Authorization to Advertise for Bids and Award Construction Contract by U. T. Austin Administration; and Appropriation Therefor. --The Buildings and Grounds Committee recommended and the Board:
- a. Authorized a project for energy conservation construction in the Peter T. Flawn Academic Center at The University of Texas at Austin at an estimated total project cost of \$414,212
 - b. Appointed the firm of Energy Engineering Associates, Inc., Austin, Texas, as Project Engineer to prepare final plans and specifications
 - c. Authorized submission of the project to the Texas Higher Education Coordinating Board
 - d. Subject to approval by the Coordinating Board, authorized advertisement for bids, award of a construction contract and completion of the project by U. T. Austin Administration with its own forces or through contract services, as required, in consultation with the Office of Facilities Planning and Construction
 - e. Appropriated \$175,736 from a U. S. Department of Energy Grant and \$238,476 from the U. T. Austin Power Plant operating budget for total project funding.

This project provides for conversion of the existing heating, ventilation and air conditioning system in the Peter T. Flawn Academic Center to a more economical and energy efficient variable air volume system and for installation of two-way chilled water valves and controls.

4. U. T. Austin - Recreational Sports Facilities - Phase I (Project No. 102-596): Approval of Final Plans; Authorization to Advertise for Bids and for Executive Committee to Award Contracts; and Additional Appropriation Therefor.--Upon recommendation of the Buildings and Grounds Committee, the Board:

- a. Approved final plans and specifications for the construction of the Recreational Sports Facilities - Phase I at The University of Texas at Austin at an estimated total project cost of \$12,460,000 (not including cost of Project Analysis)
- b. Authorized the Office of Facilities Planning and Construction to advertise for bids upon completion of final review
- c. Authorized the Executive Committee to award all contracts associated with this project within the authorized total project cost
- d. Appropriated \$12,460,000 from U. T. Austin General Revenue Subordinate Lien Notes for total project funding. Previous appropriations had been \$530,000 from Auxiliary Enterprise Balances which will be refunded when funds from the General Revenue Subordinate Lien Notes become available. See Page 10.

This two-level, 120,000 gross square foot facility will provide recreational sports facilities such as basketball, handball, free and stationary weights, and aerobics for the needs of the students at U. T. Austin and facilities for Intercollegiate Women's volleyball games.

To equip the facility for Intercollegiate Women's volleyball games, it was necessary to add locker rooms and related areas, additional lighting for one volleyball court, ticket and concession areas and additional emergency exits. The total estimated cost of these additional facilities is \$305,000. In order not to increase the total project cost, funds will be transferred from the existing Institutional Furniture and Equipment budget for the project. These funds will be replaced from Intercollegiate Athletic sources at a later date.

This project is not part of the Capital Improvement Program.

5. U. T. Austin: Report of Purchase of Villa Capri Motor Hotel Located in Austin, Travis County, Texas, from Villa Capri Partners, Ltd., Austin, Texas.--It was reported that the land and improvements known as the Villa Capri Motor Hotel located in Austin, Travis County, Texas, had been purchased from Villa Capri Partners, Ltd., Austin, Texas, for \$6,000,000 for the use and benefit of The University of Texas at Austin. The property consists of approximately 6.57 acres being four tracts of land out of the Christian and Fellman Addition to the City of Austin, Texas, being a subdivision of Outlots 1, 2, 3, 24, 25 and 26, Division C of the Government Outlots adjoining the original City of Austin, Travis County, Texas.

6. U. T. Dallas - Engineering and Computer Science Building (Project No. 302-570): Approval of Final Plans; Authorization to Advertise for Bids and for Executive Committee to Award Contracts; and Additional Appropriation Therefor.--The Buildings and Grounds Committee recommended and the Board:

- a. Approved final plans and specifications for the construction of the Engineering and Computer Science Building at The University of Texas at Dallas at an estimated total project cost of \$20,000,000 (excluding scientific and engineering equipment)
- b. Subject to approval of the project as may be required by the Texas Higher Education Coordinating Board, authorized the Office of Facilities Planning and Construction to advertise for bids upon completion of final review
- c. Authorized the Executive Committee to award all contracts associated with this project within the authorized total project cost
- d. Appropriated \$16,765,000 from Permanent University Fund Bond Proceeds and \$2,200,000 from private gifts and U. T. Dallas endowment funds for total project funding. Previous appropriations had been \$735,000 from Permanent University Fund Bond Proceeds and \$300,000 from private gifts and U. T. Dallas endowment income.

This new 150,000 gross square foot facility will provide permanent teaching and research laboratories, classrooms, faculty offices and support facilities for the School of Engineering and Computer Science at U. T. Dallas. The estimated total project cost includes the advance purchase and installation of a new 525-ton chiller in the central energy plant at U. T. Dallas to serve this new facility. This advance purchase was authorized by the U. T. Board of Regents in December 1987.

This project is within the scope of the Capital Improvement Program approved by the U. T. Board of Regents in October 1985.

7. U. T. San Antonio - Engineering/Biotechnology Building (Project No. 401-616): Approval of Preliminary Plans for Phases I and II; Submission of Phase I to Coordinating Board; Authorization to Complete Final Plans for Phase I Building and Site Development; and Additional Appropriation Therefor.--Following a brief overview by President Wagener, Mr. Carlos Jones, representing the Project Architect, JonesKell Architects, San Antonio, Texas, presented the preliminary plans for the Engineering/Biotechnology Building at The University of Texas at San Antonio to the Buildings and Grounds Committee.

At the conclusion of the presentation, Regent Moncrief recommended that the preliminary plans for construction of Phase I of the Engineering/Biotechnology Building at U. T. San Antonio at an estimated total project cost of \$12,900,000 not be approved at this time. Regent Moncrief stated that some additional building or buildings will undoubtedly be needed at U. T. San Antonio in the future, but Regent Moncrief stated that the Board of Regents is now involved in very important academic planning which, when finalized, could have a very decided effect on the building requirements at U. T. San Antonio.

Upon recommendation of the Academic Affairs, Finance and Audit and Buildings and Grounds Committees, the Board:

- a. Approved preliminary plans for construction of Phase I of the Engineering/Biotechnology Building at U. T. San Antonio at an estimated total project cost of \$12,900,000 and received for information preliminary plans for Phase II. (Phase I and Phase II combined total project cost estimated at \$27,900,000.)
- b. Authorized submission of the Phase I project to the Texas Higher Education Coordinating Board
- c. Authorized the Project Architect to complete final plans and specifications for the Phase I building and related site development to be presented to the U. T. Board of Regents for consideration at a future meeting
- d. Appropriated \$380,000 from Permanent University Fund Bond Proceeds for fees and administrative expenses through completion of final plans for Phase I. Previous appropriations had been \$150,000 from U. T. San Antonio Local Funds and \$50,000 from Permanent University Fund Bond Proceeds.

Regent Moncrief abstained from voting on this matter.

The Phase I project will include construction of a three-level building of approximately 70,800 gross square feet for primary use by the Division of Engineering. It will provide general lecture and classrooms, instructional laboratories, seminar and conference rooms, faculty and divisional offices and support spaces. Extension of central campus utilities to the building site and related campus development site improvements including service and access roadways are included in the Phase I project.

The future Phase II project involves a proposed three-level building of approximately 58,000 gross square feet for primary use by the Division of Life Sciences and the Division of Earth and Physical Sciences. It will provide general purpose lecture and classrooms, instructional laboratories, animal holding facilities, faculty offices, exhibition and study areas and support spaces.

The Phase II project will also include remodeling of approximately 23,500 net assignable square feet of existing, randomly located spaces in the Science and Multidisciplinary Studies Buildings. These spaces will be remodeled following relocation of present functions to the new Phase I and Phase II buildings.

The Phase I project is within the scope of the Capital Improvement Program approved by the U. T. Board of Regents on January 14, 1987.

8. U. T. San Antonio - New Surface Parking Facility: Authorization for Project; Approval for Submission to the Coordinating Board; Authorization for Completion of Final Plans; Authorization to Advertise for Bids and for Executive Committee to Award Contract; and Appropriation Therefor.--In order to meet the growing demand for additional parking facilities at The University of Texas at San Antonio, the Finance and Audit, Academic Affairs and Buildings and Grounds Committees recommended and the Board:
- a. Authorized the construction of a new surface parking facility at U. T. San Antonio at an estimated total project cost of \$600,000
 - b. Authorized submission of the project to the Texas Higher Education Coordinating Board
 - c. Authorized completion of final plans and specifications by U. T. San Antonio Administration with its own forces or through contract services as required, in consultation with the Office of Facilities Planning and Construction
 - d. Subject to Coordinating Board approval and final review of bidding documents, authorized the Office of Facilities Planning and Construction to advertise for bids
 - e. Authorized the Executive Committee to award a construction contract within the authorized total project cost
 - f. Appropriated \$600,000 from The University of Texas System General Revenue Subordinate Lien Notes for total project funding.

Preliminary analysis of this project indicates that construction of an additional parking lot containing 595 spaces should solve the parking problems for at least three (3) years, assuming 2-3% enrollment increases each year.

9. U. T. Southwestern Medical Center - Dallas - Magnetic Resonance Imaging Center (Project No. 303-674): Approval to Waive the Regents' Rules and Regulations, Part One, Chapter VIII, Section 1, Subsection 1.1 (Naming of Buildings and Other Facilities) and to Name the Magnetic Resonance Imaging Center The Mary Nell and Ralph B. Rogers Magnetic Resonance Center.--Approval was given to waive the Regents' Rules and Regulations, Part One, Chapter VIII, Section 1, Subsection 1.1, which requires that persons in whose honor a building is to be named "shall have been deceased at least five years," and to name the new Magnetic Resonance Imaging Center at The University of Texas Southwestern Medical Center at Dallas as The Mary Nell and Ralph B. Rogers Magnetic Resonance Center.

The naming of this Magnetic Resonance Imaging Center is a fitting tribute to Mr. and Mrs. Ralph Rogers and recognizes their continuing and generous support to the programs of the U. T. Southwestern Medical Center - Dallas and to the enhancement of health care resources in the Dallas area.

10. U. T. Southwestern Medical Center - Dallas - McDermott Academic Administration Building and McDermott Plaza Waterproofing (Project No. 303-639.1): Authorization to Increase Project Scope and Total Project Cost; Submission to Coordinating Board; and Additional Appropriation Therefor.--Upon recommendation of the Finance and Audit and Buildings and Grounds Committees, the Board:

- a. Authorized an increase in the scope of the project for waterproofing of the McDermott Academic Administration Building and McDermott Plaza at The University of Texas Southwestern Medical Center at Dallas to include removal, reconstruction and waterproofing of plaza planters and approved an increase in total project cost from \$1,550,000 to \$2,103,000
- b. Authorized submission of the increased project scope to the Texas Higher Education Coordinating Board
- c. Appropriated \$50,000 from gift funds previously received from the McDermott Foundation and \$503,000 from institutional interest income funds for total project funding. Previous appropriations had been \$775,000 from Permanent University Fund Bond Proceeds as part of the Capital Improvement Program Repair and Rehabilitation Projects in June 1986 and \$775,000 from institutional interest income funds.

In December 1986, the U. T. Board of Regents approved renovation and repair work to provide much needed waterproofing of the McDermott Academic Administration Building and McDermott Plaza at the U. T. Southwestern Medical Center - Dallas at an estimated total project cost of \$1,550,000. The Coordinating Board subsequently approved the project, and preliminary site preparation work began in Autumn 1987. In the course of the preliminary work, it became apparent that the problem is more widespread than had been anticipated. Specifically, it will be necessary to waterproof under the Plaza planters as well as under the general pavements. This will entail removal of the planters and their subsequent reconstruction. The extra expense associated with the necessary work will bring the total project cost to \$2,103,000.

The previously authorized project scope was approved by the Coordinating Board in January 1987.

11. U. T. Medical Branch - Galveston - Renovation of Brackenridge Hall: Authorization for Project; Appointment of The White Budd VanNess Partnership, Houston, Texas, Project Architect to Prepare Preliminary Plans; and Appropriation Therefore.--The Board, upon recommendation of the Finance and Audit, Health Affairs and Buildings and Grounds Committees:

- a. Authorized a project for the renovation of Brackenridge Hall for the Department of Internal Medicine at The University of Texas Medical Branch at Galveston at an estimated total project cost of \$2,500,000

- b. Appointed the firm of The White Budd VanNess Partnership, Houston, Texas, Project Architect to prepare preliminary plans and a detailed cost estimate to be presented to the U. T. Board of Regents for consideration at a future meeting
- c. Appropriated \$2,500,000 from Educational and General Funds.

This project consists of remodeling the first and second floors of Brackenridge Hall (approximately 14,500 gross square feet). This newly created research space will be used to consolidate investigators from the Division of Cardiology within the Department of Internal Medicine with a common programmatic theme and will have the advantage of creating an environment which will foster collaboration and the sharing of resources. To facilitate this type of collaboration, the building will be designed with relatively few, but large, laboratories and will contain office areas for the investigators and support personnel.

Funds for this project were transferred by the U. T. Board of Regents in December 1984 from Unappropriated Educational and General Funds Balance.

12. U. T. Medical Branch - Galveston - Maurice Ewing Hall - Renovation (Project No. 601-673): Approval of Preliminary Plans; Approval for Submission to the Coordinating Board; Authorization to Prepare Final Plans, Advertise for Bids and for Executive Committee to Award Contracts; and Additional Appropriation Therefor.--Mr. Gary Merkel, representing the Project Architect, Hightower-Alexander, Inc., Bellaire, Texas, presented the preliminary plans for the renovation of Maurice Ewing Hall at The University of Texas Medical Branch at Galveston to the Buildings and Grounds Committee.

Based upon this presentation, additional comments by President James and the recommendation of the Finance and Audit and Buildings and Grounds Committees, the Board:

- a. Approved preliminary plans for the renovation of Maurice Ewing Hall at the U. T. Medical Branch - Galveston at an estimated total project cost of \$4,767,000
- b. Authorized submission of the project to the Texas Higher Education Coordinating Board
- c. Subject to approval of the Coordinating Board, authorized the Project Architect to prepare final plans and specifications and authorized the Office of Facilities Planning and Construction to advertise for bids upon completion of final review
- d. Authorized the Executive Committee to award all contracts associated with this project within the authorized total project cost
- e. Appropriated \$3,717,000 from the U. T. Medical Branch - Galveston Plant Funds - Renewals and Replacements for total project funding. Previous appropriations had been \$1,050,000 from Permanent University Fund Bond Proceeds.

This project involves renovation of a 49,327 gross square foot building formerly occupied by The University of Texas at Austin Marine Science Institute and originally designed primarily as an office building. In order to provide the proper laboratory facilities required by the U. T. Medical Branch - Galveston, the building will be completely renovated, and new laboratory case work, fume hoods, deionized water system, acid waste system and proper electrical wiring will be installed. Also special heating, ventilation and air conditioning systems will be required for laboratories classified as being hazardous or requiring clean room conditions. The new cooling load will require 90 tons additional capacity and a new 4" chilled water supply and return installed parallel to the existing 4" system from the Central Chilling Plant across The Strand Boulevard.

This project is a part of the Capital Improvement Program.

13. U. T. Medical Branch - Galveston - Keiller Building Renovation and Reroofing (Project No. 601-664): Authorization to Prepare Final Plans for Phase I - Reroofing and Advertisement for Bids by U. T. Medical Branch - Galveston Administration; Approval for Submission to the Coordinating Board; and Authorization for Executive Committee to Award Reroofing Contract.--Upon recommendation of the Buildings and Grounds Committee, the Board:

- a. Authorized the U. T. Medical Branch - Galveston Administration to prepare final plans and specifications for the first phase, replacement of roof, of the Keiller Building Renovation and Reroofing project at The University of Texas Medical Branch at Galveston, in consultation with the Office of Facilities Planning and Construction, at an estimated Phase I - Reroofing project cost of \$750,000
- b. Authorized submission of the Phase I - Reroofing project to the Texas Higher Education Coordinating Board
- c. Subject to approval by the Coordinating Board, authorized the U. T. Medical Branch - Galveston Administration to advertise for bids
- d. Authorized the Executive Committee to award construction contract for the Phase I - Reroofing project within the authorized total project cost.

Due to many leaks, it is imperative that the Keiller Building roof be replaced before renovation of the building begins. In addition to the total replacement of the clay tile roof, the patio area on the south side of the building (which actually forms a portion of the fourth floor) must be enclosed and have a copper roof installed. This area is very vulnerable to hurricane damage. There also is an area of flat roof which presently has a built-up roof with tar and gravel which would be replaced with a single ply roof with laminated concrete and insulation for ballast. The guttering will be replaced with new copper material and the existing downspouts will be reused.

14. U. T. Health Science Center - San Antonio - Expansion of Central Energy Plant: Authorization to Prepare Project Analysis; Appointment of Wm. E. Wallis & Associates, San Antonio, Texas, Consulting Engineer; and Appropriation Therefor.--A recent analysis of chilled water utilization on the campus of The University of Texas Health Science Center at San Antonio indicated the need for a feasibility study to determine the necessity of adding a chilling unit to the central energy plant. Therefore, the Buildings and Grounds Committee recommended and the Board:

- a. Authorized the preparation of a project analysis to study the system capacity of the central energy plant at the U. T. Health Science Center - San Antonio and make recommendations concerning the feasibility/advisability of plant expansion
- b. Appointed the firm of Wm. E. Wallis & Associates, San Antonio, Texas, as Consulting Engineer to prepare the project analysis to be presented to the U. T. Board of Regents for consideration at a future meeting
- c. Appropriated \$35,000 from U. T. Health Science Center - San Antonio Unexpended Plant Funds for fees and administrative expenses through completion of the project analysis.

The central energy plant on the U. T. Health Science Center - San Antonio campus serves not only the Health Science Center but the Medical Center Hospital and the Audie L. Murphy Memorial Veterans Hospital. In addition to the U. T. Health Science Center - San Antonio expansion, both hospitals have major expansion programs underway which need to be considered, but it appears that the reserve capacity under the present contract for both the Bexar County Hospital District and the Veterans' Administration Hospital will be adequate to cover their needs for the next several years.

15. U. T. Cancer Center - M. D. Anderson Hospital - Upgrading of Mechanical Systems - Phase II: Authorization for Project; Appointment of Burns DeLatte and McCoy, Inc., Houston, Texas, Project Engineer to Prepare Preliminary Plans; and Appropriation Therefor.--In order to comply with regulatory codes and the requirements of the Joint Commission on Accreditation of Hospitals and upon recommendation of the Buildings and Grounds Committee, the Board:

- a. Authorized a project for the upgrading of the mechanical systems in the original clinic areas of M. D. Anderson Hospital of The University of Texas System Cancer Center
- b. Appointed the firm of Burns DeLatte and McCoy, Inc., Houston, Texas, as Project Engineer to conduct a study to determine the most efficient mechanical system and prepare preliminary plans and a detailed cost estimate to be presented to the U. T. Board of Regents for consideration at a future meeting

- c. Appropriated \$150,000 from U. T. Cancer Center Account No. 101717 Provision for Remodeling and Upgrading of Facilities for fees and related expenses through completion of preliminary plans.

This project involves the upgrading of the mechanical and engineering systems in the original clinic area of M. D. Anderson Hospital of the U. T. Cancer Center. These areas contain the mechanical systems installed when the building was constructed in 1954.

With completion of the Clark Clinic Addition, services and clinics which had been housed in the old clinic have now been relocated. An excellent opportunity exists to do the upgrade while the space is vacant.

REPORT AND RECOMMENDATIONS OF THE LAND AND INVESTMENT COMMITTEE (Pages 90 - 128).--Committee Chairman Ratliff reported that the Land and Investment Committee had met in open session to consider those matters on its agenda and to formulate recommendations for the U. T. Board of Regents. Unless otherwise indicated, all actions set forth in the Minute Orders which follow were recommended by the Land and Investment Committee and approved in open session and without objection by the U. T. Board of Regents.

The execution of documents authorized in this report will be in accordance with the Regents' Rules and Regulations, Part Two, Chapter IX, Section 1.3 as set forth below:

- 1.3 Authority to Execute Instruments Relating to Land and Mineral Interests.--The Chairman of the Board, the Vice-Chairmen, the Chancellor, or his or her delegate, and the Executive Vice Chancellor for Asset Management are each authorized to execute conveyances, deeds, surface and/or mineral leases, easements, rights-of-way, oil and gas division orders, and transfer orders, geophysical and material source permits, water contracts, pooling and unitization agreements, and any other instruments as may be necessary or appropriate from time to time, relating to the handling, management, control, and disposition of any real estate or mineral interest held or controlled by the Board as a part of the PUF or as a part of any trust or special fund.

I. PERMANENT UNIVERSITY FUND

A. Investment Matters

Report on Clearance of Monies to Permanent University Fund for November and December 1987 and Report on Oil and Gas Development as of December 31, 1987.--The following reports with respect to (a) certain monies cleared to the Permanent University Fund for November and December 1987, and (b) Oil and Gas Development as of December 31, 1987, were submitted by the Executive Vice Chancellor for Asset Management:

Permanent University Fund	<u>November 1987</u>	<u>December 1987</u>	<u>Cumulative Through December of this Fiscal Year (1987-1988)</u>	<u>Cumulative Through December of Preceding Fiscal Year (1986-1987)</u>	<u>Per Cent Change</u>
Royalty					
Oil	\$4,505,284.47	\$5,197,708.57	\$19,758,044.01	\$15,414,531.50	28.18%
Gas	1,659,937.00	2,071,183.15	7,877,672.24	7,994,610.53	-1.46%
Sulphur	10,000.00	10,000.00	40,091.65	40,000.00	
Water	34,156.37	38,365.53	239,365.62	199,933.58	
Brine	3,335.88	5,057.26	17,226.07	12,223.89	
Trace Minerals	0.00	0.00	0.00	0.00	
Rental					
Oil and Gas Leases	23,745.99	62,181.75	360,498.58	375,012.51	
Other	400.00	300.00	500.00	3,163.64	
Sale of Sand, Gravel, Etc.	2,182.50	0.00	2,787.30	0.00	
Gain or (Loss) on Sale of Securities	<u>(8,532,047.44)</u>	<u>(235,360.66)</u>	<u>31,094,209.67</u>	<u>37,944,372.43</u>	
Sub-Total	<u>(2,293,005.23)</u>	<u>7,149,435.60</u>	<u>59,390,395.14</u>	<u>61,983,848.08</u>	<u>-4.18%</u>
Bonuses					
Oil and Gas Lease Sales	0.00	0.00	1,524,896.64	0.00	
Amendments and Extensions to Mineral Leases	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>(9,013.56)</u>	
Total Bonuses	<u>0.00</u>	<u>0.00</u>	<u>1,524,896.64</u>	<u>(9,013.56)</u>	
TOTAL CLEARANCES	<u><u>(\$2,293,005.23)</u></u>	<u><u>\$7,149,435.60</u></u>	<u><u>\$60,915,291.78</u></u>	<u><u>\$61,974,834.52</u></u>	<u><u>-1.71%</u></u>

Oil and Gas Development - December 31, 1987
Acreage Under Lease - 682,787

Number of Producing Acres - 551,715

Number of Producing Leases - 2,400

B. LAND MATTERS

1. Permanent University Fund: Approval to Set Aside 44 Sections of Permanent University Fund Lands in Pecos County, Texas, for Exclusive Use by U. T. Austin for a Testing Range for the Development of an Electromagnetic Gun.--Pursuant to Section 66.41 of the Texas Education Code, which gives the U. T. Board of Regents the sole and exclusive management and control of the land set aside and appropriated to, or acquired by, the Permanent University Fund, the Board:
 - a. Permitted The University of Texas at Austin to have exclusive use of that portion of the Permanent University Fund Lands described below and located in Pecos County, Texas, for the purpose of a testing range for the development of an electromagnetic gun in collaboration with the Department of Defense
 - b. Authorized annual payments by U. T. Austin to the Available University Fund from Federal grants at an annual rate of \$2.00 per acre for the first five years to offset the income that would have been realized from the surface leasing of these sections with such annual rate to be renegotiated at the end of the first five years and each five years thereafter
 - c. Advised the Board for Lease of University Lands that, except as set forth below, the 28,160 acres located in Sections 14-17 and 19-36 of Block 24, Sections 7 and 8 of Block 25, and Sections 2-15 and 18-23 of Block 26, Pecos County, Texas, are not available to oil and gas development so long as U. T. Austin has need for these lands for the electromagnetic gun research program.

At the current time, Section 21 and the North one-half of Section 22, Block 26, are under lease for oil and gas, and Sections 11, 12, 22 and 23, Block 26, are covered by a sulphur lease. The acreage covered by oil and gas leases is on the outer boundary for the testing range and could be excluded in the event there is production from this acreage. These oil and gas leases will terminate in October 1989, if there is no oil or gas production. The sulphur lease covering four sections will be modified to accommodate the testing range activities.

Sections 8, 9, 10, 23 and the Northwest one-quarter of Section 7 in Block 26 were nominated and are included in the tracts being offered in the 77th Oil and Gas Lease Sale scheduled for February 18, 1988. This acreage is not critical for the testing range and could be excluded if leased for oil and gas development.

To date, U. T. Austin has received \$21.9 million under contracts from the Department of Defense for development of an electromagnetic gun. It is anticipated that an additional \$20 million will be available to U. T. Austin from the Department of Defense for this purpose. It is projected that this program could continue for approximately twenty years.

See Item 2 below related to Sulphur Mining Lease No. 16.

2. Permanent University Fund: Authorization to Amend Sulphur Mining Lease No. 16 (Texasgulf Inc., Raleigh, North Carolina, Lessee) on Permanent University Fund Lands Located in Pecos County, Texas.--The Board authorized the amendment of Sulphur Mining Lease No. 16 set out on Pages 94 - 98 by and between the U. T. Board of Regents and Texasgulf Inc., Raleigh, North Carolina, covering Permanent University Fund Lands located in Sections 11, 12, 22 and 23 in Block 26, Pecos County, Texas. The basic amendments to the lease are summarized below:
- a. Effective January 1, 1988, Texasgulf Inc., Raleigh, North Carolina, will have a ten-year option to pay the Permanent University Fund an annual \$25,000 shut-in payment in lieu of actual production
 - b. Texasgulf Inc. will forfeit its right to recoup all previous shut-in payments tendered under the 1983 Shut-in Amendment which now totals \$510,000
 - c. Texasgulf Inc. will continue to pay the Permanent University Fund a 1/6th royalty on all sulphur produced from University Lands and an overriding royalty of 1.13% on all sulphur produced from private lands and processed through the plant located on the leased premises. This royalty shall not be less than \$1.00 per ton on all such production.
 - d. Texasgulf Inc. agrees that its mining operations will be conducted in a manner which is compatible with the activities of The University of Texas at Austin at the testing range of the electromagnetic gun.

This amendment will ensure that the Permanent University Fund continues to receive royalty payments during a period of depressed sulphur prices and will give Texasgulf Inc. an opportunity to evaluate its mining operations on its Comanche Creek Mine located on Permanent University Fund Lands, which has been shut down since November 1983, to determine whether future operations are economical. The Permanent University Fund has received approximately \$22,000,000 in bonuses, rentals and royalties from Sulphur Lease No. 16 since 1975. Preliminary reserve studies show one and one-half million long tons of sulphur are still in place on this lease, and based on present prices, the University would receive an additional \$15,000,000 as royalty. The overriding royalty interest provided for under the amendment could pay the University an additional \$300,000 per year.

The remaining sulphur reserves on this lease are marginal production, and Texasgulf Inc. is the best lessee to mine such reserves.

See related item on Page 92 .

BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM
Shut-Down Amendment No. 2 to Sulphur Mining Lease No. 16

STATE OF TEXAS)
) KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF PECOS)

This Lease Amendment made and entered into as of the 1st day of January, 1988, by and between the BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM, acting pursuant to Section 66.44 of the Texas Education Code, herein called "Lessor", and TEXASGULF INC., a Delaware corporation, whose address is 3101 Glenwood Avenue, Raleigh, North Carolina 27612, hereinafter called "Lessee",

WITNESSETH:

WHEREAS on the 12th day of December, 1973, Lessor entered into Sulphur Mining Lease No. 16 with Texasgulf Inc., a Texas corporation, Lessee's predecessor-in-interest by way of merger, covering 7,680 acres of land, more or less, situated in Pecos County, Texas, which Lease is recorded in Volume 444 at Pages 222 et seq. of the Lease Records of Pecos County, Texas, reference to which Lease and the record thereof is here made for all purposes; and

WHEREAS, said Sulphur Mining Lease was amended as of the 1st day of January, 1983; and said Sulphur Mining Lease was further amended as of the 1st day of October, 1983, which Lease, so amended, is sometimes hereinafter referred to as "the Lease" and is presently in full force and effect; and

WHEREAS, poor market conditions for the sale of sulphur from the Leased Premises is continuing to preclude the re-commencement of sulphur producing operations; and

WHEREAS, it is the desire of the Parties to further amend the Lease so as to facilitate the continued maintenance of the Lease and Lessee's plant and facilities located

thereon, to allow the continued suspension of sulphur operations on the Leased Premises for a period of no more than ten (10) years, and to accommodate the operation of an electromagnetic gun in the vicinity of the Leased Premises, all subject to the terms and conditions hereinafter stated.

NOW, THEREFORE, for and in consideration of the premises and of the mutual benefits which will accrue to the Lessor and to the Lessee hereunder, it is agreed that the Lease shall be and the same is hereby further amended so that new Paragraphs 18. and 19. shall be added thereto immediately after the present Paragraph 17., reading as follows:

"18.A. Effective as of January 1, 1988 Lessee shall be relieved of the obligation, which is described in the Shut-Down Amendment to Lease, to tender to Lessor monthly payments of \$10,000 in order to maintain the Lease in the absence of production. The monthly payments tendered to Lessor by Lessee for January and February, 1988 shall be credited toward the satisfaction of the 1988 annual payment described in Subparagraph B. below.

"B. The Lease may be maintained by Lessee in the absence of production on a year-to-year basis from January 1, 1988 through December 31, 1997 by Lessee's tendering annually to Lessor on or before January 15th of each year a single lump sum payment of \$25,000; provided, however, Lessee's annual payment for 1988 shall be tendered to Lessor on or before March 1, 1988 (less the amount of the credits described in Section 1. above). The production of sulphur from time to time from the Leased Premises during any such annual period shall not terminate Lessee's rights to maintain the Lease pursuant to this Paragraph 18, subject to the payment of royalties (but not the minimum advance royalty) to Lessor on production from the Leased Premises.

"C. In the event Lessee is conducting mining, development, producing or reworking operations on the Leased Premises on or within sixty (60) days prior to December 31, 1997, this Lease shall remain in full force and effect so long as such operations continue in good faith and in a workmanlike manner without interruptions totaling more than sixty (60) days during any one such operation; and if such operations result in the production of sulphur, this Lease shall remain in full force and effect so long as sulphur is produced from the Leased Premises in paying quantities without a cessation of more than sixty (60) consecutive days.

"D. In the event Lessee produces sulphur from and after the date hereof from wells or properties located off the Leased Premises through the sulphur production facilities which are located on the Leased Premises, Lessee shall pay Lessor an overriding royalty on all such sulphur production of 1.13% calculated and paid in the same manner reflected in Paragraph 4 (b) of the Lease, as recited in the Amendment to Sulphur Mining Lease No. 16, dated as of the 1st day of January, 1983. In no event, however, shall the amount payable to Lessor on such production be less than \$1.00 per ton.

"E. Lessee hereby surrenders all rights to recoup or recover the Shut-In Royalty payments made to Lessor pursuant to the Shut-Down Amendment to Sulphur Mining Lease No. 16, dated as of the 1st day of October, 1983.

"F. In the event of a conflict between the terms of this Paragraph 18. and the other terms and provisions of the Lease (including the previous Amendments thereto), the terms of this Paragraph 18. shall govern".

19. Lessee shall conduct its mining operations in such a manner as is compatible with the test range of an electromagnetic gun. In connection with the above, the parties shall use all reasonable efforts to accommodate both

the mining operations of Lessee and the test range operations of Lessor or its third party grantee or designee. This paragraph shall not be deemed to constitute a waiver by Lessee of any rights it may have to claim or recover damages or losses arising from the operations of Lessor or third parties.

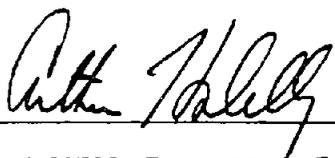
Except as hereinabove set forth, the Lease (including the previous Amendments thereto) shall remain in full force and effect as presently written.

EXECUTED by the parties in triplicate originals as of the effective date first written above.

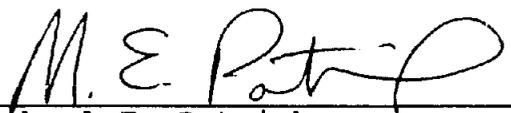
LESSOR:

ATTEST:

BOARD OF REGENTS OF THE
UNIVERSITY OF TEXAS SYSTEM



ARTHUR H. DILLY

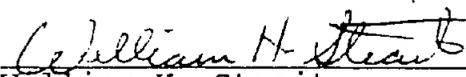
By: 

Michael E. Patrick
Executive Vice Chancellor
for Asset Management

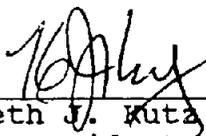
LESSEE:

ATTEST:

TEXASGULF INC.



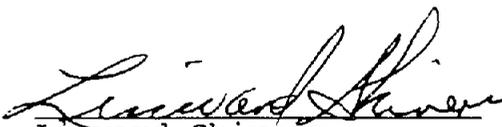
William H. Strait
Assistant Secretary

By: 

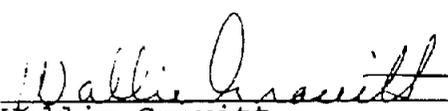
Kenneth J. Kuta
Vice President

Approved as to Form:

Approved as to Content:



Linward Shivers
University Attorney



Wallie Gravitt
Manager, University Lands--
Oil, Gas and Mineral Interests

THE STATE OF TEXAS)
) SS
COUNTY OF TRAVIS)

This instrument was acknowledged before me on March, 1988, by Michael E. Patrick, Executive Vice Chancellor for Asset Management of the Board of Regents of the University of Texas System, on behalf of said Board.

Carolyn Wolute
Notary Public, State of Texas

My commission expires:

12/17/89

THE STATE OF COLORADO)
) SS
COUNTY OF JEFFERSON)

This instrument was acknowledged before me on February 17, 1988, by Kenneth J. Kutz, Vice President of Texasgulf Inc.

James Bruce
Notary Public for Jefferson
County, State of Colorado
11175-CJ. 17th
Lakewood, CO 80215

My commission expires:

Nov. 5, 1991

II. TRUST AND SPECIAL FUNDS

A. GIFTS, BEQUESTS AND ESTATES

1. U. T. Arlington: Acceptance of Gift of a 15 Acre Tract of Land Located in Baylor County, Texas, from Mr. Ted B. Court, Arlington, Texas.--Upon recommendation of the Land and Investment Committee, the Board accepted a gift of land being 15 undivided acres out of a 181.185 acre tract in Baylor County, Texas, from Mr. Ted B. Court, Arlington, Texas. Mr. Court has placed a value of \$500 per acre or \$7,500 on this gift. Proceeds from the sale of the property are for the unrestricted use of the President of The University of Texas at Arlington.

2. U. T. Arlington: Establishment of The Hazel M. Jay Research Endowment in the School of Nursing.--Approval was given to accept a \$32,000 transfer of previously reported gifts from current restricted funds and to establish The Hazel M. Jay Research Endowment in the School of Nursing at The University of Texas at Arlington.

Income from The Hazel M. Jay Research Endowment will be used for general research purposes including an annual award of \$350 to a student, faculty, or community member to support travel to present research findings with potential application to clinical practice and education. The recipient, to be chosen by a Research Committee, will be honored at graduation ceremonies in May.

3. U. T. Arlington, U. T. Austin, and U. T. El Paso: Acceptance of Trust Allocations from James H. and Minnie M. Edmonds Educational Foundation, Houston, Texas.--The Board, upon recommendation of the Land and Investment Committee, accepted Trust allocations from the James H. and Minnie M. Edmonds Educational Foundation, Houston, Texas, to be distributed on July 25, 1990, with an anticipated value of \$1,500,000 for The University of Texas at Austin and \$250,000 each for The University of Texas at Arlington and The University of Texas at El Paso to be used for scholarship endowments. A final report of the distributions and endowment title designations will be made at a later date.

4. U. T. Austin: Acceptance of Gift and Pledge from Mrs. William H. Arlitt, San Antonio, Texas, and Establishment of the William H. Arlitt Professorship in the College of Business Administration and the Graduate School of Business and Eligibility for Matching Funds Under The Regents' Endowed Teachers and Scholars Program and Establishment of the William H. Arlitt Lecture-ship in Economics in the College of Liberal Arts.--The Land and Investment Committee recommended and the Board accepted a \$10,000 gift and \$90,000 pledge, payable in nine annual installments prior to August 31, 1996, for a total of \$100,000 from Mrs. William H. Arlitt, San Antonio, Texas, and established the William H. Arlitt Professorship in the College of Business Administration and the Graduate School of Business at The University of Texas at Austin.

Further, \$25,000 of the gift and pledge as received prior to August 31, 1991, will be eligible for matching under The Regents' Endowed Teachers and Scholars Program and will be used to establish the William H. Arlitt Lectureship in Economics in the Department of Economics, College of Liberal Arts, at U. T. Austin.

5. U. T. Austin: Acceptance of Gift and Pledge from Arnold, White & Durkee, Houston, Texas, and Establishment of the Tom Arnold Endowed Presidential Scholarship in Law in the School of Law and Eligibility for Matching Funds Under The Regents' Endowed Student Fellowship and Scholarship Program.--Upon recommendation of the Land and Investment Committee, the Board accepted an \$8,333.33 gift and \$16,666.67 pledge, payable prior to August 31, 1989, from Arnold, White & Durkee, Houston, Texas, and a \$12,500 transfer of previously reported gifts from current restricted funds and established the Tom Arnold Endowed Presidential Scholarship in Law in the School of Law at The University of Texas at Austin.

Income earned from the endowment will be used to award student scholarships with preference given to those with engineering, physics or chemistry undergraduate degrees. Awards will be based on need or merit and allocated so that one-third of the income is awarded to an entering student each year. That student will be eligible for continued support during their remaining years in the School of Law.

Further, \$12,500 in matching funds will be allocated as received under The Regents' Endowed Student Fellowship and Scholarship Program and will be used to increase the endowment for a total of \$50,000.

6. U. T. Austin: Gordon Clark Bennett Endowed Scholarship in Home Economics in the College of Natural Sciences - Acceptance of Additional Gift from Mr. O. V. Bennett, Jr., Austin, Texas, and Eligibility for Matching Funds Under The Regents' Endowed Student Fellowship and Scholarship Program.--The Board, upon recommendation of the Land and Investment Committee, accepted a \$10,000 gift from Mr. O. V. Bennett, Jr., Austin, Texas, for addition to the Gordon Clark Bennett Endowed Scholarship in Home Economics in the Department of Home Economics, College of Natural Sciences, at The University of Texas at Austin.

Further, \$5,000 in matching funds will be allocated under The Regents' Endowed Student Fellowship and Scholarship Program and will be used to increase the endowment for a total of \$25,000.

7. U. T. Austin: Establishment of the L. Joe Berry Memorial Fund in the College of Natural Sciences.--The Land and Investment Committee recommended and the Board accepted \$10,227 in gifts from various donors and established the L. Joe Berry Memorial Fund in the Department of Microbiology, College of Natural Sciences, at The University of Texas at Austin.

Income earned from the endowment will be used to provide scholarships for students in the Department of Microbiology.

8. U. T. Austin: Acceptance of Gift from Mr. and Mrs. Tom Alexander, Houston, Texas, and Establishment of the Jack Binion Scholarship in the School of Law and Eligibility for Matching Funds Under The Regents' Endowed Student Fellowship and Scholarship Program.--The Board accepted a \$25,000 gift from Mr. and Mrs. Tom Alexander, Houston, Texas, and a \$12,500 transfer of previously reported gifts from current restricted funds and established the Jack Binion Scholarship in the School of Law at The University of Texas at Austin.

Income earned from the endowment will be used to award scholarships based on need and merit to students in the School of Law.

Further, \$12,500 in matching funds will be allocated under The Regents' Endowed Student Fellowship and Scholarship Program and will be used to increase the endowment for a total of \$50,000.

9. U. T. Austin: Acceptance of Gifts from an Anonymous Donor and the David Bruton, Jr. Charitable Trust, Dallas, Texas, and Establishment of the David Bruton, Jr. Graduate Fellowships in Mathematics in the College of Natural Sciences and Eligibility for Matching Funds Under The Regents' Endowed Student Fellowship and Scholarship Program.--Upon recommendation of the Land and Investment Committee, the Board accepted a \$300,000 gift from an anonymous donor and a \$100,000 gift from the David Bruton, Jr. Charitable Trust, Dallas, Texas, for a total of \$400,000 and established the David Bruton, Jr. Graduate Fellowships in Mathematics in the Department of Mathematics, College of Natural Sciences, at The University of Texas at Austin.

Income earned from the endowment will be used to award ten graduate student fellowships and any unexpended income will be added to the endowment.

Further, \$200,000 in matching funds will be allocated under The Regents' Endowed Student Fellowship and Scholarship Program and will be used to increase the endowment for a total of \$600,000 with ten fellowships represented at \$60,000 each.

10. U. T. Austin: Acceptance of Gifts from Mr. and Mrs. Joseph D. Jamail, Jr., Houston, Texas, and Mr. and Mrs. Darrell Royal, Spicewood, Texas, and Establishment of the Earl Campbell Endowed Presidential Scholarship in the College of Communication and Eligibility for Matching Funds Under The Regents' Endowed Student Fellowship and Scholarship Program.--The Land and Investment Committee recommended and the Board accepted gifts totaling \$25,000 from Mr. and Mrs. Joseph D. Jamail, Jr., Houston, Texas, and Mr. and Mrs. Darrell Royal, Spicewood, Texas, and established the Earl Campbell Endowed Presidential Scholarship in the College of Communication at The University of Texas at Austin.

Income earned from the endowment will be used to award scholarships to undergraduate minority students in the College of Communication.

Further, \$12,500 in matching funds will be allocated under The Regents' Endowed Student Fellowship and Scholarship Program and will be used to increase the endowment to \$37,500.

11. U. T. Austin: Approval to Accept Gifts and to Establish the Chemical Engineering Class of 1943 Undergraduate Unit-Operations Laboratory Endowment in the College of Engineering (No Publicity).--Approval was given to accept gifts in excess of \$25,000 from the graduates of the Department of Chemical Engineering Class of 1943 at The University of Texas at Austin and to establish the Chemical Engineering Class of 1943 Undergraduate Unit-Operations Laboratory Endowment in the College of Engineering at U. T. Austin.

Income earned from the endowment will be used to maintain the laboratory and equipment in the room.

See Page 57 related to naming a room in the new Chemical and Petroleum Engineering Building at U. T. Austin.

It was requested that no publicity be given to this matter.

12. U. T. Austin: Acceptance of Gifts from Various Donors and Corporate Matching Funds from MCorp, Dallas, Texas, and Establishment of the George L. Clark Scholarship Fund and Eligibility for Matching Funds Under The Regents' Endowed Student Fellowship and Scholarship Program.--The Board, upon recommendation of the Land and Investment Committee, accepted gifts of \$200,825 from various donors and dollar for dollar corporate matching funds from MCorp, Dallas, Texas, for a total of \$401,650 and established the George L. Clark Scholarship Fund at The University of Texas at Austin. Additional gifts and matching funds are anticipated which will fund the endowment at a level of \$500,000.

Income earned from the endowment will be used to award scholarships to Texas residents demonstrating academic success, leadership, character and community service. Selection of recipients will be made by a committee consisting of two members of the faculty or staff of U. T. Austin and two representatives appointed by MCorp or its successor corporation.

Further, \$100,412.50 in matching funds will be allocated under The Regents' Endowed Student Fellowship and Scholarship Program and will be used to increase the endowment.

13. U. T. Austin: Ernest and Virginia Cockrell, Jr. Scholarship Fund in Engineering in the College of Engineering - Acceptance of Additional Gift from the Cockrell Foundation, Houston, Texas, and Eligibility for Matching Funds Under The Regents' Endowed Student Fellowship and Scholarship Program.--Upon recommendation of the Land and Investment Committee, the Board accepted a \$333,000 gift from the Cockrell Foundation, Houston, Texas, for addition to the Ernest and Virginia Cockrell, Jr. Scholarship Fund in Engineering in the College of Engineering at The University of Texas at Austin.

Further, \$166,500 in matching funds will be allocated under The Regents' Endowed Student Fellowship and Scholarship Program and will be used to increase the endowment to a total of \$2,633,561.45.

14. U. T. Austin: Dow Chemical U.S.A. Centennial Endowed Presidential Scholarship in the College of Natural Sciences - Acceptance of Additional Gift from the Dow Chemical Company Foundation, Midland, Michigan, and Eligibility for Matching Funds Under The Regents' Endowed Student Fellowship and Scholarship Program.--The Board accepted a \$10,000 gift from the Dow Chemical Company Foundation, Midland, Michigan, for addition to the Dow Chemical U.S.A. Centennial Endowed Presidential Scholarship in the Department of Chemistry, College of Natural Sciences, at The University of Texas at Austin.

Further, \$5,000 in matching funds will be allocated under The Regents' Endowed Student Fellowship and Scholarship Program and will be used to increase the endowment to a total of \$40,000.

15. U. T. Austin: Establishment of the Harry Dow Memorial Scholarship in the School of Law.--At the request of the Law School Foundation (an external foundation), the Harry Dow Memorial Scholarship was established in the School of Law at The University of Texas at Austin in accordance with the Regents' Rules and Regulations. The funding for this Scholarship (\$10,000) will be retained by the Law School Foundation and will be administered per the agreement between the Foundation and the U. T. Board of Regents.

Income earned from the endowment will be awarded to a student who has earned all or a part of their law school expenses and has otherwise met the criteria for financial aid in the School of Law.

16. U. T. Austin: Mary and J. Q. Edwards Centennial Lectureship in Liberal Arts in the College of Liberal Arts - Approval to Redesignate as the Mary and J. Q. Edwards Centennial Lectureship in British Studies.--Approval was given to redesignate the Mary and J. Q. Edwards Centennial Lectureship in Liberal Arts in the College of Liberal Arts as the Mary and J. Q. Edwards Centennial Lectureship in British Studies at The University of Texas at Austin.

This redesignation was made in accordance with an agreement among the donor and honoree of the endowment and the dean of the College of Liberal Arts.

17. U. T. Austin: Acceptance of Gift from an Anonymous Donor and Establishment of the Engineering Doctoral Fellowship Endowment in the College of Engineering and Eligibility for Matching Funds Under The Regents' Endowed Student Fellowship and Scholarship Program.--The Land and Investment Committee recommended and the Board accepted a \$1,200,000 gift from an anonymous donor and established the Engineering Doctoral Fellowship Endowment in the College of Engineering at The University of Texas at Austin.

Income earned from the endowment will be used to award twenty-four fellowships to doctoral students in the areas of microelectronics, computer engineering, materials science and engineering, and manufacturing systems engineering with any unexpended income added to the endowment each year.

Further, \$600,000 in matching funds will be allocated under The Regents' Endowed Student Fellowship and Scholarship Program and used to increase the endowment to \$1,800,000.

18. U. T. Austin: Acceptance of Gift from an Anonymous Donor and Establishment of the Engineering Foundation Library Collection in the College of Engineering.--The Board accepted a \$100,000 gift from an anonymous donor and established the Engineering Foundation Library Collection in the College of Engineering at The University of Texas at Austin.

Income earned from the endowment will be used to acquire intellectual materials for the library and any unexpended income will be added to the endowment each year.

19. U. T. Austin - Marie Betzner Morrow Centennial Chair in the College of Natural Sciences: Establishment of an Advisory Committee; Appointment of Nominees Thereto; and Provision for Filling Vacancies on the Advisory Committee.--At its October 1982 meeting, the U. T. Board of Regents accepted a gift and pledge from Mrs. Lorene Morrow Kelley of Edinburg, Texas, and established the Marie Betzner Morrow Centennial Chair in the Department of Microbiology, College of Natural Sciences, at The University of Texas at Austin. The terms of Mrs. Kelley's gift specified that there shall be an Advisory Committee to the U. T. Board of Regents for the Marie Betzner Morrow Centennial Chair consisting of three members appointed by the U. T. Board of Regents and two members named by Mrs. Kelley.

In accordance with the donor's wishes, the Board:

- a. Established an Advisory Committee to the U. T. Board of Regents for the Marie Betzner Morrow Centennial Chair in the Department of Microbiology, College of Natural Sciences, at U. T. Austin in accordance with the terms of Mrs. Lorene Morrow Kelley's gift
- b. Appointed the following as members of the Advisory Committee for the Marie Betzner Morrow Centennial Chair

For indefinite terms

Mr. Ralph Alexander (Independent Executor, Kelley Estate)
*Dr. Henry R. Bose, Jr. (U. T. Austin, Department of Microbiology)
*Dr. Dennis T. Brown (U. T. Austin, Department of Microbiology)
Mr. C. A. Liljestrang (Independent Executor, Kelley Estate)
*Dr. James R. Walker (U. T. Austin, Department of Microbiology)

* These nominees were appointed by the U. T. Board of Regents; the remaining nominees have been designated by the donor and were acknowledged by the U. T. Board of Regents.

- c. Authorized the President of U. T. Austin to appoint members to fill vacancies on the Advisory Committee as necessary to comply with the terms of the donor's gift.

20. U. T. Austin: Jewel Popham Raschke Memorial Scholarship for Mathematics Education in the College of Education - Acceptance of Additional Gift from Mr. and Mrs. Kerry Hawkins, Baton Rouge, Louisiana, and Corporate Matching Funds from Exxon Education Foundation, Florham Park, New Jersey, and Eligibility for Matching Funds Under The Regents' Endowed Student Fellowship and Scholarship Program.--The Board, upon recommendation of the Land and Investment Committee, accepted a \$4,950 gift from Mr. and Mrs. Kerry Hawkins, Baton Rouge, Louisiana, and \$14,850 in corporate matching funds from Exxon Education Foundation, Florham Park, New Jersey, for addition to the Jewel Popham Raschke Memorial Scholarship for Mathematics Education in the Department of Curriculum and Instruction, College of Education, at The University of Texas at Austin.

Further, \$9,900 in matching funds will be allocated under The Regents' Endowed Student Fellowship and Scholarship Program and will be used to increase the endowment to a total of \$55,410.

21. U. T. Austin: Acceptance of Gift from Mr. and Mrs. Tom Alexander, Houston, Texas, and Establishment of the George Rice Scholarship in the School of Law and Eligibility for Matching Funds Under The Regents' Endowed Student Fellowship and Scholarship Program.--Upon recommendation of the Land and Investment Committee, the Board accepted a \$25,000 gift from Mr. and Mrs. Tom Alexander, Houston, Texas, \$4,480 from various donors, and a \$14,740 transfer of previously reported gifts from current restricted funds and established the George Rice Scholarship in the School of Law at The University of Texas at Austin.

Income earned from the endowment will be used to award scholarships based on need and merit to students in the School of Law.

Further, \$14,740 in matching funds will be allocated under The Regents' Endowed Student Fellowship and Scholarship Program and will be used to increase the endowment for a total of \$58,960.

22. U. T. Austin: Louis Nicolas Vauquelin Regents Professorship in Inorganic Chemistry in the College of Natural Sciences - Approval to Extend Pledge Deadline and to Carry Forward Reserved Funds from The Regents' Endowed Teachers and Scholars Program (No Publicity).--Approval was given to extend the pledge deadline to August 31, 1989, on \$40,000 due for the Louis Nicolas Vauquelin Regents Professorship in Inorganic Chemistry in the College of Natural Sciences at The University of Texas at Austin.

Further, \$40,000 of funds reserved for the biennium ending August 31, 1987, under The Regents' Endowed Teachers and Scholars Program, will be carried forward to the biennium ending August 31, 1989, and reserved for the original purpose of establishing the Johann Friedrich Miescher Regents Professorship in Molecular Biology.

It was requested that no publicity be given to this matter.

23. U. T. Austin: Acceptance of Gift from the J. M. West Texas Corporation, Houston, Texas, and Establishment of the J. M. West Texas Corporation Fellowship in Architecture in the School of Architecture and Eligibility for Matching Funds Under The Regents' Endowed Student Fellowship and Scholarship Program.--The Land and Investment Committee recommended and the Board accepted a \$25,000 gift from the J. M. West Texas Corporation, Houston, Texas, and established the J. M. West Texas Corporation Fellowship in Architecture in the School of Architecture at The University of Texas at Austin.

Income earned from the endowment will be used for the recruitment and retention of outstanding graduate students in the School of Architecture in first professional and postprofessional degree programs.

Further, \$12,500 in matching funds will be allocated under The Regents' Endowed Student Fellowship and Scholarship Program and will be used to increase the endowment.

See Page 57 related to the naming of a room in Goldsmith Hall in the School of Architecture.

24. U. T. Austin and U. T. Tyler: Acceptance of Bequest from the Residual Estate of Judge Mastin G. White, Washington, D. C.; Establishment of the Mastin Gentry White Professorship in Southern History in the College of Liberal Arts (U. T. Austin) and Eligibility for Matching Funds Under The Regents' Endowed Teachers and Scholars Program; Establishment of the Marjorie Perry White Scholarship Fund and the Mastin Gentry White Scholarship Fund (U. T. Tyler); Authorization for the Office of Asset Management to Negotiate the Sale of the Property; and Authorization for the Executive Vice Chancellor for Asset Management to Execute All Documents Pertaining to the Sale.--The Board accepted a bequest of the residual estate of Judge Mastin G. White, Washington, D. C., comprised mainly of Judge White's home in Washington, D. C., being Square 2630, Lot 806, otherwise known as 3920 Argyle Terrace N.W. District of Columbia, valued at approximately \$400,000 which is to be sold, and established the Mastin Gentry White Professorship in Southern History in the Department of History, College of Liberal Arts, at The University of Texas at Austin with \$200,000. The remainder of the residual estate, estimated at \$200,000, will be used to establish the Marjorie Perry White Scholarship Fund and the Mastin Gentry White Scholarship Fund both at The University of Texas at Tyler. Items of personal property taken in kind include a collection of Robert E. Lee photographs as well as an original manuscript signed by General Lee donated to the Barker Texas History Center.

Further, \$200,000 of the bequest will be matched under The Regents' Endowed Teachers and Scholars Program and will be used to increase the Mastin Gentry White Professorship in Southern History at U. T. Austin to \$400,000.

The Office of Asset Management was authorized to negotiate the sale of the property at fair market value and the Executive Vice Chancellor for Asset Management was authorized to execute all documents pertaining to the sale of same.

25. U. T. Dallas: Approval to Accept Gift from Mrs. Ethel Ward-McLemore, Dallas, Texas, and to Establish the Ethel Ward-McLemore Award for Meritorious Library Service.--Approval was given to accept a \$25,000 gift from Mrs. Ethel Ward-McLemore, Dallas, Texas, and to establish the Ethel Ward-McLemore Award for Meritorious Library Service at The University of Texas at Dallas.

Income earned from the endowment will be used to provide annual merit awards to members of the library staff.

26. U. T. El Paso: Acceptance of Gift of Land Being All of Lot 20, Block 4, Horizon City Estates, Unit #59, Located in El Paso County, Texas, from Mr. David G. Love and Ms. Linda J. Love, Clackamas, Oregon; Authorization for the Office of Asset Management to Negotiate the Sale of the Property; and Authorization for the Executive Vice Chancellor for Asset Management to Execute All Documents Pertaining to the Sale.--The Board, upon recommendation of the Land and Investment Committee, accepted a gift of land being all of Lot 20, Block 4, Horizon City Estates, Unit #59, El Paso County, Texas, from Mr. David G. Love and Ms. Linda J. Love, Clackamas, Oregon. The 1987 tax assessed value was \$106. Proceeds from the sale of the property will be for the unrestricted use of The University of Texas at El Paso.

Further, the Office of Asset Management was authorized to negotiate the sale of the property at fair market value and the Executive Vice Chancellor for Asset Management was authorized to execute all documents pertaining to the sale.

27. U. T. El Paso: Approval to Accept Bequest from the Estate of Bulan Liles Patterson, El Paso, Texas, and to Establish the Bulan Liles Patterson Memorial Scholarship Fund.--Approval was given to accept a bequest from the Estate of Bulan Liles Patterson, El Paso, Texas, in the amount of \$300,342.62, and real property consisting of Lots 1, 8, 9, and 16, Block 41, Sun City Unit 11, Sierra Blanca, Hudspeth County, Texas, valued at \$800 for a total bequest of \$301,142.62, and to establish the Bulan Liles Patterson Memorial Scholarship Fund at The University of Texas at El Paso.

Income earned from the endowment will be used to award scholarships to students in need of financial assistance majoring in the College of Science, preferably mathematics, the College of Engineering, or the College of Nursing and Allied Health, who meet the qualifications for Presidential Scholarships at U. T. El Paso.

28. U. T. Tyler: Acceptance of Gift from Mr. and Mrs. Bob L. Herd, Tyler, Texas, and Establishment of the Mr. and Mrs. Bob L. Herd Endowed Presidential Scholarship.--The Land and Investment Committee recommended and the Board accepted a \$25,000 gift from Mr. and Mrs. Bob L. Herd, Tyler, Texas, and established the Mr. and Mrs. Bob L. Herd Endowed Presidential Scholarship at The University of Texas at Tyler.

Income earned from the endowment will be used to award scholarships in accordance with the Endowed Presidential Scholarship guidelines.

29. U. T. Southwestern Medical Center - Dallas: Senator Betty and Dr. Andy Andujar Chair Fund - Authorization to Redesignate as The Senator Betty and Dr. Andy Andujar Chair in Pathology.--Authorization was granted to redesignate the Senator Betty and Dr. Andy Andujar Chair Fund as The Senator Betty and Dr. Andy Andujar Chair in Pathology at The University of Texas Southwestern Medical Center at Dallas.

This redesignation was made in accordance with the donor's request.

See Page 74 related to an appointment to this Chair.

30. U. T. Southwestern Medical Center - Dallas: Acceptance of Gift from an Anonymous Donor and Establishment of the Clinical Nutrition Research Fellowships.--Upon recommendation of the Land and Investment Committee, the Board accepted a \$1,000,000 gift from an anonymous donor and established the Clinical Nutrition Research Fellowships at The University of Texas Southwestern Medical Center at Dallas.

This fellowship program will provide enhanced opportunities for outstanding young physicians to study clinical nutrition and will provide for advances in the scientific foundation of human nutrition.

31. U. T. Southwestern Medical Center - Dallas: Betty Jo Hay Professorship in Mental Health - Acceptance of Additional Gift and Pledge from Mr. Jess Hay, Dallas, Texas, and Corporate Matching Funds from Lomas and Nettleton Financial Corporation, Dallas, Texas, Southwestern Bell Corporation, St. Louis, Missouri, and Exxon Corporation, New York, New York, and Redesignation as the Betty Jo Hay Chair in Mental Health.--The Board accepted a \$100,000 gift and \$5,000 pledge from Mr. Jess Hay, Dallas, Texas, and corporate matching funds consisting of \$10,000 from the Lomas and Nettleton Financial Corporation, Dallas, Texas, \$5,000 from Southwestern Bell Corporation, St. Louis, Missouri, and \$15,000 in matching funds and a pledge of \$15,000 from the Exxon Corporation, New York, New York, for a total addition of \$150,000 to the Betty Jo Hay Professorship in Mental Health at The University of Texas Southwestern Medical Center at Dallas and redesignated the Professorship as the Betty Jo Hay Chair in Mental Health.

Income earned from the endowment will be used to support the Chair.

32. U. T. Southwestern Medical Center - Dallas: Acceptance of Gift from Hunt Oil Company, Dallas, Texas, and Establishment of the Mineral Metabolism Endowed Chair Fund.--Upon recommendation of the Land and Investment Committee, the Board accepted a \$50,000 gift from Hunt Oil Company, Dallas, Texas, and established the Mineral Metabolism Endowed Chair Fund at The University of Texas Southwestern Medical Center at Dallas.

This is an initial gift to a fund raising effort to establish a chair in honor of Dr. Charles Pak, Professor in Internal Medicine and Chief of the Mineral Metabolism Program.

33. U. T. Southwestern Medical Center - Dallas: Acceptance of Gift from an Anonymous Donor and Establishment of the Professorship in Pediatric Genetics and Eligibility for Matching Funds Under the Texas Eminent Scholars Program.-- The Land and Investment Committee recommended and the Board accepted a \$200,000 gift from an anonymous donor with \$100,000 to be used for the establishment of the Professorship in Pediatric Genetics and the balance of \$100,000 to be set up as discretionary funds to be used to support teaching and research activities in the genetics division at The University of Texas Southwestern Medical Center at Dallas.

Further, the actual income which will be earned on \$100,000 will be certified for matching under the Texas Eminent Scholars Program as set out in Chapter 51, Subchapter I of the Texas Education Code.

34. U. T. Southwestern Medical Center - Dallas: The Louis R. Strickland, Jr. Memorial Professorship in Urology - Acceptance of Additional Gift from Mrs. L. R. Strickland, Dallas, Texas, and Redesignation as The Dr. Paul Peters Chair in Urology in Memory of Rumsey and Louis Strickland and Eligibility for Matching Funds Under the Texas Eminent Scholars Program.--The Board, upon recommendation of the Land and Investment Committee, accepted a \$132,900 gift from Mrs. L. R. Strickland, Dallas, Texas, for addition to The Louis R. Strickland, Jr. Memorial Professorship in Urology for a total endowment of \$505,920.15 and redesignated the Professorship as The Dr. Paul Peters Chair in Urology in memory of Rumsey and Louis Strickland at The University of Texas Southwestern Medical Center at Dallas.

This redesignation was made in accordance with the donor's request.

Further, the actual income which will be earned on the \$132,900 gift will be certified for matching under the Texas Eminent Scholars Program as set out in Chapter 51, Subchapter I of the Texas Education Code.

See Page 74 related to an appointment to this Chair.

35. U. T. Southwestern Medical Center - Dallas: Approval to Accept a Gift of 11.023 Acres of Undeveloped Land Located Near Lancaster in Dallas County, Texas, from Mrs. Betty Reed Woodward, Dallas, Texas, and to Establish The Betty Reed Woodward Charitable Remainder Unitrust.--Upon recommendation of the Land and Investment Committee, the Board accepted a gift of 11.023 acres of undeveloped land located near Lancaster in Dallas County, Texas, from Mrs. Betty Reed Woodward, Dallas, Texas, and established The Betty Reed Woodward Charitable Remainder Unitrust at The University of Texas Southwestern Medical Center at Dallas. Based on an appraisal provided by the donor, the estimated value of the property is \$576,000.

The trust agreement provides for the payment of 6% of the annual net fair market value of the trust assets or the actual income, whichever is less, to be paid quarterly to Mrs. Betty Reed Woodward during her lifetime and upon her demise, to Mr. Warren G. Woodward or their

survivors for 20 years. In any year when the income is more than 6% of market value, excess income will be paid to Mrs. Woodward up to the amount of any accumulated deficiencies from prior years.

Upon the termination of the Unitrust, the corpus and any accumulated or undistributed income of the trust will be used for the purpose of establishing an endowment to be called the Betty Reed Woodward Endowment with income to be used for the benefit of U. T. Southwestern Medical School - Dallas in a program of research and treatment of abused women and children.

36. U. T. Medical Branch - Galveston: Acceptance of Gift of Land Consisting of Two and One-Half Acres Being the N 1/2 of Tract C, and Being a Part of Lot 5, I.G.N. R.R. Company Survey, A-621, Section 29, Located in Galveston County, Texas, from Mr. and Mrs. Donald Farmer, Sr., Galveston, Texas; Authorization for the Office of Asset Management to Negotiate the Sale of the Property; and Authorization for the Executive Vice Chancellor for Asset Management to Execute All Documents Pertaining to the Sale.--The Board accepted a gift of land consisting of two and one-half acres being the N 1/2 of Tract C, and being a part of Lot 5, I.G.N. R.R. Company Survey, A-621, Section 29, Galveston County, Texas, from Mr. and Mrs. Donald Farmer, Sr., Galveston, Texas. Based on the donors' 1987 appraisal, the property has an estimated value of \$15,000. Proceeds from the sale of the property will be used for the benefit of the Department of Family Medicine at The University of Texas Medical Branch at Galveston.

Further, the Office of Asset Management was authorized to negotiate the sale of the property at fair market value and the Executive Vice Chancellor for Asset Management was authorized to execute all documents pertaining to the sale.

37. U. T. Medical Branch - Galveston: Acceptance of Gift from Mrs. Marcel Patterson, Galveston, Texas, and Establishment of the Marcel Patterson Prize in Gastroenterology.--The Land and Investment Committee recommended and the Board accepted a gift of \$10,000 from Mrs. Marcel Patterson, Galveston, Texas, and established the Marcel Patterson Prize in Gastroenterology at The University of Texas Medical Branch at Galveston.

Income earned from the endowment will be used to award an annual prize for student research in gastroenterology, to be based on the strength of research accomplished, not to fund proposed research.

38. U. T. Health Science Center - Houston: Establishment of the Roger J. Bulger Professorship in Health Sciences.--The Board, upon recommendation of the Land and Investment Committee, accepted a \$100,000 transfer of previously reported gifts from current restricted funds and established the Roger J. Bulger Professorship in Health Sciences at The University of Texas Health Science Center at Houston.

Income earned from the endowment will be used to support the Professorship.

39. U. T. Health Science Center - San Antonio: Acceptance of Gift from the United Services Automobile Association, San Antonio, Texas, and Establishment of the Texas Research Park Professorship and Eligibility for Matching Funds Under the Texas Eminent Scholars Program.--Upon recommendation of the Land and Investment Committee, the Board accepted a \$100,000 gift from the United Services Automobile Association, San Antonio, Texas, and established the Texas Research Park Professorship at The University of Texas Health Science Center at San Antonio.

Further, the actual income which will be earned on the \$100,000 gift will be certified for matching under the Texas Eminent Scholars Program as set out in Chapter 51, Subchapter I of the Texas Education Code.

40. U. T. Health Science Center - San Antonio: Approval to Accept Gift from Mr. and Mrs. Harvey O. Treibs, Fredericksburg, Texas, and to Establish the Greg Treibs Memorial Scholarship.--Approval was given to accept a \$5,500 gift from Mr. and Mrs. Harvey O. Treibs, Fredericksburg, Texas, and \$4,500 from various donors for a total of \$10,000 and to establish the Greg Treibs Memorial Scholarship at The University of Texas Health Science Center at San Antonio.

Income earned from the endowment will be used to provide scholarships to students at the U. T. Health Science Center - San Antonio.

41. U. T. Cancer Center: Acceptance of Bequest from the Estate of R. Carson Allan, Houston, Texas.--The Land and Investment Committee recommended and the Board accepted a bequest of approximately \$500,000 from the Estate of R. Carson Allan, Houston, Texas, to be used for cancer research at The University of Texas System Cancer Center. A final report and a designated use for the funds will be made at a later date.

42. U. T. Cancer Center: Acceptance of Bequest from the Estate of William H. Childers, Jr., Odessa, Texas, for Cancer Research.--The Board, upon recommendation of the Land and Investment Committee, accepted a bequest of \$9,945.55 from the Estate of William H. Childers, Jr., Odessa, Texas, for cancer research at The University of Texas System Cancer Center.

43. U. T. Cancer Center: Acceptance of Transfer of Funds from Sale of Previously Reported Gift of Securities from Mr. and Mrs. Roy M. Huffington, Houston, Texas, and Establishment of the Roy M. and Phyllis Gough Huffington Chair in Laser Sciences.--Authorization was given to accept the \$1,000,000 transfer of funds representing the proceeds of the sale of a previously reported gift of 1,000 shares of Huffington Corporation convertible preferred stock valued at \$1,000,000 from Mr. and Mrs. Roy M. Huffington, Houston, Texas, and to establish the Roy M. and Phyllis Gough Huffington Chair in Laser Sciences at The University of Texas System Cancer Center.

Income earned from the endowment will be used to support the Chair in laser technology.

44. U. T. Cancer Center: Acceptance of Bequest from the Estate of Billie Wyrick Kennerly, Houston, Texas; Establishment of the Irl F. Kennerly Fund for Cancer Research; Authorization for the Office of Asset Management to Negotiate the Sale of Lot 1, Block 2, Westlawn Terrace Subdivision (2103 Sul Ross), Houston, Harris County, Texas; and Authorization for the Executive Vice Chancellor for Asset Management to Execute All Documents Pertaining to the Sale.--The Land and Investment Committee recommended and the Board accepted a bequest estimated at \$672,500 with distributions received to date of \$283,000 plus title to real property valued at \$165,000 from the Estate of Billie Wyrick Kennerly, Houston, Texas, and established the Irl F. Kennerly Fund for Cancer Research at The University of Texas System Cancer Center.

Further, the Office of Asset Management was authorized to negotiate the sale of the property being 27.55 feet of Lot 1, Block 2, Westlawn Terrace Subdivision, Harris County, Texas, commonly known as 2103 Sul Ross, Houston, Texas, and the Executive Vice Chancellor for Asset Management was authorized to execute all documents pertaining to the sale. A final report will be made at a future date.

Additional property owned by Mrs. Kennerly will go to the U. T. Cancer Center upon the death of Jeannette Wyrick, Mrs. Kennerly's niece, who was given a life estate interest in the property being Lot 26, Block 3, Renesu Court, commonly known as 2621-2623 Greenbriar, Houston, Texas.

45. U. T. Cancer Center: Report on Establishment of a Trust from the Will of Robert Williamson McClendon, Texarkana, Texas.--The Administration reported the establishment of a trust valued at \$840,000 as prescribed by the Will of Robert Williamson McClendon of Texarkana, Texas. Mr. McClendon's sister, Sarah McClendon of Washington, D. C., retains a life estate in the trust with The University of Texas System Cancer Center to receive 9.26 percent of the residual upon her demise. The proceeds are to be used for cancer research.

A report will be submitted when the trust distribution is received along with a recommendation for specific use.

46. U. T. Cancer Center: Approval to Accept Bequest from the Estate of Mary Lou Edmondson McConnell, Sherman, Texas.--Approval was given to accept a bequest from the Estate of Mary Lou Edmondson McConnell, Sherman, Texas, estimated at \$100,000 to be used for lung and cancer research at The University of Texas System Cancer Center. A final report of the estate will be made at a later date.

47. U. T. Cancer Center: Acceptance of Gift from Mr. and Mrs. W. A. "Tex" Moncrief, Jr., Fort Worth, Texas, and Establishment of the Robert D. Moreton Chair in Diagnostic Radiology, Given by W. A. "Tex" and Deborah Moncrief, Jr. and the Charles A. LeMaistre Chair in Thoracic Oncology, Given by W. A. "Tex" and Deborah Moncrief, Jr.--Upon recommendation of the Land and Investment Committee, the Board accepted a \$1,000,000 gift from Mr. and Mrs. W. A. "Tex" Moncrief, Jr., Fort Worth, Texas, and authorized a \$1,000,000 transfer from

University Cancer Foundation funds for a total of \$2,000,000 and established the Robert D. Moreton Chair in Diagnostic Radiology, given by W. A. "Tex" and Deborah Moncrief, Jr. and the Charles A. LeMaistre Chair in Thoracic Oncology, given by W. A. "Tex" and Deborah Moncrief, Jr. at \$1,000,000 each at The University of Texas System Cancer Center.

Income earned from each endowment will be used to advance knowledge and clinical excellence in the field of diagnostic radiology and lung cancer.

48. U. T. Cancer Center: Acceptance of Bequest from the Estate of William Travis Snipes, Fort Worth, Texas.--The Land and Investment Committee recommended and the Board accepted a bequest of approximately \$100,000 from the Estate of William Travis Snipes, Fort Worth, Texas, to be used for cancer research at The University of Texas System Cancer Center. A final report and designated use of the funds will be made at a later date.

49. U. T. Cancer Center: Acceptance of Bequests from the Estates of William G. and Dorothy Kuhlman Theisinger, Houston, Texas.--The Board accepted bequests of approximately \$1,654,000 from the Estates of William G. and Dorothy Kuhlman Theisinger, Houston, Texas, for the benefit of The University of Texas System Cancer Center with a designation of funds and final report to be made at a later date.

B. REAL ESTATE MATTERS

1. U. T. Arlington: Robert Leroy Endowed Scholarship Fund - Authorization for Oil and Gas Lease Covering 2.2775 Acres in Andrews and Gaines Counties, Texas, to Fina Oil and Chemical Company, Midland, Texas.--The Board authorized an oil and gas lease on 2.2775 acres out of an undivided 1/6 of 3/96 mineral interest in 477.28 acres (less 40 acres dedicated to the Davis #1 well being the NW/4 NE/4) being the W 3/4 of Section 10, Block A-31, PSL, Andrews and Gaines Counties, Texas, to Fina Oil and Chemical Company, Midland, Texas. This mineral interest is held in trust for the Robert Leroy Endowed Scholarship Fund at The University of Texas at Arlington. The six-month lease with a continuous development period of 120 days provides for a 1/4th royalty with no bonus. Proceeds from this lease will be added to the Robert Leroy Endowed Scholarship Fund at U. T. Arlington.

2. U. T. Austin: Texas Centennial Lectureship in Astronomy and Astrophysics in the College of Natural Sciences - Approval for a Sealed Bid Sale of Real Property Being 160 Acres Out of Block 9, SW/4 Section 92, H. & T.C. Survey Located in Brewster County, Texas, and Authorization for the Executive Vice Chancellor for Asset Management to Execute All Documents Pertaining to the Sale.--Approval was given for a sealed bid sale of real property described as 160 acres being Block 9, SW/4 Section 92, H. & T.C. Survey, Brewster County, Texas. The terms of the sealed bid sale will include a minimum cash bid of \$17,000 with a bid deposit of \$1,700. A 3% commission will be paid to any procuring broker. All mineral rights will be reserved by The University of

Texas at Austin. Proceeds from the sale will be added to the Texas Centennial Lectureship in Astronomy and Astrophysics in the College of Natural Sciences at U. T. Austin.

Further, the Executive Vice Chancellor for Asset Management was authorized to execute all documents pertaining to the sale.

3. U. T. El Paso: Josephine Clardy Fox Fund - Approval of the Sale of Real Estate Located at 5000 East Paisano, El Paso, Texas, to Mr. Alfredo De Avila, El Paso, Texas, and Authorization for the Executive Vice Chancellor for Asset Management to Execute All Documents Pertaining to the Sale.--Upon recommendation of the Land and Investment Committee, the Board approved the sale of real estate located at 5000 East Paisano, El Paso, Texas, to Mr. Alfredo De Avila, El Paso, Texas, for \$106,000. This property is held in trust as part of the Josephine Clardy Fox Fund for The University of Texas at El Paso. The contract for the sale provides for the property to be sold in as is condition. Net proceeds are expected to be approximately \$99,500 after payment of closing costs including a five percent sales commission to Rogers and Belding, El Paso, Texas. The net proceeds from the sale of this property will be added to the Josephine Clardy Fox Fund for the benefit of U. T. El Paso.

4. U. T. Cancer Center: Blanche Bender Fund - Authorization for Oil and Gas Lease Covering 41.25 Acres in Montgomery County, Texas, to Shell Western E&P Inc., Houston, Texas.--The Board authorized an oil and gas lease on 41.25 acres covering an undivided one-fourth interest in 189 acres out of the Montgomery County School Lands, Abstract 351, Montgomery County, Texas, to Shell Western E&P Inc., Houston, Texas. This mineral interest was received through the Estate of Blanche Bender and is held in trust for the Blanche Bender Fund for The University of Texas System Cancer Center. The three-year lease provides for a one-fourth royalty, a \$150 per net acre bonus, and a \$25 per acre delay rental. Proceeds from this lease will be added to the Blanche Bender Fund for the U. T. Cancer Center.

III. INTELLECTUAL PROPERTY

U. T. Health Science Center - Houston and U. T. Cancer Center: Approval of Agreement with University Ventures, Inc. (UVI), a Texas Corporation, Houston, Texas, Related to Development of Health Care Technology and the Delivery of Health Care Services.--The Land and Investment Committee recommended and the Board approved the agreement set out on Pages 116 - 128 by and among The University of Texas Health Science Center at Houston, The University of Texas System Cancer Center and University Ventures, Inc. (UVI), a Texas Corporation, Houston, Texas, which provides for cooperation in developing and commercializing health care technology and delivering health care services.

In an effort to maximize potential benefits, economic and otherwise, that may be derived from health care technology and services, U. T. Health Science Center - Houston and the U. T. Cancer Center have cooperated with Mr. Allan C. King, a resident of Houston, Texas, in forming University Ventures, Inc. (UVI) for the purposes of encouraging the development of health care technology, offering health care technology for commercial applications, and assisting U. T. System health components in identifying and analyzing potential institutional support services, educational services, and health care service functions that may benefit the components and the public. UVI, with the cooperation and assistance of U. T. Health Science Center - Houston and U. T. Cancer Center will: seek to determine which technologies have commercial market potential; encourage the formation of entities (that may be at least partly owned by UVI and/or the U. T. System) for marketing; encourage private investments in or other financial support of entities so formed; accelerate the commercial application of new and valuable research for the direct benefit of patient and health care professionals; increase and maximize financial returns on research funded to date so as to enable additional research to be undertaken; and establish a strong and positive working relationship among UVI, U. T. Health Science Center - Houston and U. T. Cancer Center to take advantage of existing financial markets and business expertise.

Under the agreement the principal shareholders (and their respective equity ownership interests) will be Allan C. King (61.5%), U. T. Health Science Center - Houston (10%) and U. T. Cancer Center (10%). Eighteen and one-half percent (18½%) of the original equity will be reserved for yet-to-be determined management personnel. U. T. Health Science Center - Houston and U. T. Cancer Center will subscribe for and be issued their respective stock interests for \$540.54 each. Mr. King has capitalized UVI with the statutory minimum of \$1,000.00 in return for issuance of shares, and he will receive the balance of his equity interest for \$49,864.80. He also will procure and/or provide other initial financing or funding of up to \$450,000.00.

AGREEMENT

This Agreement is made this first day of January 1988 by and between The University of Texas Health Science Center at Houston (hereinafter referred to as "HSC") and The University of Texas System Cancer Center (hereinafter referred to as "SCC"), both of which are component institutions of The University of Texas System and are located in Houston, Texas; and University Ventures, Inc. (hereinafter referred to as "UVI"), a corporation organized and existing under the laws of the State of Texas.

WITNESSETH

WHEREAS, HSC and SCC, both individually and collectively have current programs which include elements of education, research and patient care in the general field of health care; and

WHEREAS, HSC and SCC, both individually and collectively, have had an on-going interest to assure that the content of their various programs is available to a wide population of persons within Texas and the nation, and in that regard have sought ways to enhance the development and transfer of their services, expertise and technology so that each reaches the marketplace in an expeditious and proper manner, and further have sought ways to improve the efficiency of their operations so that available resources yield maximum health care services; and

WHEREAS, UVI has available to it certain expertise and resources in the general areas of business operations, financing, marketing, product/process development and others which have significant potential to assist HSC and SCC in the achievements of its objectives described herein; and

WHEREAS there is an increasing awareness within the State of Texas of the value gained when private sector and public sector efforts may be combined in a cooperative fashion toward common objectives, and an increasing number of successful such cooperatives in the State; and

WHEREAS, the parties have earlier undertaken certain preliminary feasibility analyses to determine the merits of a cooperative effort between them and have determined the same to be desirable and in the best interests of their respective programs.

NOW, THEREFORE, HSC, SCC AND UVI agree as follows:

I.

CORPORATE ORGANIZATION AND OBJECTIVES

A. Organization

In order to carry out the full scope of activities referenced herein and for the benefit of all the parties, UVI will be structured so as to assist HSC and SCC in the development and growth of their respective technology and services programs. With that in mind, the primary business purpose of UVI is to engage in those activities which are compatible to the goals and objectives of HSC and SCC, and which generate additional income and cash flow. It is generally agreed that the intent of this cooperative effort is to expand the benefit of HSC's and SCC's technology and services, and to enhance the opportunity for HSC and SCC to derive maximum economic return in new cooperative ventures which may result from these initiatives. Further, it is specifically agreed that these efforts shall be completed in such a manner as not to interfere with or distort the mission and programs of HSC and SCC.

B. Initial Capitalization

UVI has, prior to the effective date of this Agreement, been incorporated with Mr. Allan C. King as the sole shareholder and director, and has been capitalized with the statutory minimum of \$1,000.00 via the subscription and issuance of 100,000 shares of Common Stock (par value \$0.01) to Mr. King.

Upon the execution and ratification of this Agreement by all the parties, the capitalization of UVI will be restructured as follows:

1. The 100,000 shares of Common Stock now held by Mr. King will be made available and offered for purchase by the selected President and chief Executive Officer of UVI. Such purchase will be made for the consideration of \$1,000.00 and thus at the initial acquisition price by Mr. King.
2. HSC shall subscribe for, purchase and have issued to it 54,054 shares of Non Voting Common Stock (par value \$0.01) of UVI for the consideration of Five-Hundred Forty and 54/100 Dollars (\$540.54). Consistent with the terms of issuance of such Non Voting Common Stock, HSC may convert the same to voting shares of Common Stock at a 1-for-1 basis at their discretion.
3. SCC shall subscribe for, purchase and have issued to it 54,054 shares of Non Voting Common Stock (par value \$0.01) of UVI for the consideration of Five-Hundred Forty and 54/100 Dollars (\$540.54). Consistent with the terms of issuance of such Non Voting Common Stock, SCC may convert the same to voting shares of Common Stock at a 1-for-1 basis at their discretion.
4. Mr. Allan C. King shall subscribe for, purchase and have issued to him or to his designee 332,432 shares of Series A Convertible Preferred Stock (par value \$0.01) of UVI for the consideration of \$0.15 per share, that being Forty-Nine Thousand Eight-Hundred Sixty Four and 80/100 Dollars (\$49,864.80). The preferences and relative and other rights, and the qualifications, limitations or restrictions of such Preferred Stock are set forth in UVI's Certificate of Incorporation and in the Corporate documents setting forth the creation of such Series A Convertible Preferred Stock.

At the time such stock transactions are completed, the equity ownership of UVI shall be distributed as follows:

Mr. Allan C. King	61.5%
Management	18.5%
HSC	10.0%
SCC	10.0%

C. Initial Financing

In order to conduct the general operations of UVI with respect to business assistance, project evaluation and other activities described elsewhere herein, and where appropriate to make the investment in start-up operations of selected opportunities, it will be necessary that UVI secure guaranteed funding for a period of approximately 18 to 24 months. Although the specific amount of such funding cannot be determined due to a number of variables affecting both revenues and expenses, it is estimated that the initial amount of financing necessary should not exceed \$500,000.00. Giving consideration to the funds which will be raised by UVI via the various stock issues above, and in order to guarantee the necessary funding as may be needed, Mr. King shall make arrangements on behalf of and for the benefit of UVI to provide such funds directly, or to secure and guarantee an irrevocable line of credit, a bank loan guaranteed by his personal assets, or such other financing instrument as may be necessary and available up to an amount not to exceed Four-Hundred Fifty-Thousand Dollars (\$450,000.00).

D. Management of the Corporation

The management of UVI shall be directed by a Board of Directors and with appropriate working Committees of that Board as may be necessary in the circumstances. The Board of Directors will initially be chaired by Mr. Allan C. King, and will include individuals who bring the requisite expertise, interest and influence to assist UVI in the successful completion of its activities. One representative each from HSC and SCC will be invited to sit

on that Board, occupying either an advisory role or active voting status as may be consistent with the selection by HSC and SCC as to the choice between Non Voting Common Stock and Voting Common Stock as expressed in B.2 and B.3 above; if HSC and SCC retain Non Voting Common Stock then their Board seats shall be as advisory members, and if they elect to convert such stock into Voting Common Stock, then their Board seats shall be as full voting members.

The President and Chief Executive Officer of UVI shall be responsible for the day-to-day management of the Company, and shall report directly to the Board of Directors.

E. Anti-Dilution Provisions

Both HSC and SCC are assured by execution of this Agreement that their equity ownership in UVI shall not be diluted to an amount less than 10.0% each for the initial \$500,000.00 of financing as described herein. At such time as UVI is required to obtain additional financing above that amount, then each of the then-current equity participants shall have an identical option to purchase stock in UVI in order to provide the necessary additional funding and the same shall be done in such a ratio as to retain the then-current equity distribution as between the parties. Such options, if and when granted, shall be available for a period not to exceed forty-five (45) days, and thereafter UVI shall be free to obtain financing in whatever manner it deems most appropriate, and the equity of each shareholder will be diluted accordingly.

II.

MANAGEMENT RECRUITMENT

UVI contemplates that the services of Steven C. Schultz, an executive officer currently employed by SCC, will be critical to the implementation and successful operation of its activities, and to that end intends to offer an opportunity for Mr. Schultz to participate in the new organization. By signature of the Agreement, SCC authorizes UVI to extend and negotiate such an offer to Mr. Schultz, and if such offer is presented to and accepted by Mr. Schultz, all the parties shall undertake to make the transition of his current

duties with SCC harmonious and in no way damaging to the SCC programs, and the undertaking of his new duties with UVI compatible with its needs in accord with applicable rules and policies of the University.

III.

UVI RESPONSIBILITIES

UVI shall undertake a number of responsibilities under this Agreement, all generally aimed at assisting HSC and SCC in the identification, analysis and presentation of technology which may be effectively transferred to the marketplace, and in the identification and organization of service functions which may be carried out with greater efficiency and economy in a private sector environment. The activities to be completed in this regard by UVI shall include, but not be limited to,

1. Providing all funds necessary to establish an office within the Texas Medical Center area which shall have available resources in market analysis for various health care sectors, business planning models, liaison services with investment banking and other financial centers, research program scheduling and reporting methods, and other related matters. This office shall be available to HSC and SCC as a supplementary business referral and assistance center, and shall work to identify and screen potential projects for further development in coordination with similar activities now in progress at HSC and SCC.

2. In cooperation with HSC and SCC, conducting executive briefings for corporate executives and financial houses to provide them with periodic information concerning the programs and projects of HSC and SCC and the opportunity for cooperative development therewith.

3. Organizing and conducting seminars and presentations in HSC and SCC, and with HSC and SCC in the community, to keep the issue of biotechnology and biomedical matters at the forefront of area economic development planning and institutional strategic planning.

4. Fostering relations with investors, financial houses and others in order to optimize the opportunity for HSC and SCC to have diverse and significant resource potential to conduct its technology and service advancement.

As plans or proposals arise from these activities and are judged by the parties to be worthy of pursuit as independent entities, UVI shall be responsible for organizing the preliminary business plan documents and work schedules or activity lists preliminary to such undertakings. In this regard, UVI shall be generally responsible for guiding the organization and implementation of these new ventures, and shall generally participate in them as further described in Article V, though it is understood and agreed that such undertakings shall not be finalized in the UVI structure unless accepted by HSC and/or SCC.

IV.

PARTICIPATION IN DEVELOPMENTS

It is envisioned that UVI and HSC and SCC will identify various business proposals pursuant to this Agreement and, if mutually desired, that they will then seek to find investors and management personnel to implement the same in the form of individual corporate or other legal entities. These newly developed entities will have a carried equity interest by UVI and HSC and SCC and/or will include financial terms by which each of the parties can gain economic return, the specific particulars of which will be negotiated between the parties on an individual case basis. Such financial interests by HSC and SCC will be granted and administered in accord with the Rules and Regulations of The University of Texas System, and will be intended to generate income for

the furtherance of HSC and SCC programs. The equity and other income interests by UVI will be utilized to develop further programs of UVI, thereby indirectly serving to benefit HSC and SCC, and to provide a return to its investors.

V.

NON-EXCLUSIVITY

This Agreement establishes a cooperative association between HSC, SCC and UVI for the purposes of developing and offering health care technology for commercial applications and assisting U.T. System health components in identifying and analyzing potential institutional support services, educational services, and health care service functions that may benefit the components and the public. UVI understands and acknowledges that the opportunities available by this association are non-exclusive, and HSC and SCC are free to negotiate and deal directly with third parties and/or sponsors of its technology and services or with other entities similar in organization to UVI.

VI.

PUBLICITY

UVI shall not use directly or by implication the name of HSC or SCC, or the names of its staff in any publicity or advertising material unless a copy is submitted to and approved in writing by the President at each organization or his/her designee.

VII.

PROPERTY RIGHTS

As the services of UVI shall be administrative and financial in nature, it is not envisioned that UVI will discover or conceive any patentable material. For patentable material which is discovered by HSC or SCC in the conduct of cooperative activities with UVI, or for such material which is previously owned by HSC or SCC and shall be made available to UVI for its considered development, all of such material and the rights thereto shall remain the property of HSC and SCC. This provision shall not prohibit HSC

and SCC from licensing such material to UVI for a negotiated fee should it be mutually desirable to do so, provided further that such license(s) shall be granted and administered in accord with the Rules and Regulations of The University of Texas System.

VIII.

CONFIDENTIALITY

As the parties hereto shall have need to share information freely in order to maximize the value of their cooperative effort, and as certain of that information shall be secret and confidential, the parties agree to retain in confidence and to take reasonable precautions to hold in confidence any and all confidential and proprietary information disclosed to the other, whether obtained directly or indirectly, and further agree not to disclose the confidential information of the disclosing party to third parties or to use same for any purpose other than those purposes contemplated by this Agreement. The obligation to hold such information in confidence shall apply to all such information except that which:

- a.) can be proven to be part of the public domain or of public knowledge or to have become part to the public domain,
- b.) was in the possession of the receiving party before receipt from the disclosing party, such possession being documented prior to the date of disclosure,
- c.) was lawfully and properly received from a third party under no obligation of confidentiality to the disclosing party, or
- d.) is disclosed to any banking or other financial entity or potential or existing investors for valid financial reasons in order to obtain funds; provided such entities or investors agree to maintain such information in confidence as provided by this section, and the party whose information is disclosed agrees to such disclosure.

This section shall survive termination of this Agreement for any reason.

IX.

ANNUAL REPORTS

During the term of this Agreement, UVI shall provide HSC and SCC with interim reports not less than three (3) times per year and with annual reports in reasonable detail showing the activities of UVI and benefit thereof to HSC and SCC. The annual reports shall be filed in writing and within sixty (60) days of the end of each calendar year period.

X.

NOTICES

Any notice, communication, request, instruction or other document required or permitted hereunder shall be deemed delivered upon mailing by certified mail, return receipt requested, postage prepaid, or by prepaid telegram, or upon personal delivery, to the parties at the following addresses:

If to UVI: Mr. Allan C. King
 University Ventures, Inc.
 1200 Smith Street
 2680 Citicorp Center
 Houston, Texas 77002

If to SCC: Charles A. LeMaistre, M.D.
 President
 The University of Texas System Cancer Center
 1515 Holcombe Blvd.
 Houston, Texas 77030

If to HSC: John C. Ribble, M.D.
 Interim President
 The University of Texas Health Science Center at Houston
 Post Office Box 20036
 Houston, Texas 77225

XI.

INDEMNIFICATION

UVI agrees to indemnify and hold harmless HSC, SCC, The University of Texas System, The University of Texas Board of Regents, and their officers, agents and employees ("Indemnified Person") from any liability, loss or damage they may suffer as a result of claims, demands, costs or judgments

against them out of the activities conducted pursuant to this Agreement, provided however, that any such liability, loss or damage resulting from, arising out of, or incident to, directly or indirectly, the following subsections a. or b. is excluded from this indemnification:

- a.) Any negligent or willful failure of an Indemnified Person to comply with any State regulation or other governmental requirements; or
- b.) The negligence or willful malfeasance of an Indemnified Person.

HSC and SCC agree to endeavor to provide UVI with a copy of any notice of claim or action which is a matter subject to indemnification in accordance with the terms hereof in order for UVI to defend such claim or action, and to advise their officers, agents and employees to do likewise. UVI shall have the right, subject only to a demonstration of available resources, to control the defense of any such claim or action, at its own expense, and the Indemnified Person or Persons agree to cooperate with UVI in the defense of such claim or actions. Failure of HSC or SCC to notify UVI as required above or to cooperate with UVI, which failure materially adversely affects UVI's ability to defend such claim or action or directly results in UVI incurring liability hereunder, shall relieve UVI from any obligation of indemnification hereunder.

XII.

GENERAL

12.1 For the purposes of this Agreement and for all services to be provided hereunder, the parties shall be, and shall be deemed to be, independent contractors and not agents, employees, partners or joint venturers of the other party. No party shall have authority to make any statements, representations or commitments of any kind, or to take any action which shall be binding on the other party, except as may be explicitly provided for herein or authorized in writing.

12.2 This Agreement may be terminated at any time by the mutual agreement of the parties, or at any time by any of the parties upon ninety (90) days written notice to the other parties. Termination of this Agreement shall not affect the rights and obligations of the parties accrued prior to termination.

12.3 This Agreement may not be assigned by any party without the prior written consent of the other parties; provided, however, that UVI may assign this Agreement to any purchaser or transferee of all or substantially all of UVI's business upon prior written notice to HSC or SCC if such purchaser or the transferee agrees in writing to be bound to the terms and conditions hereof to the same extent as UVI.

12.4 This Agreement constitutes the entire and only agreement among the parties relating to the formation of UVI, and all prior negotiations, representations, agreements and understandings are superseded hereby. No agreements altering or supplementing the terms hereof may be made except by means of a written document signed by the duly authorized representatives of the parties.

12.5 This Agreement shall be construed and enforced in accordance with the laws of the State of Texas.

12.6 If one or more provisions of this Agreement are held to be void or unenforceable under applicable law, such provision shall be excluded from this Agreement and the balance of the Agreement shall be interpreted as if such provision were so excluded and shall be enforceable in accordance with its terms.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized representatives.

THE UNIVERSITY OF TEXAS HEALTH
SCIENCE CENTER AT HOUSTON

By John C. Reble

THE UNIVERSITY OF TEXAS SYSTEM
CANCER CENTER

By Charles A. LeMaistre MD

Approved as to form,
OFFICE OF GENERAL COUNSEL

By _____

THE UNIVERSITY OF TEXAS SYSTEM

By _____
Charles B. Mullins M.D.
Executive Vice Chancellor
for Health Affairs

UNIVERSITY VENTURES, INC.

Allan C. King
Allan C. King

RECONVENE.--At 4:45 p.m., the Board reconvened as a committee of the whole to consider those items remaining on the agenda.

ITEMS FOR THE RECORD

1. U. T. Dallas - Development Board: Acceptance of Membership.--At the December 1987 U. T. Board of Regents' meeting, Mr. E. L. Langley, Irving, Texas, and Mr. William P. Weber, Dallas, Texas, were approved for membership on The University of Texas at Dallas Development Board for terms to expire August 31, 1990. Their acceptances of membership are herewith reported for the record.

2. U. T. Permian Basin: Correction of Minute Order of December 3, 1987, Related to Acceptance of Lots 25 and 26, Block 3, Industrial Sites, Located in Ector County, Texas, from Mr. Warren Burnett, Odessa, Texas; Approval of Lease Agreement with Warren Burnett Associated, Odessa, Texas; and Authorization for President Leach to Execute the Lease Agreement.--At the request of President Leach and the donor, the Regental action of December 3, 1987, related to the acceptance of a gift of land and improvements in Ector County, Texas, from Mr. Warren Burnett, Odessa, Texas, for the benefit of The University of Texas of the Permian Basin was clarified with regard to the use of income to read as set forth below:

"On behalf of The University of Texas of the Permian Basin, the Board accepted a gift of property being Lots 25 and 26, Block 3, INDUSTRIAL SITES, a subdivision of 129.62 acres in Section 20, Block 41, T-2-Sm T&P RR Co. Survey, Ector County, Texas, and the improvements thereon from Mr. Warren Burnett, Odessa, Texas, in accordance with the terms and conditions specified in the Correction Donation Deed set out on Pages 130 - 132. The property has been valued at \$150,000 in an appraisal prepared by B. J. Rash, M.A.I., Odessa, Texas.

"Further, the terms of the lease agreement with Warren Burnett Associated as specified on Pages 133 - 136 were approved, and President Leach was authorized to execute the lease agreement on behalf of the U. T. Board of Regents.

"In accordance with the donor's wishes, income from rental of the property or, in the event of sale of the property, income from the investment of the proceeds from the sale shall be used exclusively on a current restricted basis to provide scholarships for minority students with a preference to be given to female Hispanic, female Black and/or Native American students."

CORRECTION DONATION DEED

STATE OF TEXAS §
 § KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF ECTOR §

WHEREAS, WARREN BURNETT, as Grantor, did execute and deliver, on the 31st day of December, 1986, to the BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM a Warranty Deed conveying the hereinafter-described property; and said deed being recorded in Volume 969, page 59 of the Deed Records of Ector County, Texas; and

WHEREAS, it was the intent of WARREN BURNETT to establish permanent endowed scholarships for minority students enrolled at The University of Texas of The Permian Basin; and

WHEREAS, it is desired by all parties that the foregoing intent be more fully stated by this Correction Deed;

NOW, THEREFORE, I, WARREN BURNETT, in consideration of Grantee's accepting title to the hereinafter-described real property, have GIVEN, GRANTED and CONVEYED, and by these presents, do GIVE, GRANT and CONVEY unto the Grantee the following-described real property located in Ector County, Texas, subject to the provisions set forth below, to-wit:

Lots 25 and 26, Block 3, INDUSTRIAL SITES, a Subdivision of 129.62 acres of land in Section 20, Block 41, T-2-Sm T&P RR Co. Survey, Ector County, Texas, according to the map or plat thereof of record in Volume 8, page 39, Plat Records, Ector County, Texas.

This conveyance is made and accepted subject to all restrictions, reservations, conditions, covenants, easements and zoning ordinances, if any, existing or of record in the office of the County Clerk of Ector County, Texas, to the extent that the same are valid and subsisting and affect said real property.

It is Grantor's intent, desire and request that rental income from the property, or in the event of the sale of the property, the income from the investments of the proceeds from the sale shall be used exclusively to fund scholarships at The University of Texas of The Permian Basin for female Hispanic, female Blacks,

and/or Native Americans of either sex, and when there are no available applicants for scholarships from the preceding groups, then such scholarships may be made to any minority student attending or desiring to attend The University of Texas of The Permian Basin. The determination of those persons entitled to scholarships shall be left to the exclusive discretion of the administration of The University of Texas of The Permian Basin.

PROVIDED, however, that this gift is made to advance the educational mission of The University of Texas of The Permian Basin; and, in the event the said University of Texas of The Permian Basin ceases to exist, this property, or the investments from the proceeds of the sale thereof, shall be transferred to Odessa Community College for use as set forth herein and subject to the same restrictions, limitations and divestments.

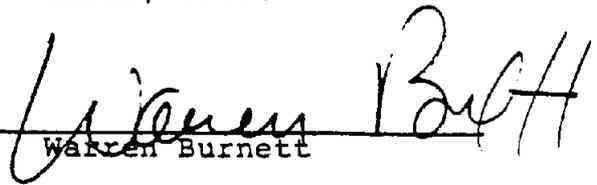
No part of the income from or proceeds of the sale of this property shall ever become a part of the Permanent University Fund, the Available University Fund, or the general funds of the State of Texas; and PROVIDED FURTHER, that no purchaser or grantee of any of said real estate shall be obliged to be concerned with the use or application made of any funds or other property paid or delivered by him/her or it to the Board of Regents of The University of Texas System for any of said real estate.

In the event the Grantee, or its successor herein should use the income from or proceeds of the sale of the property transferred herein, other than for the express purposes set forth herein, this property or the balance of all proceeds from the sale of this property shall immediately vest in Planned Parenthood of The Permian Basin, Inc., or its successor, and Grantee shall execute any and all documents of transfer necessary to properly reflect such change in ownership. Grantee covenants and agrees to account for all income of the property, including the proceeds of sale from the property, and all distributions of scholarships from such income and proceeds and to make same available to Grantor upon his reasonable request.

TO HAVE AND TO HOLD the above-described premises, together with all and singular the rights and appurtenances thereto in anywise belonging unto the said Grantee, its successors and assigns, forever, and Grantor does hereby bind himself, his heirs, executors and administrators to WARRANT and FOREVER DEFEND, all and singular, the said premises unto the said Grantee, its successors and assigns, against every person whosoever lawfully claiming or to claim the same or any part thereof.

This is a Correction Deed, given and accepted as such in substitution for such earlier deed of December 31, 1966, and it shall be effectual as of and retroactive to such date.

EXECUTED on this the 24th day of November, 1987.


Warren Burnett

ACCEPTED:

THE UNIVERSITY OF TEXAS OF THE PERMIAN BASIN

By:


Duane M. Leech, President

STATE OF TEXAS §
 §
COUNTY OF ECTOR §

This instrument was acknowledged before me on the 24th day of November, 1987, by Warren Burnett.



JACKIE WILSON
Notary Public, State of Texas
My Commission Expires May 31, 1989


Notary Public in and for
The State of Texas

Printed/stamped name of Notary

My Commission expires:

Grantee's Address:

The Board of Regents of
The University of Texas System
201 West 7th Street
Austin, Texas 78701

LEASE AGREEMENT

STATE OF TEXAS §
 §
COUNTY OF ECTOR §

This lease agreement is made this 1st day of JANUARY, 1987, at Odessa, Texas, by and between the Board of Regents of the University of Texas System, for the use and benefit of The University of Texas of the Permian Basin, hereinafter called LESSOR, and Warren Burnett Associated, a professional association, hereinafter called LESSEE.

Demise and Description of Property

(1) Lessor hereby leases to Lessee, and Lessee hereby leases from Lessor, that certain real property, hereinafter called the leased premises, situated in Ector County, Texas, and described as follows:

Lots 25 & 26, Block 3, Industrial Sites, a Subdivision of 129.62 acres of land in Section 20, Block 41, T-2-Sm T&P RR Co. Survey, Ector County, Texas, according to the map or plat thereof of record in Vol. 8, Page 39, Plat Records, Ector County, Texas.

Term

(2) The term of this lease shall be for a period of one (1) year, hereinafter called the lease term, however, the Lessee shall have an option to extend this lease upon the same terms and conditions for four (4) successive periods of one year.

Rent

(3) For and during the term of this lease, Lessee shall pay to Lessor, as rent for the leased premises the amount of Twenty-four Thousand Dollars (\$24,000.00), payable as follows:

In monthly installments of Two Thousand Dollars (\$2,000.00) due and payable on the 1st day of each and every month.

Use of Premises, Generally

(4) The premises are to be leased to be used for commercial purposes wherein Lessee, through its employees will carry on the business of the practice of law and restrict their use to such purposes, and not to use, or permit the use of, the premises for any other purpose without first obtaining the consent in writing of Lessor, or of Lessor's authorized agent.

No Waste, Nuisance, or Unlawful Use

(5) Lessee shall not commit, or allow to be committed, any waste on the premises, create or allow any nuisance to exist on the premises, or use or allow the premises to be used for an unlawful purpose.

Payment of Utilities

(6) Lessee shall pay for all utilities furnished the premises for the term of this lease, including electricity, gas, water, and telephone services. As additional rental Lessee is to pay all state, city, and county taxes which may be assessed on the demised premises and they shall be paid by Lessee prior to becoming delinquent. Lessee also agrees to pay all assessments that may arise out of the improvements on said property or of the streets or sidewalks surrounding it as additional rental.

Repairs and Maintenance

(7) Lessee, at its expense, shall maintain and keep the premises, including with limitation, windows, doors, skylights, adjacent sidewalks, and interior walls in good repair.

Acceptance and Surrender of Premises

(8) Lessor represents that the premises are in fit condition for use as described in Paragraph (4). Lessee agrees to accept the premises on possession as being in good state of repair and in sanitary condition. Lessee agrees to surrender the premises to Lessor at the end of the lease term, if the lease is not renewed, in the same condition as when Lessee took possession, allowing for reasonable use and wear and damages by act of God, including fire and storms.

Insurance

(9) Lessee agrees to secure and maintain during the entire term of this lease, public liability insurance in a minimum amount to be determined by Lessor and fire and extended coverage insurance in an amount equal to the fair market value of the premises.

Assignment or Sublease

(10) Lessee agrees not to assign or sublease the premises leased, any part thereof, or any right or privilege connected

therewith, or to allow any person, except Lessee's agents and employees, to occupy the premises or any part thereof, without first obtaining the Lessor's written consent. Lessee's interest in this lease is not assignable by operation of law, nor is any assignment of his interest herein, without Lessor's written consent.

Lease Breached by Lessee's Receivership, Assignment
for Benefit of Creditors, Insolvency, or Bankruptcy

(11) Appointment of a receiver to take possession of Lessee's assets (except a receiver appointed at Lessor's request as herein provided), Lessee's general assignment for benefit of creditors, or Lessee's insolvency or taking or suffering action under the Bankruptcy Act is breach of this lease.

Liability

(12) The Lessor shall not be liable to Lessee or to Lessee's employees, patrons or visitors for any damages to person or property, caused by the act or negligence of Lessee or of Lessee's employees, patrons or visitors, or due to the building on said premises or any appurtenances thereof being improperly constructed, or being or becoming out of repair, or for any damage from any defects or want of repair of any part of the building of which the lease premises form a part, but the Lessee accepts such premises as suitable for the purposes for which same are leased and accepts the building and each and every appurtenance thereof, and waives defects herein and agrees to hold the Lessor harmless from all claims for any such damage.

Lessor's Remedies on Lessee's Breach

(13) If Lessee breaches this lease, Lessor shall have the right to terminate this lease after giving ten (10) days written notice of termination and shall have the right to reenter the premises immediately and remove all Lessee's personnel and property therefrom.

Miscellaneous Provisions

Texas Law to Apply

(14)(a) This agreement shall be construed under and in accordance with the laws of the state of Texas, and all obliga-

tions of the parties created hereunder are performable in Ector County, Texas.

Parties Bound

(b) This agreement shall be binding on and inure to the benefit of the parties hereto and their respective heirs, executors, administrators, legal representatives, successors, and assigns except as otherwise expressly provided herein.

Prior Agreements Superseded

(c) This agreement constitutes the sole and only agreement of the parties hereto and supersedes any prior understandings or written or oral agreements between the parties respecting the within subject matter.

Counterparts, One Agreement

(d) This agreement and all other copies of this agreement, insofar as they relate to the rights, duties, and remedies of the parties, shall be deemed to be one agreement. This agreement may be executed concurrently in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

Time of Essence

(15) Time is of the essence in this agreement.

EXECUTED the day and year first above written.

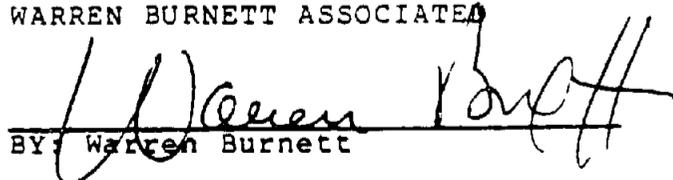
LESSOR:

BOARD OF REGENTS OF THE
UNIVERSITY OF TEXAS SYSTEM
for the use and benefit of
THE UNIVERSITY OF TEXAS OF
THE PERMIAN BASIN

BY: Duane M. Leach, President

LESSEE:

WARREN BURNETT ASSOCIATED



BY: Warren Burnett

3. U. T. Health Science Center - Houston: Acceptance of Membership to Development Board.--At the December 1987 U. T. Board of Regents' meeting, the following were approved for membership to The University of Texas Health Science Center at Houston Development Board and their acceptances of membership are herewith reported for the record:

	<u>Term Expires</u>
Mr. Robert S. Craig, Missouri City	1989
The Honorable Mark W. White, Houston	1990

EXECUTIVE SESSION OF THE BOARD OF REGENTS

Chairman Blanton reported that the Board had met in Executive Session in Room 4.02.12 of the John Peace Library Building to discuss matters in accordance with Article 6252-17, Sections 2(e), (f) and (g) of Vernon's Texas Civil Statutes. In response to Chairman Blanton's inquiry regarding the wishes of the Board, the following actions were taken:

1. U. T. Health Science Center - San Antonio: Settlement of Medical Malpractice Litigation - Sandra Barraza, et al.--Regent Yzaguirre moved that the Office of the Chancellor and the Office of General Counsel be authorized to settle on behalf of The University of Texas Health Science Center at San Antonio the medical malpractice lawsuit filed by Sandra Barraza, et al, in accordance with the proposal presented in Executive Session.

Vice-Chairman Ratliff seconded the motion which carried without objection.

2. U. T. Health Science Center - San Antonio: Approval of Draft Letter Agreement with the Texas Research Foundation and the Perot Foundation Related to Pforzheimer Collection, San Antonio Biotechnology Effort and Texas Research Park and Authorization for Chairman of the Board to Execute Letter Agreement.--Vice-Chairman Ratliff moved that the Board approve in principle the real estate related transactions and the other terms and conditions of the draft Letter Agreement among the Texas Research Foundation, the Perot Foundation and The University of Texas System relating to the Pforzheimer Collection, the San Antonio Biotechnology Effort, and the Texas Research Park as discussed in Executive Session. This Letter Agreement has special reference to commitments by the U. T. Board of Regents, The University of Texas at Austin and The University of Texas Health Science Center at San Antonio.

Vice-Chairman Ratliff further moved that the Chairman of the Board be authorized to execute the Letter Agreement and all related documents and agreements when they are in substantial compliance with the parameters set forth in the draft Letter Agreement and approved by the Office of General Counsel.

Vice-Chairman Roden seconded the motions which prevailed by unanimous vote.

3. U. T. Cancer Center: Request to Negotiate for Exchange of Certain Parcels of Real Property in Houston, Harris County, Texas.--Chairman Blanton reported that the Board heard a report on the proposed exchange of certain parcels of real estate in Houston, Harris County, Texas, for the benefit of The University of Texas System Cancer Center and that no action by the Board was necessary at this time.

4. U. T. System: Appointment of Mr. Ray Farabee as Vice Chancellor and General Counsel Effective March 14, 1988.--Regent Baldwin moved that the Board concur with the nomination by Chancellor Mark of Mr. Ray Farabee as Vice Chancellor and General Counsel of The University of Texas System effective March 14, 1988. He further moved that Chancellor Mark be delegated the responsibility to negotiate the terms and conditions of Mr. Farabee's employment within the parameters discussed in Executive Session and to have these details reported to the Board via the usual budgetary channels.

Vice-Chairman Ratliff and Regent Barshop seconded the motions which prevailed without objection.

Chairman Blanton stated that the Board could not be more pleased that Mr. Farabee had accepted this position and noted that he is a respected attorney whose long and distinguished tenure in the Texas Senate has been widely acclaimed. He expressed pleasure that Mr. Farabee's legal skills as well as his legislative wisdom and expertise would now be available to the U. T. System.

5. U. T. El Paso: Dr. Diana S. Natalicio Appointed President (Chief Administrative Officer) Effective Immediately and Advisory Committee for the Selection of a President Discharged.--Regent Barshop moved that Dr. Diana S. Natalicio be elected President of The University of Texas at El Paso effective immediately at a compensation to be negotiated with Executive Vice Chancellor Duncan and reported to the Board via the usual budgetary procedures. Dr. Natalicio was one of the candidates recommended to the Board by the Advisory Committee for the Selection of a President for that component.

Regent Barshop further moved that the Board discharge the Advisory Committee for the Selection of a President (Chief Administrative Officer) for U. T. El Paso with the sincere appreciation of the Board for the diligence and careful thought it had brought to this search process.

Regent Baldwin seconded the motions which carried by unanimous vote.

Following this action, Chairman Blanton made the following statement:

Statement by Chairman Blanton

The University of Texas at El Paso has made tremendous strides since its founding as the Texas State School of Mines and Metallurgy in 1913. It stands tall as an essential element of the El Paso community and a valued component of The University of Texas System. As the University nears its 75th anniversary, it can look back on

a record of outstanding accomplishments and look forward to even greater academic, research, cultural and economic contributions to the immediate region, the State and this Nation.

The search for a new president for U. T. El Paso began last June. I know from first-hand experience that the Advisory Committee for the Selection of a President, under the chairmanship of Executive Vice Chancellor Duncan, labored with diligence to bring to this Board qualified candidates to lead U. T. El Paso in clearly establishing its broader leadership role. Let me publicly thank the Advisory Committee for its success in identifying an outstanding slate of candidates for the position -- so outstanding in fact, that the Board's decision was a most difficult one.

Based on interviews a little over a week ago with all candidates forwarded by the Advisory Committee and from continued deliberations this morning, the U. T. Board of Regents is most pleased with the selection of Dr. Diana Natalicio as the next president of The University of Texas at El Paso; an appointment it firmly believes best positions The University of Texas at El Paso to achieve its aspirations for the future and to serve the El Paso region, the State of Texas and the Nation.

Dr. Natalicio has been a faculty member at U. T. El Paso since 1971 when she came to the campus as an Assistant Professor in the Departments of Linguistics and Modern Languages. Since then, she has served as a Professor, Department Chairman, Associate Dean, Dean, Vice President, and since July 1987, as Interim President.

Dr. Natalicio has been an important and valued member of the U. T. El Paso academic community and has played a key role in the academic planning and governance for the campus. She enjoys the confidence and respect of her academic and administrative peers. Obviously, Dr. Natalicio has the academic and administrative background to provide experienced leadership as U. T. El Paso approaches its 75th anniversary and points toward establishing its national leadership role.

We have in the El Paso community and this University a challenge and an opportunity to demonstrate to the world how sensitive, thoughtful people with different cultural backgrounds can come together to provide increased academic opportunities, to foster enhanced economic development and to forge a unique sense of community spirit and cooperation. We have selected a president who clearly shares this vision and is prepared to lead The University of Texas at El Paso in implementing programs and selecting people to make the vision become a reality. We welcome President Natalicio to her new responsibilities and look forward to many years of productive and constructive association.

Dr. Natalicio expressed her appreciation to the Board for its confidence in her and pledged her best efforts in the discharge of her new responsibilities at U. T. El Paso.

REPORT OF BOARD FOR LEASE OF UNIVERSITY LANDS

Regent Yzaguirre, a member of the Board for Lease of University Lands, submitted the following report on behalf of that Board:

Report

There has not been a Board for Lease of University Lands meeting since the Regents' last meeting in December 1987.

The Board has scheduled an oil and gas lease sale for Thursday, February 18, 1988, at 10:00 a.m. at the Hilton Hotel in Midland, Texas.

The Board will offer 35,329 acres located in Loving, Ward, Winkler, Crane, Pecos and Terrell Counties, Texas. All the leases will provide for a 1/4 royalty and a five-year primary term.

On behalf of the Board for Lease, Regent Yzaguirre invited the members of the Board of Regents to attend the lease sale on February 18, 1988.

REPORT OF SPECIAL COMMITTEE

U. T. Dallas - Special Committee on Endowment Lands in Collin and Dallas Counties, Texas: Approval of Extended Options to Radnor Corporation to Purchase Tracts of Land Out of Synergy Park.--Regent Ratliff, a member of the Special Committee on Endowment Lands in Collin and Dallas Counties, Texas, reported that the Committee was unable to meet as scheduled at 11:45 a.m. on Thursday, February 11, 1988, due to the absence of Regents Beecherl and Hay. He noted that the recommendations of President Rutford and the Office of Asset Management related to the extension of three options to Radnor Corporation to purchase three tracts of land out of The University of Texas at Dallas Synergy Park had been discussed with Regents Beecherl and Hay and that both had concurred with the recommendations.

In accordance therewith, Regent Ratliff, on behalf of the Special Committee on Endowment Lands in Collin and Dallas Counties, Texas, recommended that:

1. An extension be granted on Option A per the following schedule:

<u>Years After</u> <u>13 Feb., 1988</u>	<u>Price of</u> <u>Option Per Sq.</u> <u>Foot Per Year</u>	<u>Purchase</u> <u>Price</u> <u>Per Sq. Ft.</u>
1	\$ 0.00	\$ 12.00
2	0.50	12.00
3	0.50	13.00
4	0.50	14.00
5	0.50	15.00

All option payments to be credited against purchase price if option is exercised.

2. An extension be granted on Option B per the following schedule:

<u>Years After 13 Feb., 1988</u>	<u>Price of Option Per Sq. Foot Per Year</u>	<u>Purchase Price Per Sq. Ft.</u>
1	\$ 0.00	\$ 15.00
2	0.50	15.00
3	0.50	16.00
4	0.50	17.00
5	0.50	18.00

All option payments to be credited against purchase price if option is exercised.

3. No extension be granted for Option C.
4. These options may be exercised by Radnor Corporation only to provide office and/or research space for Sun Oil Company on either or both of the option tracts.
5. All other terms of the Sale and Purchase Agreement with Radnor Corporation dated December 19, 1984, shall remain in effect throughout the term of the extended option period.

Regent Ratliff moved that the Board approve these recommendations. Vice-Chairman Roden and Regent Yzaguirre seconded the motion which prevailed by unanimous vote.

OTHER MATTERS

U. T. Board of Regents: Certificate of Appreciation to Mr. William L. Lobb, Executive Director for Investments and Trusts for The University of Texas System.--Chairman Blanton recognized Vice-Chairman Ratliff who noted that Mr. William L. Lobb, Executive Director for Investments and Trusts for The University of Texas System, had retired on January 31, 1988, after fifteen years of dedicated and valued service to the U. T. System. He pointed out that for three decades Mr. Lobb had been a key figure in the investment programs of major State funds. During Mr. Lobb's tenure with the U. T. System, endowment funds entrusted to his stewardship prospered remarkably. Total invested assets increased more than fivefold and today are approaching \$4.0 billion. During the same period, income paid to enhance and enrich the component institutions has cumulatively amounted to over \$1.5 billion.

In recognition of Mr. Lobb's fifteen years of dedicated and distinguished service to the U. T. System, Vice-Chairman Ratliff read and presented the Certificate of Appreciation set out on Page 142.

CERTIFICATE OF APPRECIATION

The Board of Regents
of
The University of Texas System

Expresses to

WILLIAM L. LOBB

Deep and Sincere Appreciation for His Leadership
and Distinguished Service

as

Executive Director
Office of Investments and Trusts
The University of Texas System

1973 - 1988

Adopted by unanimous vote this 11th day of February 1988

(signed by all members of the Board)

Mr. Lobb graciously accepted this accolade and expressed his sincere appreciation to the Board for the opportunity to serve the U. T. System.

SCHEDULED MEETING.--Chairman Blanton announced that the next meeting of the U. T. Board of Regents would be held on April 14, 1988, at The University of Texas Medical Branch at Galveston.

ADJOURNMENT.--There being no further business, the meeting was adjourned at 4:55 p.m.


Arthur H. Dilly
Executive Secretary

February 19, 1988