

Meeting No. 871

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

Pages 1 - 210

August 12, 1993

Austin, Texas

TABLE OF CONTENTS
 THE MINUTES OF THE BOARD OF REGENTS
 OF
 THE UNIVERSITY OF TEXAS SYSTEM
 AUGUST 12, 1993
 AUSTIN, TEXAS

MEETING NO. 871

	<u>Page No.</u>
I. Attendance	1
II. U. T. System: Introduction of (1) Dr. Mario J. Gonzalez, Associate Vice Chancellor for South Texas/Border Area Development and (2) Mr. Lewis W. Wright, Associate Vice Chancellor for Business Affairs	1
III. U. T. Board of Regents: Approval of Minutes of Regular Meeting Held on June 10, 1993	1
IV. REPORTS AND RECOMMENDATIONS OF STANDING COMMITTEES	3
A. REPORT OF EXECUTIVE COMMITTEE	3
U. T. BOARD OF REGENTS	
1. Adoption of Resolution Authorizing Time-Sharing Agreement Between U. T. Austin and Texas Educational Broadcasting Co-operative, Inc., Austin, Texas, and Authorization for the Executive Vice Chancellor for Academic Affairs to Execute Agreement (Exec. Com. Letter 93-15)	3
U. T. SYSTEM	
2. Approval of Financial Disclosure Statements Submitted by the Chan- cellor and the Chief Administrative Officers (Exec. Com. Letter 93-16)	14
U. T. BROWNSVILLE	
3. Authorization for Transfer of Funds Requiring Advance Regental Approval Under Budget Rules and Procedures No. 2 (Exec. Com. Letter 93-15)	14
U. T. PERMIAN BASIN	
4. Acceptance of Gift from Mrs. Ellen W. Noël, Odessa, Texas, and Establish- ment of the University of Texas of the Permian Basin Support for Excel- lence Fund (Exec. Com. Letter 93-13)	15
U. T. SOUTHWESTERN MEDICAL CENTER - DALLAS	
5. Aston Ambulatory Care Center - Ninth Floor Finish Out (Project No. 303-798): Award of Construction Contract to Dal-Mac Construction Company, Richardson, Texas (Exec. Com. Letter 93-14)	22

U. T. MEDICAL BRANCH - GALVESTON	
6. Keiller Building Renovation and Reroofing - Phase II - Renovation (Project No. 601-664): Award of Construction Contract for Keiller Building Renovation - Interior Renovation to Manhattan Construction Company, Houston, Texas (Exec. Com. Letter 93-16)	22
B. REPORT AND RECOMMENDATIONS OF THE BUSINESS AFFAIRS AND AUDIT COMMITTEE	24
U. T. SYSTEM	
1. Approval of <u>Chancellor's Docket No. 71</u> (Catalog Change)	24
U. T. BOARD OF REGENTS	
2. Regents' <u>Rules and Regulations</u> , Part Two: Authorization to Amend Chapter V, Section 1, Subsection 1.22 (The Pay Plan)	24
3. Regents' <u>Rules and Regulations</u> , Part Two: Amendments to Chapter VII, Section 10 (Disposition of Abandoned and Unclaimed Personal Property)	25
U. T. SYSTEM	
4. Approval of Non-Personnel Aspects of the Operating Budgets for the Fiscal Year Ending August 31, 1994, Including Auxiliary Enterprises, Grants and Contracts, Designated Funds, Restricted Current Funds, and Medical and Dental Services, Research and Development Plans and Authorization for the Chancellor to Make Editorial Corrections Therein	27
5. Authorization to Extend the Six-Year Capital Improvement Plan Through Fiscal Year 1999 and Approval of the Capital Budget for the Fiscal Year Ending August 31, 1994	28
6. Approval to Transfer Funds Between Legislative Appropriation Items During the Biennium Beginning September 1, 1993	29
7. Adoption of Rules and Regulations for the Administration of Scholarships for the Biennium Beginning September 1, 1993	30
8. Authorization for the Executive Vice Chancellor for Business Affairs to Execute Documents Relating to the Low-level Radioactive Waste Storage Facility	31
U. T. SYSTEM ADMINISTRATION	
9. Approval to Increase Parking Permit	

	Fees Effective September 1, 1993	31
C.	REPORT AND RECOMMENDATIONS OF THE ACADEMIC AFFAIRS COMMITTEE	32
	U. T. BOARD OF REGENTS	
	1. Regents' <u>Rules and Regulations</u> , Part One: Amendments to Chapter III, Section 25 (Textbooks and Other Materials Prescribed for the Use of Students)	32
	U. T. SYSTEM	
	2. Appointment of Dr. William H. Cunningham as Initial Holder of the Lee Hage and Joseph D. Jamail Regents Chair in Higher Education Leadership Effective Immediately	33
	3. Establishment of a Medical Services Fee at Certain Component Institutions Effective with the Fall Semester 1993 and Authorization for U. T. System Administration to Approve Future Requests of a Medical Services Fee at Other Component Institutions (Catalog Change)	33
	4. Approval to Extend to U. T. Brownsville and U. T. Pan American Authorization for Ashbel Smith Professorships	34
	5. Amendments to the Policy for Student Deposit Endowment Fund	35
	U. T. ARLINGTON	
	6. Approval of an Agreement of Cooperation with the Instituto Tecnológico de Estudios Superiores de Monterrey, Monterrey, Mexico, and Authorization for the Executive Vice Chancellor for Academic Affairs to Execute Agreement	36
	U. T. AUSTIN	
	7. Appointment of Initial Holders to Endowed Academic Positions Effective September 1, 1993 - (a) Dr. Waneen W. Spirduso to the Oscar and Anne Mauzy Regents Professorship for Educational Research and Development in the College of Education and (b) Dr. Nicolas Shumway to the Tomas Rivera Regents Professorship in Spanish Language and Literature in the College of Liberal Arts	40
	8. Proposed Appointment to the First Sid W. Richardson Foundation Regents Chair in Physics in the College of Natural Sciences Effective January 16, 1994 (Withdrawn)	40

U. T. AUSTIN

9. Authorization to Name Room 214 in Burdine Hall as the Gettys Room (Regents' Rules and Regulations, Part One, Chapter VIII, Section 1, Subsection 1.2, Naming of Facilities Other Than Buildings) 40
10. Approval of Agreements of Cooperation with (a) Obirin University, Machida, Japan, and (b) The Pontificia Universidad Catolica del Ecuador, Quito, Ecuador, and Authorization for the Executive Vice Chancellor for Academic Affairs to Execute Agreements 41

U. T. EL PASO

11. Initial Appointments to Endowed Academic Positions Effective September 1, 1993 - (a) Professor Abraham Chavez, Jr. to the Abraham Chavez, Jr., Professorship Fund in Music and (b) Dr. Andrew H. P. Swift, Jr. to the Fourth Mr. and Mrs. MacIntosh Murchison Chair in Engineering 48
12. Establishment of a Recreational Facility Fee Effective with the Fall Semester 1993 (Catalog Change) 48
13. Approval of an Agreement of Cooperation with Universidad del Valle, Cochabamba, Bolivia, and Authorization for the Executive Vice Chancellor for Academic Affairs to Execute Agreement 49

U. T. PAN AMERICAN

14. Establishment of the (a) Engineering Advisory Council and (b) Hispanic Mother Daughter Program Advisory Council and Approval of Initial Nominations Thereto 53

U. T. SAN ANTONIO

15. Authorization to Establish a Master of Arts (M.A.) Degree in Art History and to Submit the Degree Program to the Coordinating Board for Approval (Catalog Change) 53
16. Approval of Changes in Parking Permit Fees Effective with the Fall Semester 1993 (Catalog Change) 54
17. Approval of Crosstown Air Force ROTC Agreements with Our Lady of the Lake University, Incarnate Word College, and St. Mary's University, All of San Antonio, Texas, and Authorization for the Executive Vice Chancellor for Academic Affairs to Execute Agreements 55

D.	REPORT AND RECOMMENDATIONS OF THE HEALTH AFFAIRS COMMITTEE	61
	U. T. SOUTHWESTERN MEDICAL CENTER - DALLAS	
	1. Appointment of Initial Holders to Endowed Academic Positions Effective Immediately	61
	U. T. SOUTHWESTERN MEDICAL CENTER - DALLAS, U. T. MEDICAL BRANCH - GALVESTON, U. T. HEALTH SCIENCE CENTER - HOUSTON, U. T. HEALTH SCIENCE CENTER - SAN ANTONIO, U. T. M.D. ANDERSON CANCER CENTER, AND U. T. HEALTH CENTER - TYLER	
	2. Approval of Revisions to Appendices A and B of the Standard Format for Bylaws of the Medical Service, Research and Development Plan/Physician Referral Service (MSRDP/PRS) Effective September 1, 1993	61
	U. T. HEALTH SCIENCE CENTER - HOUSTON	
	3. Appointment of Frank C. Arnett, Jr., M.D., as Initial Holder of the George S. Bruce, Jr. Professorship in Arthritis and Other Rheumatic Diseases Effective Immediately	67
	4. L. Maximilian Buja, M.D., Appointed to the Board of Directors of The University of Texas System Medical Foundation, Inc. from September 1, 1993 Through December 31, 1993 (Regents' <u>Rules and Regulations</u> , Part One, Chapter VII, Section 6, Subsection 6.1, Internal Corporations)	67
	U. T. M.D. ANDERSON CANCER CENTER	
	5. Permission for Ms. Nancy Pittman to Serve on the Governor's Commission for Women [Regents' <u>Rules and Regulations</u> , Part One, Chapter III, Section 13, Subsections 13.(10) and 13.(11)]	68
E.	REPORT AND RECOMMENDATIONS OF THE FACILITIES PLANNING AND CONSTRUCTION COMMITTEE	69
	U. T. ARLINGTON	
	1. Maverick Stadium - Addition of Athletic Offices: Authorization for Project; Appointment of Schrickel, Rollins and Associates, Inc., Arlington, Texas, as Project Engineer to Prepare Preliminary Plans; and Appropriation Therefor	69
	U. T. AUSTIN	
	2. Renovation of Art Building - Heating, Ventilating and Air-	

	Conditioning System: Authorization of Project; Appointment of Schuchart & Associates Professional Engineers, Inc., San Antonio, Texas, as Project Engineer to Prepare Final Plans; Authorization for Submission of the Project to Coordinating Board, Advertisement for Bids, Executive Committee to Award Contracts; and Appropriation Therefor	70
3.	Athletic Fields Phase I Construction: Authorization for Project; Preparation of Final Plans; Submission of the Project to Coordinating Board; Approval for U. T. Austin Administration to Advertise for Bids and Award Contracts in Consultation with the Office of Facilities Planning and Construction and the Office of General Counsel; and Appropriation Therefor	71
4.	Texas Swimming Center Outdoor Pool (Project No. 102-799): Approval of Preliminary Plans; Authorization to Prepare Final Plans and Specifications, Submission of the Project to Coordinating Board, Advertisement for Bids, and Executive Committee to Award Contracts; and Additional Appropriation Therefor	72
U. T. DALLAS		
5.	Student Apartment Complex Project (Phase III) with Waterview Park, Ltd., Dallas, Texas, as Lessee: Authorization for Project; Approval to Conclude Negotiations for Amended Ground Lease and Related Necessary Documents; and Authorization for Chairman of the U. T. Board of Regents to Execute Amended Ground Lease and Related Documents	73
U. T. EL PASO		
6.	Classroom and Faculty Office Building: Authorization for Project; Appointment of Alvidrez Associates Inc., El Paso, Texas, as Project Architect to Prepare Preliminary Plans; and Appropriation Therefor	74
7.	Indoor Swimming Pool Facility: Authorization for Project; Appointment of Moore Nordell Kroeger, El Paso, Texas, as Project Architect to Prepare Preliminary Plans; and Appropriation Therefor	75
U. T. PAN AMERICAN		
8.	Engineering Building: Authorization for Project; Appointment of Kell Muñoz Wigodsky (Formerly JonesKell Architects), San Antonio, Texas, as	

	Project Architect to Prepare Preliminary Plans; and Appropriation Therefor	75
U. T.	SAN ANTONIO	
9.	Student Apartment Complex Project (Phase III) with Century Development, a Texas Limited Partnership, Houston, Texas, as Limited Partner and Owner of General Partnership Entity in University Oaks Housing Partnership III, Ltd., a Texas Limited Partnership, Houston, Texas: Authorization for Project; Approval to Conclude Negotiations on Amended Ground Lease and Related Necessary Documents; and Authorization for Chairman of the U. T. Board of Regents to Execute Amended Ground Lease and Related Documents	76
U. T.	MEDICAL BRANCH - GALVESTON	
10.	Alumni Field House Expansion: Authorization for Project; Appointment of Oliver & Beerman, Architects, Inc., Galveston, Texas, as Project Architect to Prepare Final Plans; Authorization for Submission of the Project to Coordinating Board, Advertisement for Bids, and Executive Committee to Award Contracts; and Appropriation Therefor	78
11.	New Student Center: Authorization for Project; Appointment of The Mathes Group, Houston, Texas, as Project Architect to Prepare Preliminary Plans; Appropriation Therefor; and Approval to Name the Building the Lee Hage Jamail Student Center (Regents' <u>Rules and Regulations</u> , Part One, Chapter VIII, Section 1, Subsection 1.1)	79
12.	West End Chilled Water Plant: Authorization for Project; Appointment of Burns, DeLatte & McCoy, Inc., Houston, Texas, as Project Engineer to Prepare Final Plans; Authorization for Submission of the Project to Coordinating Board, Advertisement for Bids, and Executive Committee to Award Contracts; Appropriation Therefor; and Approval for Use of Revenue Financing System Parity Debt, Receipt of Certificate, and Finding of Fact with Regard to Financial Capacity	80
F.	REPORT AND RECOMMENDATIONS OF THE ASSET MANAGEMENT COMMITTEE	83
1.	Permanent University Fund	
	<u>Investment Matter</u>	
	Report on Clearance of Monies to	

the Permanent University Fund
for May and June 1993 and Report
on Oil and Gas Development as of
June 30, 1993

84

2. Trust and Special Funds

Gifts, Bequests and Estates

U. T. ARLINGTON

1. Acceptance of Bequests from the Estate of James A. McCrea, Arlington, Texas, for Addition to the Joan M. McCrea Scholarship 85

U. T. AUSTIN

2. Acceptance of Gifts from Dr. Ching H. Yew, Austin, Texas, and Various Donors, and Transfer of Funds and Establishment of the ASE/EM Faculty Endowed Scholarship Fund in the College of Engineering 85

3. Acceptance of Gift and Pledge from Dr. Thomas D. Barrow and Mrs. L. T. Barrow, Both of Houston, Texas, and Establishment of the Barrow Periodical Fund in the College of Natural Sciences 85

4. Acceptance of Distributions from the Estate of William S. Blodgett, Austin, Texas, for Addition to the Terrell Blodgett Endowment for Government Services in Urban Management and Finance in the Lyndon B. Johnson School of Public Affairs 86

5. Approval to Accept Gift from Mr. Norman W. Campbell, Dallas, Texas, and Accumulated Earnings; Establishment of the Norman Campbell Endowed Presidential Scholarship in Advertising in the College of Communication; and Eligibility for Matching Funds Under The Brackenridge Matching Program #2 86

U. T. AUSTIN

6. Redesignation of the G. B. Dealey Regents Professorship in Communication in the College of Communication as the G. B. Dealey Regents Professorship in Journalism and Authorization to Amend Income Use 86

7. Acceptance of Gift from the I. D. and Marguerite Fairchild Foundation,

	Lufkin, Texas, and Transfer of Funds and Establishment of the E. W. Doty Endowed Presidential Scholarship in Music in the College of Fine Arts	86
8.	Authorization to Accept Grant from the Susan Vaughan Foundation, Inc., Houston, Texas, and to Establish the Endowed Curatorship of Prints and Drawings in the College of Fine Arts	87
9.	Acceptance of Gifts and Pledge from Various Donors; Establishment of the Helen Farabee Memorial Endowed Presidential Scholarship in the School of Social Work; and Eligibility for Matching Funds Under The Brackenridge Matching Program #2	87
10.	Acceptance of Gift from Mr. James Patrick "Happy" Feller, Austin, Texas, and Transfer of Funds and Establishment of the Happy Feller Endowed Scholarship in the Department of Intercollegiate Athletics for Men	87
11.	Approval to Accept Gift and Pledge from The Fondren Foundation, Houston, Texas, and Transfer of Funds to Establish the Fondren Endowed Scholarship in Music in the College of Fine Arts	87
12.	Redesignation of the Julius Glickman Research Chair in Legal and Professional Ethics in the School of Law as the Julius Glickman Research Chair in Business and Professional Ethics	88
13.	Approval to Accept Gift from Dr. and Mrs. Lester (Lucille) Harrell, Austin, Texas, and to Establish the Lucille and Lester Harrell Endowed Scholarship in the Department of Intercollegiate Athletics for Women	88
14.	Acceptance of Gift from Mr. and Mrs. John D. (Jerry) Crawford, Dallas, Texas, and Establishment of the Head Golf Coach Endowment in the Department of Intercollegiate Athletics for Men	88
U. T. AUSTIN		
15.	Acceptance of Gifts and Pledges from Various Donors and Establishment of the Head Swim Coach Endowment in the Department of Intercollegiate Athletics for Men	88
16.	Acceptance of Gift from Mr. and Mrs. Max (Isabell) Herzstein, Houston, Texas, and a Transfer of Funds for Addition to the Isabell Herzstein Endowed Scholarship in Painting in the College of Fine Arts; Redesignation of the Scholarship as	

	the Isabell Smith Herzstein Endowed Presidential Scholarship in Art; and Authorization to Amend Scholarship Guidelines	89
17.	Acceptance of Gifts from Various Donors and Establishment of the Larry A. Holmes Endowed Scholarship in Chemical Engineering in the College of Engineering	89
18.	Approval to Accept Gift from the South Texas Section of the Society of Plastics Engineers, Inc., Houston, Texas; Establishment of the Larry Holmes · South Texas Section, Society of Plastics Engineers Endowed Presidential Scholarship in Chemical Engineering in the College of Engineering; and Eligibility for Matching Funds Under The Brackenridge Matching Program #2	89
19.	Acceptance of Gifts from Dr. Oscar G. Brockett, Austin, Texas, and Various Donors and Establishment of the Frederick J. Hunter Endowed Scholarship in History and Criticism in the College of Fine Arts	90
20.	Authorization to Accept Gifts from Dr. and Mrs. George Kozmetsky, Austin, Texas, and Family and The RGK Foundation, Austin, Texas, and to Establish the IC ² Institute Eugene B. Konecci Endowed Internship for the IC ² Institute	90
21.	Acceptance of Gifts and Pledges from Various Donors and Corporate Matching Funds Pledges from Various Corporations and Establishment of the Robert C. Jeffrey Endowed Presidential Scholarship in Communication in the College of Communication	90
22.	School of Law: Establishment of the (1) Richard E. Gray, Jr. Endowed Presidential Scholarship in Law and (2) Richard W. Yarborough Native American Indian Endowed Presidential Scholarship in Law	90
U. T. AUSTIN		
23.	Oscar and Anne Mauzy Regents Professorship for Educational Research and Development in the College of Education: Approval to Transfer Previously Approved Matching Obligation Under The Regents' Endowed Teachers and Scholars Program to The Brackenridge Matching Program #2 and to Allocate Additional Matching Funds Under The Brackenridge Matching Program #2	91
24.	Acceptance of Bequest from the Estate of Emma Sue Bennett, Gladewater, Texas, for Addition to the Music Endowment Fund in the College of Fine Arts	91

25.	Acceptance of Gift from Mr. Robert L. Myer, Austin, Texas, and Transfer of Second Century Funds and Establishment of the Robert L. Myer Endowed Scholarship in the Department of Intercollegiate Athletics for Men	92
26.	Acceptance of Gift from an Anonymous Donor and Transfer of Second Century Funds and Establishment of the Robert Parker Endowed Scholarship in the Department of Intercollegiate Athletics for Men (No Publicity)	92
27.	Authorization to Accept Gifts and Pledges from Various Donors; Establishment of the Social Work Foundation Advisory Council Endowed Presidential Scholarship in the School of Social Work; and Eligibility for Matching Funds Under The Brackenridge Matching Program #2	92
28.	Acceptance of Gift from Dr. and Mrs. Cecil (Margie) Hale, Austin, Texas, and Transfer of Second Century Funds and Establishment of the Lena "Mom" Nornhausser Stein Endowed Presidential Scholarship in the Department of Intercollegiate Athletics for Women	93
29.	Acceptance of Gift from Various Donors and Transfer of Second Century Funds and Establishment of the Pat Weis Endowed Presidential Scholarship in the Department of Intercollegiate Athletics for Women	93
30.	Approval to Accept Remainder Interest in The Edgar O. and Melanie A. Weller Charitable Remainder Trust and Appointment of the U. T. Board of Regents as Trustee of the Trust	93
U. T. AUSTIN		
31.	Acceptance of Gift and Pledge from Mr. and Mrs. William P. (Alice) Wright, Jr., Abilene, Texas; Establishment of the Bill and Alice Wright Endowment for Photography for the Harry Ransom Humanities Research Center; and Eligibility for Matching Funds Under The Brackenridge Matching Program #2	94
32.	Allocation of Matching Funds Under The Brackenridge Matching Program #2 and Transfer of Funds to Various Endowments in the School of Law; Transfer of Funds from Jane Dunn Wilson Endowment in the School of Law for Addition to the Ben Gardner Sewell Professorship in Civil Trial Advocacy in the School of Law; and Termination of the Jane Dunn Wilson Endowment in the School of Law	94

33.	Authorization to Allocate Matching Funds Under The Regents' Endowment Program and The Brackenridge Matching Program #2 for Addition to the Frances Goff Scholarship Fund in the Lyndon B. Johnson School of Public Affairs and Allocation of Matching Funds Under The Brackenridge Matching Program #2 for Addition to Previously Established Endowments	95
U. T. DALLAS		
34.	Acceptance of Gifts from Various Donors and Establishment of the Vibhooti Shukla Graduate Fellowship	97
U. T. EL PASO		
35.	The American Society for Quality Control/Rio Grande Section Scholarship Fund Redesignated as The American Society for Quality Control/Section 1401 Scholarship Fund and Amendment of Scholarship Guidelines	97
36.	Acceptance of Gift and Pledge from J. Edward Stern, M.D., El Paso, Texas, and Establishment of The Helen M. C. Stern and J. Edward Stern Endowed Professorship in Psychology	97
U. T. PAN AMERICAN		
37.	Authorization to Establish The V. F. (Doc) and Gertrude M. Neuhaus Chair for Entrepreneurship	98
U. T. SAN ANTONIO		
38.	Acceptance of Gift from Ms. Vada Ellen Dunkin, San Antonio, Texas, and Establishment of The Anna May Day Memorial Endowed Scholarship	98
U. T. SAN ANTONIO		
39.	Acceptance of Gifts and Pledges from Harte-Hanks Communications, Inc., Mr. Houston H. Harte, and Mr. and Mrs. Larry D. Franklin, All of San Antonio, Texas, and Establishment of The Peter T. Flawn Endowed Scholarship Fund	98
U. T. SOUTHWESTERN MEDICAL CENTER - DALLAS		
40.	Acceptance of Gift from Mr. and Mrs. Bruce G. Brookshire, Tyler, Texas; Establishment of the Mr. and Mrs. Bruce G. Brookshire Professorship in Head and Neck Cancer Surgery in Honor of Dr. Lanny Close; Allocation of Funds from the Private Fund Development Campaign; and Eligibility for Matching Funds Under the Texas Eminent Scholars Program (No Publicity)	98

41. Carl B. & Florence E. King Foundation Distinguished Chair in Pediatric Oncology Research - Approval to Redesignate the Southwestern Medical Foundation, Dallas, Texas, as Trustee; and Authorization to Rescind Previous Approval of Matching Funds from the Private Fund Development Campaign and Matching Funds Under the Texas Eminent Scholars Program 99
42. Acceptance of Gift from an Anonymous Donor; Establishment of the Mr. and Mrs. Samuel Leake Fund for Research in Amyotrophic Lateral Sclerosis; Allocation of Funds from the Private Fund Development Campaign; and Eligibility for Matching Funds Under the Texas Eminent Scholars Program (No Publicity) 99
43. Eva A. Rosenthal Professorship in Internal Medicine, in Honor of Gary Reed, M.D.: Eligibility for Matching Funds Under the Texas Eminent Scholars Program 100
44. Acceptance of Gift and Pledge from Mr. and Mrs. Ronald L. Skaggs, Dallas, Texas; Establishment of the H. Lloyd and Willye V. Skaggs Professorship in Medical Research; Allocation of Funds from the Private Fund Development Campaign; and Eligibility for Matching Funds Under the Texas Eminent Scholars Program 100
- U. T. SOUTHWESTERN MEDICAL CENTER - DALLAS
45. Acceptance of Gift and Pledge from Mr. and Mrs. Robert B. Crotty, Dallas, Texas, Mr. and Mrs. Charles C. Smith, St. Joseph, Missouri, and Mr. and Mrs. Pete Thurmond, Cheyenne, Oklahoma; Establishment of The Edwin Ide Smith, M.D. Professorship in Pediatric Surgery; Allocation of Funds from the Private Fund Development Campaign; and Eligibility for Matching Funds Under the Texas Eminent Scholars Program 101
46. Establishment of the Roy and Christine Sturgis Chair in Biomedical Research 101
47. Acceptance of Gift from the Sweetheart Ball, Dallas, Texas; Establishment of the Sweetheart Ball Fund for Basic Research in Molecular Cardiology; Allocation of Funds from the Private Fund Development Campaign; and Eligibility for Matching Funds Under the Texas Eminent Scholars Program 101
48. Acceptance of Gift and Pledge from Mrs. Lydia Bryant Test, Dallas, Texas; Establishment of the Lydia Bryant Test Professorship in Psychiatric Research;

	Allocation of Funds from the Private Fund Development Campaign; and Eligibility for Matching Funds Under the Texas Eminent Scholars Program	102
49.	Acceptance of Gift and Pledge from the Westcott Foundation, Dallas, Texas; Establishment of the Dr. Eugene Tragus Chair in Molecular Cardiology; Allocation of Funds from the Private Fund Development Campaign; and Eligibility for Matching Funds Under the Texas Eminent Scholars Program	102
	U. T. MEDICAL BRANCH - GALVESTON	
50.	Acceptance of Grant from The Moody Foundation, Galveston, Texas, and Transfer of Funds; Establishment of The Moody Medical Library Endowment and the Moody Fund for Student and Employee Services; and Authorization for the Vice Chancellor for Asset Management to Conclude Negotiations and Execute Documents	103
	U. T. HEALTH SCIENCE CENTER - HOUSTON	
51.	Acceptance of Gifts from Various Donors and Establishment of the Walter M. Kirkendall, M.D. Endowed Lecture Series	103
	U. T. HEALTH SCIENCE CENTER - HOUSTON	
52.	Acceptance of Gifts from Various Donors and Establishment of the Susan G. Sampson Endowed Memorial Scholarship Fund	104
53.	Acceptance of Gifts from Various Donors and Establishment of the Doris Simon Student Fund	104
54.	Acceptance of Gifts from Various Donors and Establishment of the Andrew Sowell-Wade Huggins Endowed Scholarship for Cancer Biology	104
55.	Acceptance of Gifts from Various Donors and Establishment of the Reuel A. Stallones Memorial Endowed Lecture Series	104
	U. T. HEALTH SCIENCE CENTER - SAN ANTONIO	
56.	Approval to Accept Gift from Mr. and Mrs. Jim (Dorothy) Doyle, Fredericksburg, Texas, and to Establish the Jim and Dorothy Doyle Endowed Scholarship Fund	105
	U. T. M.D. ANDERSON CANCER CENTER	
57.	Acceptance of Bequest from the Estate of Sydney I. Hecht, New York, New York	105
58.	Acceptance of Bequest from the Estate of Myrtle Marie Hickman, Waco, Texas,	

	and Remainder Interest in the Ollie Bigham Jones Trust, Waco, Texas	105
3.	Intellectual Property Matters	
	U. T. ARLINGTON	
1.	Approval of a Patent License Agree- ment with PushCorp, Inc., Dallas, Texas, and Authorization for Dr. Edwin A. Erlbacher II to Acquire Equity in and Serve as an Officer and Director of PushCorp, Inc.	106
	U. T. DALLAS	
2.	Approval for Dr. Carl B. Collins and Dr. Farzin Davanloo to Acquire Equity in SI Diamond Technology, Inc., Houston, Texas	117
	U. T. HEALTH SCIENCE CENTER - SAN ANTONIO	
3.	Approval of an Agreement with Dr. Kyriacos Athanasiou, Dr. Barbara Boyan, and Mr. George Constantinides and Authorization for These Faculty Members to Acquire Equity in OsteoBiologics, Inc., San Antonio, Texas	117
	U. T. HEALTH SCIENCE CENTER - SAN ANTONIO	
4.	Approval of a Patent and Software License and Distribution Agreement with RadWorks Corporation, San Antonio, Texas, and Approval for Drs. S. Brent Dove and W. Doss McDavid to Acquire Equity in and Serve as Officers and Directors of RadWorks Corporation	121
4.	Other Matters	
	U. T. BOARD OF REGENTS	
1.	Regents' <u>Rules and Regulations</u> , Part Two: Amendments to Chapter I, Sec- tion 1 (Gifts to The University of Texas System)	131
	U. T. SYSTEM	
2.	Approval of Amendments to the U. T. System Planned Giving Policy Guide- lines	133
	U. T. BOARD OF REGENTS	
3.	Regents' <u>Rules and Regulations</u> , Part Two: Amendments to Chapter III, Section 3 (Deposits with the State Treasurer) and Section 4, Subsec- tion 4.1 (Local Institutional Funds)	144
	U. T. SYSTEM	
4.	Approval of Amendments to The Univer- sity of Texas System Institutional	

	Funds Short/Intermediate Term Fund Information Memorandum	146
	5. Authorization to Revoke The University of Texas System Medical/Dental Self- Insurance Fund Investment Policy Statement and to Amend The University of Texas System Institutional Funds Investment Policy	151
	6. Approval to Dissolve the Amortization Income Reserve Quasi-Endowment Fund and to Amend The Charter of The University of Texas System Common Trust Fund Effective September 1, 1993	155
	U. T. BOARD OF REGENTS	
	7. Regents' <u>Rules and Regulations</u> , Part Two: Amendments to Chapter II, Section 1, Subsection 1.5, Subdivi- sion 1.53 (Retirement of Indebtedness Funds) and Chapter IX (Matters Relat- ing to Investments, Trusts, and Lands)	160
V.	ITEMS FOR THE RECORD	168
	U. T. SYSTEM	
	1. Report of Resignation of Mr. Monroe M. Luther, Houston, Texas, from the Investment Advisory Committee	168
	2. Report on Opportunity for General Academic Institutions to Participate in the National Student Exchange (NSE) Program	168
VI.	REPORT OF BOARD FOR LEASE OF UNIVERSITY LANDS	169
VII.	REPORT OF SPECIAL COMMITTEES	170
	U. T. BOARD OF REGENTS	
	Report from Santa Rita Award Commit- tee: Authorization to Present 1994 Santa Rita Award to Mr. Jack S. Blanton, Houston, Texas	170
VIII.	FOUNDATION MATTERS	171
	1. Ima Hogg Foundation: Approval of Minutes of Meeting Held on April 1, 1993; Receipt of Report from Vice Chancellor for Asset Management that Funds of Foundation will be Invested in the Common Trust Fund Effective September 1, 1993; Approval of Renegotiated Farming Lease Covering 396.13 Acres in the Thomas Todd and Juan Garcia Surveys, San Patricio County, Texas, with Mr. Douglas O. Hart; and Authorization for Office of Endowment Real Estate to Sell the Foundation's Undivided Interest in Surface Real Estate Described as Lots 1-4, 7-9 W. H. Bailey Subdivision, James Strange Survey, Abstract 695, Harris County, Texas	171
	2. The Robertson Poth Foundation: Approval of	

	Minutes of Meeting Held on April 1, 1993; Receipt of Report from Vice Chancellor for Asset Management that Funds of Foundation will be Invested in the Common Trust Fund Effective September 1, 1993; Approval of Distribution of Funds for Projects at The University of Texas Medical Branch at Galveston; and Recommendation that Legal Action be Taken to Dissolve and Terminate The Robertson Poth Foundation and to Establish a Permanent Endowment	196
3.	Winedale Stagecoach Inn Fund: Approval of Minutes of Meeting Held on April 1, 1993; and Receipt of Report from Vice Chancellor for Asset Management that Funds of Foundation will be Invested in the Common Trust Fund Effective September 1, 1993	204
IX.	EXECUTIVE SESSION OF THE BOARD OF REGENTS	207
	U. T. MEDICAL BRANCH - GALVESTON, U. T. SOUTHWESTERN MEDICAL CENTER - DALLAS, AND U. T. HEALTH CENTER - TYLER	
1.	Settlements of Medical Liability Litigation/Claim	207
	U. T. BOARD OF REGENTS	
2.	Approval of Partial Release of Deed of Trust Covering Certain Parcels of Land in the Texas Research Park Located in Bexar and Medina Counties, Texas, for Consent to the Conveyance of Certain Property Owned by the Texas Research and Technology Trust to the Texas Research and Technology Foundation and Authorization for the Chairman of the U. T. Board of Regents to Execute Appropriate Documents	208
	U. T. SYSTEM	
3.	Approval of Personnel Aspects of the Operating Budgets for the Fiscal Year Ending August 31, 1994, Including Auxiliary Enterprises, Grants and Contracts, Designated Funds, Restricted Current Funds, and Medical and Dental Services, Research and Development Plans and Authorization for the Chancellor to Make Editorial Corrections Therein	208
X.	OTHER BUSINESS	209
	U. T. BOARD OF REGENTS	
	Resignation of Mr. Peter R. Coneway as a Member of the Board Effective Immediately	209
XI.	SCHEDULED MEETINGS	210

MEETING NO. 871

THURSDAY, AUGUST 12, 1993.--The members of the Board of Regents of The University of Texas System convened in regular session at 9:35 a.m. on Thursday, August 12, 1993, in the Regents' Meeting Room on the ninth floor of Ashbel Smith Hall in Austin, Texas, with the following in attendance:

ATTENDANCE.--

Present

Chairman Rapoport, presiding
Vice-Chairman Temple
Vice-Chairman Lebermann
Regent Coneway
Regent Cruikshank
Regent Holmes
Regent Ramirez
Regent Smiley

Absent

*Regent Loeffler

Executive Secretary Dilly

Chancellor Cunningham
Executive Vice Chancellor Burck
Executive Vice Chancellor Duncan
Executive Vice Chancellor Mullins

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

U. T. SYSTEM: INTRODUCTION OF (1) DR. MARIO J. GONZALEZ, ASSOCIATE VICE CHANCELLOR FOR SOUTH TEXAS/BORDER AREA DEVELOPMENT AND (2) MR. LEWIS W. WRIGHT, ASSOCIATE VICE CHANCELLOR FOR BUSINESS AFFAIRS.--Chairman Rapoport called on Chancellor Cunningham who introduced the following new executive officers of The University of Texas System:

Dr. Mario J. Gonzalez, Associate Vice Chancellor
for South Texas/Border Area Development

Mr. Lewis W. Wright, Associate Vice Chancellor
for Business Affairs

U. T. BOARD OF REGENTS: APPROVAL OF MINUTES OF REGULAR MEETING HELD ON JUNE 10, 1993.--Upon motion of Vice-Chairman Temple, seconded by Vice-Chairman Lebermann, the Minutes of the regular meeting of the Board of Regents of The University of Texas System held on June 10, 1993, in El Paso, Texas, were approved as distributed by the Executive Secretary. The official copy of these Minutes is recorded in the Permanent Minutes, Volume XL, Pages 2310 - 2887.

*Regent Loeffler was excused because of prior business commitments.

RECESS FOR COMMITTEE MEETINGS AND COMMITTEE REPORTS TO THE BOARD.--At 9:37 a.m., the Board recessed for the meetings of the Standing Committees, and Chairman Rapoport 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 3 - 23).--In compliance with Section 7.14 of Chapter I of Part One of the Regents' Rules and Regulations, Chairman Rapoport 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. U. T. Board of Regents: Adoption of Resolution Authorizing Time-Sharing Agreement Between U. T. Austin and Texas Educational Broadcasting Co-operative, Inc., Austin, Texas, and Authorization for the Executive Vice Chancellor for Academic Affairs to Execute Agreement (Exec. Com. Letter 93-15).--Upon recommendation of the Executive Committee, the Board:
 - a. Adopted a resolution authorizing a time-sharing agreement between The University of Texas at Austin, acting on behalf of the radio operations of Texas Student Publications (KTSB), and Texas Educational Broadcasting Co-operative, Inc., Austin, Texas, doing business as Austin Co-op Radio, Inc. (KOOP), as set out on Pages 4 - 5
 - b. Authorized the Executive Vice Chancellor for Academic Affairs to execute the time-sharing agreement on behalf of the U. T. Board of Regents in substantially the form set out on Pages 6 - 13.

On July 22, 1988, U. T. Austin, acting on behalf of Texas Student Publications, applied to the Federal Communications Commission for a license to construct and operate a noncommercial FM radio station for FM Channel 219A (91.7 MHz) to be called KTSB. Texas Educational Broadcasting Co-operative, Inc., Austin, Texas (doing business as Austin Co-op Radio, Inc.) had previously applied to the FCC for a license to construct and operate a noncommercial FM radio station (KOOP) on the same frequency. These applications were in competition for the sole available noncommercial FM license in the Austin area.

After an administrative hearing, the FCC ruled that the parties must share the frequency on alternate days of the week. The decision was appealed to the FCC Review Board, and on October 23, 1992, the parties were instructed by the Review Board to attempt to negotiate in good faith a time-sharing agreement providing that the broadcast day would be split between KTSB and KOOP in a fair and equitable manner. The parties filed a Joint Request for Stay of Proceeding and were granted an extension until June 28, 1993, to approve a proposed settlement and file a settlement document with the FCC.

The parties' negotiated agreement concerning time-sharing and proposed hours of operation was approved by the Texas Student Publications Board of Operating Trustees on February 18, 1993.

RESOLUTION AUTHORIZING A TIME-SHARING AGREEMENT BETWEEN THE UNIVERSITY OF TEXAS AT AUSTIN, ACTING ON BEHALF OF TEXAS STUDENT PUBLICATIONS (KTSB), AND TEXAS EDUCATIONAL BROADCASTING CO-OPERATIVE, INC. DOING BUSINESS AS AUSTIN CO-OP RADIO, INC. (KOOP)

WHEREAS, The University of Texas at Austin, acting on behalf of Texas Student Publications applied to the Federal Communications Commission on July 22, 1988, for a license to construct and operate a non-commercial FM radio station for FM Channel 219A (91.7 MHz) to be called KTSB; and

WHEREAS, Texas Educational Broadcasting Co-operative, Inc. doing business as Austin Co-op Radio, Inc., also applied to the Federal Communications Commission for a license to construct and operate a non-commercial FM radio station for FM Channel 219A (91.7 MHz) to be called KOOP; and

WHEREAS, said applications were considered to be mutually exclusive and in direct competition with each other for the sole available non-commercial FM license in the Austin, Travis County, Texas geographic area; and

WHEREAS, the Federal Communications Commission considered the applications of both parties in an administrative comparative hearing process and by order dated June 25, 1992, ruled that the parties share the frequency on alternate days of the week: KOOP to broadcast Mondays, Wednesdays, Fridays and alternating Sundays, and KTSB to broadcast Tuesdays, Thursdays, Saturdays, and alternating Sundays; and

WHEREAS, both parties filed an appeal of the decision to the Federal Communications Commission Review Board, and the parties were subsequently instructed at oral argument of the appeal before the Review Board on October 23, 1992 to attempt to negotiate in good faith a time-sharing agreement whereby the broadcast day would be split between KTSB and KOOP in a fair and equitable manner; and

WHEREAS, the parties filed a Joint Request For Stay of Proceeding and were granted an extension until June 28, 1993 to approve a proposed settlement and file a settlement document with the Commission; and

WHEREAS, the parties have negotiated a tentative agreement at this point that is acceptable to both parties and was approved by the Texas Student Publications Board of Operating Trustees on February 18, 1993 but raises certain legal issues regarding the appropriate use of Student Service Fees for the construction and operation of a broadcast tower and transmitter on property owned by The City of Austin with a shared use by KTSB and KOOP in exchange for an annual rental payment to The University of Texas at Austin; and

WHEREAS, under the terms of the proposed time-sharing agreement, KTSB would broadcast under its separate license during the hours from 7:00 p.m. to 9:00 a.m. on Monday, Tuesday, Wednesday, Thursday and Friday, and between the hours of 10:00 p.m. and 9:00 a.m. on Saturday and Sunday, and KOOP would broadcast under its separate license during the hours from 9:00 a.m. to 7:00 p.m. on Monday, Tuesday, Wednesday, Thursday, and Friday, and between the hours of 9:00 a.m. and 10:00 p.m. on Saturday and Sunday; and

WHEREAS, under the terms of the proposed agreement, KOOP seeks to share the tower and transmitter to be constructed by KTSB with the use of Student Service Fees in the amount of \$100,000 on property owned by the City of Austin for a period of five years in exchange for the payment of rent by KOOP to The University of Texas at Austin in the amount of \$10,000 per year, which includes the cost of utilities for the transmitter; and

WHEREAS, said agreement will resolve the current controversy between KOOP and KTSB and permit both parties to proceed to

broadcast their respective programs and will avoid any controversy that might impede, hinder, or delay either the issuance of the licenses by the Federal Communications Commission or the approval of said tower construction by the City of Austin; and

WHEREAS, said agreement will be in the best interests of The University of Texas at Austin; and

WHEREAS, said proposed agreement requires, in the opinion of legal counsel, that certain findings and specific authorizations be made at this time by the Board of Regents of The University of Texas System in order to resolve said legal issues and to proceed with the time-sharing agreement;

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

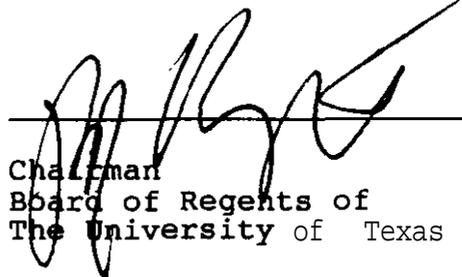
The Board, having considered the terms and conditions of the proposed agreement **hereby finds that** the use of Student Service Fees by Texas Student Publications for the construction of a tower, transmitter and studio to be an appropriate student activity and service within the meaning of the provisions of Section 54.513, Texas Education Code.

The Board finds that the subsequent lease of said tower and transmitter to KOOP for use during the hours of broadcasting by KOOP in exchange for an annual rental of \$10,000, including the cost of utilities for the transmitter, will benefit The University of Texas at Austin and further an appropriate student activity and service within the meaning of the provisions of Section 54.513, Texas Education Code.

The Board finds that said agreement does not serve to benefit a private organization in violation of the provisions of Article III, Section 51, of the Texas Constitution, since it serves a valid governmental and public purpose, by resolving matters of controversy between the parties and by permitting **KTSB to** broadcast its respective programming at the earliest time.

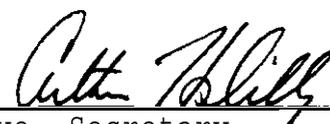
Accordingly, The Board of Regents of The University of Texas System hereby finds that the substance of the above referenced agreement is in the best interests of The University of Texas at Austin. The proposed agreement shall be drafted by the Office of General Counsel and submitted for approval to both parties and submitted for final approval to the Executive Vice Chancellor for Academic Affairs of The University of Texas System prior to the June 28, 1993 deadline established by the Federal Communications Commission.

ADOPTED AND APPROVED this the 12th day of August, 1993.



Chairman
Board of Regents of
The University of Texas System

Attest:



Executive Secretary
Board of Regents of
The University of Texas System

(SEAL)

AGREEMENT

THIS AGREEMENT, by and between THE UNIVERSITY OF **TEXAS** AT AUSTIN, ACTING ON BEHALF OF **TEXAS** STUDENT PUBLICATIONS (**KTSB**), AND TEXAS EDUCATIONAL BROADCASTING CO-OPERATIVE, INC. DOING BUSINESS AS AUSTIN CO-OP RADIO, INC. (**KOOP**).

WITNESSETH

WHEREAS, The University of Texas at Austin, acting on behalf of Texas Student Publications applied to the Federal Communications Commission on July 22, 1988, for a license to construct and operate a non-commercial FM radio station for FM Channel 219A (91.7 MHz) to be called **KTSB**; and

WHEREAS, Texas Educational Broadcasting Co-operative, Inc. doing business as Austin Co-op Radio, Inc., also applied to the Federal Communications Commission for a license to construct and operate a non-commercial FM radio station for FM Channel 219A (91.7 MHz) to be called **KOOP**; and

WHEREAS, said applications were considered to be mutually exclusive and in direct competition with each other for the sole available non-commercial FM license in the Austin Travis County, Texas geographic area; and

WHEREAS, the Federal Communications Commission considered the applications of both parties in an administrative comparative hearing process and by order dated June 25, 1992, ruled that the parties **share** the frequency on alternate days of the week: **KOOP** to broadcast Mondays, Wednesdays, Fridays and alternating Sundays, and **KTSB** to broadcast Tuesdays, Thursdays, Saturdays, and alternating Sundays; and

WHEREAS, both parties **filed** an appeal of the decision to the Federal Communications Commission Review Board, and the parties were subsequently instructed at oral argument of the appeal before the Review Board on October 23, 1992 to attempt to negotiate in good faith a time-sharing agreement whereby the broadcast day would be split between **KTSB** and **KOOP** in a fair and equitable manner; and

WHEREAS, the parties filed a Joint Request For Stay of Proceeding and were granted an extension until June 28, 1993 to approve a proposed settlement and **file** a settlement document with the Commission; and

WHEREAS, both parties desire to share the use of said frequency as well as share the use of a broadcast tower and transmitter to be constructed on property owned by the City of Austin by KTSB in exchange for an annual rental payment by KOOP to The University of Texas at Austin,

NOW THEREFORE, in consideration of the foregoing and the mutual promises of the parties hereto, it is mutually agreed that , subject to the prior approval by the Federal Communications Commission (FCC), the 91.7 MHz frequency will be shared **by the** parties in accordance with the following terms, conditions and schedules:

1. **SHARE-TIME SCHEDULE**

KTSB will broadcast under its separate license during the hours from 7:00 p.m to 9:00 a.m. on Monday, Tuesday, Wednesday, Thursday and Friday, and between the hours of 10:00 p.m. and 9:00 a.m. on Saturday and Sunday. KOOP will broadcast under its separate license during the hours from 9:00 a.m. to 7:00 p.m. on Monday, Tuesday, Wednesday, Thursday, and Friday, and between the hours of 9:00 a.m. and 10:00 p.m. on Saturday and Sunday. If the parties desire to change the times of operation, both parties shall file with the FCC appropriate applications to modify their respective licenses and receive FCC **approval** prior to initiating any change in operating schedules.

2. **SHARED USE OF CERTAIN FACILITIES**

KOOP will be permitted to broadcast its signal using the tower, adjacent transmitter building and transmitter to be constructed by KTSB on property owned by the City of Austin during the KOOP broadcast day for a period of five years in exchange for the payment of rent by KOOP to The University of Texas at Austin in the amount of \$10,000 per year, which includes the cost of utilities for the transmitter. The monthly payment in the amount of eight hundred and **thirty-three** dollars and thirty-three cents will be due on the first day of each month beginning with the first full month of operation. The failure to pay the monthly rental within ten (10) days of the first of each month shall constitute a default by KOOP. No additional equipment or facilities will be shared by the parties. Separate broadcast studios and staff will be used by each party. KTSB shall retain control of the tower, adjacent transmitter building and transmitter at all times for the purpose of maintenance and engineering support. KOOP will be solely responsible for all costs and expenses incident to the operation of a non-commercial FM radio station, including but not limited to, personnel, repair, replacement and acquisition of equipment and all other expenses incurred by KOOP.

3. COOPERATION BETWEEN THE PARTIES

It is the intent of the parties that this agreement resolve the current controversy between KOOP and KTSB and permit both parties to proceed to broadcast their respective programs during each **party's** broadcast day. The parties agree to submit this time share agreement to the FCC for approval and seek to expedite approval by the City of Austin of the tower construction on property owned by the City of Austin. The parties agree that, to the extent possible, they will cooperate with each other to broadcast certain designated-live events that occur during the broadcast day of one party at the request of the other party. In addition, the parties agree that KOOP will encourage students at The University of Texas at Austin to seek employment with KOOP and participate during the KOOP broadcast day.

4. EFFECTIVE DATE OF AGREEMENT

The parties recognize that the implementation of this Agreement will require prior FCC approval as well as approval by the City of Austin for construction of the tower and transmitter building. Accordingly, the parties hereto agree that the time-share provisions outlined in **this** Agreement shall become effective on the date that the tower has been constructed and is fully operational.

5. COMPLIANCE WITH FCC RULES AND REGULATIONS

The parties to this Agreement shall operate in full compliance with all applicable FCC Rules and Regulations. Each party will take all necessary steps to obtain and maintain in force all licenses, permits and authorizations required for the use of the FM radio frequency which is the subject of this Agreement, including taking reasonable steps to comply with the applicable provisions of the Communications Act of 1934, the applicable provisions of the FCC **rules** and regulations, as well as the timely tiling of all reports, schedules and forms required by the FCC.

This Agreement **shall** not be construed to delegate any of either party's responsibilities as holder of an FCC license, and each party shall retain the ultimate and exclusive responsibility for the operation and control of the radio station during its respective broadcast day. The parties shall promptly notify each other of any event of which they have knowledge that may impact any of the licenses, **permits** or authorizations required for the use of the radio frequency that is the subject of this Agreement. To avoid confusion on the part of the public as well as to properly assign responsibility

to each party for actions that occur during the broadcast day, the parties agree to make every effort to fully identify, by call sign and by other reference, which party is currently broadcasting on the radio frequency and to publish the respective hours of operation for each party to this time share agreement for the benefit of the public.

6. **SMISSION SITE AND FACILITIES**

KTSB shall construct at its sole expense a transmission site located in Austin, Travis County, Texas on a **197** foot high transmitting tower located at Latitude 30 16 00 North and Longitude 97 40 27 West; said tower and transmission site to fully comply with the standards, specifications and regulations of the FCC. **KTSB** assumes full responsibility for obtaining FCC approval of this transmission site; provided however that **KOOP** must amend its construction permit application to specify said transmission site. The engineering specifications for the equipment to be shared and the method for terminating one party's broadcast day and initiating the other party's broadcast day is covered in detail in Exhiit **One**, which is attached hereto for all purposes.

7. **TERMINATION**

This Agreement may be terminated by either party upon sixty (60) days written notice in the event that the FCC determines not to issue a license to either party for the radio frequency that is the subject of this Agreement; in the event that a party's FCC license to use said radio frequency is cancelled or revoked by the FCC, the remaining party shall have exclusive use of the frequency. With the exception of the share time provisions contained in paragraph 1 above; this Agreement shall be subject to termination by either party upon the default of the other party, provided that prior written notice of the default has been given, and the party in default has failed to cure said default within thirty (30) days after receipt of said written notice of default; either party to this Agreement may terminate the Agreement without penalty or further liability upon one hundred and eighty (**180**) days prior written notice.

8. **INDEMNITY**

KOOP shall indemnify and hold harmless **KTSB**, Texas Student Publications, The University of Texas at Austin, The University of Texas System, and **all** officers and employees of **KTSB**, Texas Student Publications, The University of Texas at Austin, and The University of Texas System, against any and all claims, liabilities, and losses, whether sounding in contract or in tort, by whomever asserted, arising out of acts or

omissions by KOOP, its officers, employees or agents, including actions taken by KOOP in carrying out its obligations pursuant to this Agreement.

To the extent authorized by the Constitution and laws of the State of Texas, KTSB agrees to indemnify and hold harmless KOOP against any and **all** claims, liabilities and losses whether sounding in contract or in tort, by whomever asserted, arising out of acts or omissions by KTSB, its officers, employees or agents, in carrying out its obligations pursuant to this Agreement.

Both parties shall give each other prompt notice of any claim or suit within the purview of the indemnities contained herein and furnish all relevant facts and documents in its possession or control and to cooperate fully with the other party hereto in its defense or settlement of any such action.

9 . W R I T T E N

All notices required or permitted to be made under this Agreement shall be in writing and shall be deemed to have been duly given when delivered or sent by prepaid certified or registered mail:

If to KTSB: Vice president for Business Affairs
The University of Texas at Austin
Austin, Texas 78712

If to KOOP: _____

or such other address as either party may designate in writing to the other party for this purpose.

10. RELATIONSHIP OF PARTIES

This Agreement shall not be construed to create a joint venture, partnership, **principal**-agent, employer-employee or similar relationship between KTSB and KOOP. This Agreement is intended to constitute a tune share agreement and the parties seek to operate under this Agreement to preserve that intent. Neither party shall represent itself as the other party. KOOP shall not have the authority to financially obligate or

bind Lessor and shall not state or imply, either directly or indirectly, that its activities outside the scope of this Agreement are supported, endorsed, or sponsored by KTSB.

KTSB Texas Student Publications and The University of Texas at Austin's name, marks and logo design are trademarks owned by the Board of Regents of The University of Texas System. KOOP is not authorized to use those marks in conjunction with its advertisements and promotional materials or in any matter that is related to this Agreement, including the advertising or promotion of any commercial product or service of any person, corporation, partnership association or other entity or for the purpose of any fund raising campaign conducted by KOOP.

11. FORCE MAJEURE

Neither party to this Agreement shall be responsible for losses resulting from the **failure** to perform any terms or provisions of this Agreement if the **failure** is attributable to natural phenomena, fire, disorder, or other condition beyond the reasonable control of the party whose performance is impaired thereby, and which, by the exercise of reasonable diligence, such party is unable to prevent; provided, however, that monies payable at the time of such circumstances shall be payable in accordance with the provisions of this Agreement.

12. ASSIGNMENT

Neither party shall assign, transfer, sell, dispose of or otherwise alienate or encumber their rights or obligations under this Agreement without the prior written approval of the other party.

13. CONSTRUCTION AND INTERPRETATION

This Agreement is subject to and shall be construed in accordance with the laws of the State of Texas. This Agreement constitutes the entire agreement between the parties with regard to the subject matter hereof and supersedes all other agreements, if any, express or implied, whether written or oral. This Agreement may only be modified by written agreement signed by the authorized representatives of the parties. The determination that any provision of this Agreement is invalid or unenforceable shall not invalidate this Agreement, all of said provisions being inserted conditionally upon their being considered legally valid, and **this** Agreement shall be construed and performed in all respects as if such invalid or unenforceable provision(s) were omitted.

REVISED-DRAFT
June 7, 1993

IN WITNESS WHEREOF, the parties have executed this Agreement on this, the ____ day
of _____, 1993.

THE UNIVERSITY OF TEXAS AT AUSTIN
ON BEHALF OF TEXAS STUDENT
PUBLICATIONS (KTSB)

TEXAS EDUCATIONAL BROADCASTING
COOPERATIVE, INC. DBA AUSTIN CO-OP
RADIO, INC. (KOOP)

BY: _____
G. Charles Franklin
Vice President for
Business Affairs
The University of Texas at Austin

BY: _____

President

APPROVED AS TO FORM:

BOARD OF REGENTS OF THE
UNIVERSITY OF TEXAS SYSTEM

BY: _____
J. Robert Giddings
Attorney
Office of General Counsel
The University of Texas System

BY: _____
James P. Duncan
Executive Vice Chancellor for
Academic Affairs
The University of Texas System

CERTIFICATE OF APPROVAL

I hereby certify that the foregoing agreement was approved by the Board of Regents of The
University of Texas System on the ____ day of _____, 19__ and that the
persons 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

1. The Center for Telecommunications Services in the College of Communications at The University of Texas at Austin (**CTS**) will provide the maintenance for the **full-time** transmission system to be used by the parties. The Assistant Director for Technical Services, Mr. Dave Penn, will assume the role of chief operator for both stations and Mr. **Penn** and the CTS Technical Staff will be on **call** to perform routine and emergency engineering support to maintain a **full-time** transmission. Both stations will have access to the CTS Technical Staff paging system.
2. KOOP will have no equipment at the transmission site and KOOP personnel will not have access to the tower, transmitter, or transmitter building without prior written approval by The University of Texas at Austin in order to avoid legal liability for any injury to KOOP staff, employees or agents.
3. High quality telephone lines that meet F.C.C. quality specifications will be used by both stations to deliver program audio to Communication Building B in the College of Communications on the campus of The University of Texas at Austin.
4. A phase and level matched, equalized stereo program circuit will be installed from Communications Building B to the transmission tower site using high quality telephone dedicated lines. This will consist of two FM broadcast quality leased telephone lines to provide for the left and right channels. The installation of the phone lines and the monthly lease cost will be split equally between the two stations and will constitute a charge to KOOP in addition to the annual rental of \$10,000 per year for the transmission services provided by The University of Texas at Austin pursuant to this Agreement.
5. There will be two telephone lines at the transmitter tower site: one voice or normal telephone and one data line for remote control use only. A remote control circuit such as a voice remote control (Gentner VCR 2000 or equivalent) will be used to perform dial-up remote control functions. Each station will provide its own computer control. Remote control may be accomplished with a touch tone telephone. The dial-up remote control system **will** monitor transmitter operating parameters and enable each station to turn the transmitter on and off.
6. A timer circuit **will** be used to switch between program sources at the appropriate times to comply with this timeshare Agreement. The Center for Telecommunications (**CTS**) will construct the switch and the parts will be billed equally to both stations. Override capability will be provided for each station. A procedure to authorize any deviation from the agreed timeshare arrangement specified in Section 1 of this Agreement will be required.
7. Each station will be responsible for providing their own Emergency Broadcasting System (EBS) in compliance with F.C.C. and applicable federal regulations.

2. U. T. System: Approval of Financial Disclosure Statements Submitted by the Chancellor and the Chief Administrative Officers (Exec. Com. Letter 93-16).-- Article 6252-9b of Texas Revised Civil Statutes Annotated requires the filing of financial disclosure statements by certain state officials with the Texas Ethics Commission by April 30 of each year. In addition, the current General Appropriations Act requires certain state agency officers and employees, including the Chancellor and the chief administrative officers of The University of Texas System component institutions, to file financial disclosure statements for review and approval by the governing body of the employing agency.

Pursuant to these requirements and the U. T. Board of Regents' policy adopted in June 1990, the Board approved the sworn financial disclosure statements of the Chancellor and the chief administrative officers of the U. T. System and found that these statements had been reviewed by the appropriate Executive Vice Chancellor, were in the form prescribed by the Texas Ethics Commission, and met the filing requirements of Texas law.

These statements are on file in the Office of the Board of Regents.

3. U. T. Brownsville: Authorization for Transfer of Funds Requiring Advance Regental Approval Under Budget Rules and Procedures No. 2 (Exec. Com. Letter 93-15).--In June 1991, the U. T. Board of Regents entered into an Educational Partnership Agreement with Texas Southmost College for the purpose of improving the continuity, quality, and efficiency of educational programs and services offered by both The University of Texas at Brownsville and Texas Southmost College. During the planning stages of this partnership agreement, it was unclear which course offerings would be required for the first summer session under the new arrangement. Subsequent to implementing the FY 1993 Operating Budget, it was determined that sufficient funding was not included in the budget to handle the demand for summer instruction.

In order to pay faculty salaries and 1993 fringe benefits for the 1993 summer session, the Executive Committee recommended and the Board approved the following transfer of funds at U. T. Brownsville:

Educational and General Funds

Amount of Transfer - \$950,000

From:	Unallocated Auxiliary Enterprises Balances	\$950,000
To:	Staff Benefits - OASI Matching	\$150,000
	Summer School - Faculty Salaries	\$800,000

4. U. T. Permian Basin: Acceptance of Gift from Mrs. Ellen W. Noël, Odessa, Texas, and Establishment of the University of Texas of the Permian Basin Support for Excellence Fund (Exec. Com. Letter 93-13). --The Board, upon recommendation of the Executive Committee, accepted a \$1,000,000 gift from Mrs. Ellen W. Noël, Odessa, Texas, and established the University of Texas of the Permian Basin Support for Excellence Fund at The University of Texas of the Permian Basin.

Income earned from the endowment will be used primarily to support the Office of the President and may be used for other areas of need as outlined in the Declaration of Gift set out on Pages 15 - 21.

DECLARATION OF GIFT

I. Ellen W. Noël of Odessa, County of Ector, State of Texas, have given, granted and delivered and by these presents do give, grant and deliver to the Board of Regents of The University of Texas System, as trustee, ONE MILLION AND NO/100 DOLLARS (\$1,000,000.00), irrevocably and forever, for the specific purpose of establishing a permanent endowment fund to be known as the 'University of Texas of the Permian Basin Support for Excellence Fund' (herein 'UTPB Support for Excellence Fund') for the exclusive benefit of The University of Texas of the Permian Basin, pursuant to the ensuing terms and conditions of this declaration of gift.

L Permanency

The principal of the UTPB Support for Excellence Fund shall at all times remain intact and shall never become part of the Permanent University Fund, the Available University Fund, or the General Fund of the State of Texas, nor shall it or income thereof be subject to appropriation by the legislature of the State of Texas.

I L Accounting for Fund

The UTPB Support for Excellence Fund shall be a permanent endowment for the use and benefit of The University of Texas of the Permian Basin to be invested and reinvested in accordance with the policies and practices established by the Board of Regents of The University of Texas System through the Office of Asset Management. The UTPB Support for Excellence Fund may be merged or commingled with other funds or trusts for investment or reinvestment purposes, but shall always be accounted for separately. A report on the status of the Fund and current income shall be provided to the EFA Committee established herein no less often than annually.

III. Excellence Fund Advisory Committee

For purposes of recommending priority of beneficial use (beyond the primary use specified in Section IV) of the annual income from the **UTPB** Support for Excellence Fund, a **special** Excellence Fund Advisory Committee (“the **EFA** Committee”) shall be established. The EFA Committee shall be comprised of the President of The University of Texas of the Permian **Basin**, the Chairman of The University of Texas of the Permian Basin Development Board (hereinafter referred to as the “Development Board”) and three members of the Development Board appointed by the Chairman of the Development Board. The **EFA** Committee’s recommendations are subject to approval by the Chancellor of The University of Texas System and the Executive Vice Chancellor for Academic Affairs of The **University of Texas** System, through the budget approval process. The members of the EFA Committee shall serve during the tenure of their respective offices or terms on the Development Board.

The EFA Committee shall meet at **least triannually**, in January, May and September of each year with each member having one vote. At the first meeting of the EFA Committee, they shall elect a Chair to **serve** until the second annual meeting designated **as** such by the EFA Committee and shall hear the President’s suggestions as to institutional needs concerning support for, at a minimum, the period of the next biennium. Periodic updates will be provided at subsequent meetings. When applicable the EFA Committee shall be guided by the bylaws of the Development Board, **as** amended: provided, however, the EFA Committee may promulgate its own bylaws for the conduct of its affairs including electing officers and notices of meetings. Accurate minutes of the meetings of such EFA Committee shall in any event be kept and copies of all minutes shall be filed with the Secretary of the Development Board, the President of University of Texas of the Permian

Basin and the **Executive** Vice Chancellor for Academic Affairs of The University of **Texas** **System**. The EFA Committee shall meet with the Development Board **at** least annually and **at regular** meetings of the Development Board to report the progress of its **recommendations and activities** and proposed activities and **consult** with the Development Board concerning such activities. The **EFA** Committee shall meet with the Executive Vice Chancellor for Academic Affairs or designee **at least** annually to review institutional goals and objectives of the University of Texas of the Permian Basin.

IV. Primary **Expenditure** of **Income**

Notwithstanding anything to the contrary contained herein, the EFA Committee shall in all events recommend as a first priority that the income from the UTPB Support for Excellence Fund be committed to cover the nonstate-funded portions of the compensation package (including but not limited to salary, car allowance, housing allowance and insurance) of the President of The University of Texas of the Permian Basin **as** established by the Board of Regents of The University of Texas System. If additional income remains unexpended, the EFA Committee may recommend other nonstate-funded support of the Office of the President, such as a discretionary fund to cover payment of expenses that might be incurred by the President in discharging the responsibilities of the office and fulfilling other needs of the office. A report on the use of such other nonstate-funded support shall be provided no less often than annually to the **EFA** Committee.

V. Other **Expenditures** of **Income**

To the extent that income from the UTPB Support for Excellence Fund is in excess of **that** required for supplementation of the President's compensation package, the discharge of responsibilities of the Office of President or other needs of the office, or if later additions to the UTPB Support for **Excellence** Fund result in income beyond that needed to fulfill the

first priority purpose, or if the Board of Regents of the University of Texas System determines that the income is not needed for the **purposes** stated in Article IV hereof, then the EFA Committee may establish a priority list **of** areas of need and **recommendations** thereon including accumulation of income for designated priorities. The priority list will be consistent with the purposes expressed herein, concerning areas **of** need where such income shall be applied. including but not limited to enhancement or enrichment of academic programs and courses and/or the ● sttblishment and enrichment of athletic programs for both physical education and intercollegiate competition. Further, to the extent that facilities **are** needed for providing support for excellence through enhancements and enrichments, income may be utilized for providing or improving facilities for those purposes. Income of the UTPB Support for Excellence Fund may **also** be utilized **for** support **of** the Development Office of The University **of** Texas of the Permian Basin. **The** priority list accompanied by recommendations of the EFA Committee will be provided to the Executive Vice Chancellor for Academic Affairs for his consideration in making **recommendations** to the trustee **each year** for the expenditures of the income in accordance with the University of Texas System's annual budget process.

VI. **Excluded Expenditures**

It is not **a** purpose of **UTPB** Support for Excellence Fund to provide scholarship support for students at The University of **Texas** of **the** Permian Basin, **as** other trusts or funds have been **and** may be established for those **purposes**, and such Fund shall not be used for that purpose.

VII. **Internal** Fund Additions

The income from the **UTPB** Support for Excellence Fund **shall** be used and expended in the manner described herein, provided however in **any** given year a certain portion of the

income, with a goal of **10%**, may be reinvested by the trustee upon the recommendations of the EFA Committee and made a permanent addition to the principal of the Fund. Any unexpended income other than designated accumulations from the **UTPB Support for Excellence Fund** exceeding the 10% reinvestment goal may also be added to the principal annually.

VIII. **External** Fund Additions

Gifts to the **UTPB Support for Excellence Fund** from other persons or entities are anticipated and should be encouraged. Such gifts shall be added to **the** principal of the **UTPB Support for Excellence Fund**.

IX. **EFA Committee Performance**

The EFA Committee in **performance** of **its** responsibilities herein should take into account the established **functions** of the Development Board **of** The University of Texas of the Permian Basin.

X. **Development Board Continuance**

At any time the Development Board does not exist, then such EFA Committee shall be comprised of the President of **The** University **of** Texas of the Permian Basin and four members of the Permian Basin business community **and/or** civic leaders to be designated by the President of The **University** of Texas **of** the Permian Basin. If the Development Board does not exist as such, then appointed members of the **EFA** Committee shall serve for a period not to exceed three years as designated in their appointment.

XI. **Governing Body Change**

In the event The University of Texas of the Permian Basin becomes disassociated with The University of Texas System, the Board of Regents of **The** University of Texas System shall resign **as** trustee **and**, following a reasonable period of transition, the governing

body, under whatever designation, of the former The University of **Texas of the** Permian Basin shall assume the duties of the successor trustee. Upon the appointment of **a** successor trustee and the assignment, transfer and conveyance of the trust estate to such successor trustee, and obtaining receipt therefore, trustee shall be released and discharged from any and all claims and demands and duties and obligations arising out of this agreement and trustee's management of the trust estate hereunder. The successor trustee shall have **all** the rights, duties, powers, discretions, and immunities of the original trustee. In the event of such new trustee, the **EFA** Committee shall be composed under the new governing body system similarly to its predecessor and/or under the provisions of Paragraph X herein.

XII. Successor Purposes

Should, in the opinion of the Board of Regents of The University of Texas System, or the successor governing body **of** The University of Texas of the Permian Basin, future circumstances change so that the purpose for which the UTPB Support for Excellence Fund is established becomes illegal, impractical or no longer able to be carried out to meet the needs of The University of Texas of the Permian Basin for the purposes expressed herein, then and in such event the Board of Regents of The University **of** Texas System, or the successor governing body, may designate alternative uses for the income to further the objectives of **The** University of Texas of the Permian Basin, giving **full** consideration to the **original** purposes of the UTPB Support for Excellence Fund.

XIII. Continuance of the Institution

In the event **The** University of Texas of the Permian Basin or its successor entity ceases to operate **as** an institution of higher learning, then any current successor trustee under Paragraph XI hereof shall resign and the UTPB Support for Excellence Fund shall be reassigned, transferred and conveyed by the then current successor trustee to, or lacking

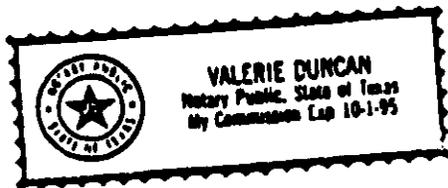
any successor trustee under **Paragraph XI**, retained by the Board of Regents of The University of Texas System to be used in support of The University of **Texas** at Austin as the Board of Regents of The University of Texas System **shall** determine. The provisions of Paragraph XI respecting a successor trustee to the Board **of** Regents of **The** University of Texas System shall be applicable to the resignation of the then current successor trustee and the reassignment. transfer and conveyance to the Board of Regents of The University of Texas System hereunder.

WITNESS my hand this 12 day of April, 1993.

Ellen W. Noël
Ellen W. Noël

STATE OF TEXAS
COUNTY OF **ECTOR**

ACKNOWLEDGED before me on this 12 day of April, 1993 by
Ellen W. Noël.



Valerie Duncan
Notary Public, State of Texas

5. U. T. Southwestern Medical Center - Dallas - Aston Ambulatory Care Center - Ninth Floor Finish Out (Project No. 303-798): Award of Construction Contract to Dal-Mac Construction Company, Richardson, Texas (Exec. Com. Letter 93-14).--Upon recommendation of the Executive Committee, the Board awarded a construction contract for Aston Ambulatory Care Center - Ninth Floor Finish Out at The University of Texas Southwestern Medical Center at Dallas to the lowest responsible bidder, Dal-Mac Construction Company, Richardson, Texas, for the Base Bid and Additive Alternate Bid Nos. 1, 2, and 3 in the amount of \$2,249,150.

The total project cost is composed of the following elements:

General Construction	\$2,249,150
Fees and Administrative Expenses	226,569
Furniture, Furnishings and Equipment	483,457
Future Work (Testing and Air-Balancing)	15,000
Miscellaneous Expenses	8,000
Project Contingency	<u>72,824</u>
 Total Project Cost	 \$3,055,000

This project is included in The University of Texas System Capital Improvement Plan approved in June 1991, and the Capital Budget approved in June 1992, for a total project cost of \$3,055,000.

This project was approved by the Texas Higher Education Coordinating Board in October 1992.

6. U. T. Medical Branch - Galveston - Keiller Building Renovation and Reroofing - Phase II - Renovation (Project No. 601-664): Award of Construction Contract for Keiller Building Renovation - Interior Renovation to Manhattan Construction Company, Houston, Texas (Exec. Com. Letter 93-16).--The Executive Committee recommended and the Board awarded a contract for the construction of the Keiller Building Renovation - Interior Renovation at The University of Texas Medical Branch at Galveston to the lowest responsible bidder, Manhattan Construction Company, Houston, Texas, for the Base Bid and Additive Alternate Bid Nos. 3, 5, 7, 8, 9, and 11 in the amount of \$10,184,000.

The project for Keiller Building Renovation and Reroofing - Phase II - Renovation is divided into two stages. The first stage, Demolition and Asbestos Abatement, was awarded by the Board in October 1992. This second stage, Keiller Building Renovation - Interior Renovation, consists of interior finish-out of the Keiller Building and the construction of related utility services.

The total project cost is composed of the following elements:

Demolition and Asbestos Abatement	
Construction	\$ 422,529
Interior Renovation Construction	10,184,000
Fees and Administrative Expenses	1,212,236
Furniture, Furnishings and Equipment	832,278
Future Work (Testing and Air-Balancing)	67,125
Miscellaneous Expenses	52,832
Other Project Budget Items (Asbestos Consultant, Utilities and Institutional Expenses)	697,000
Project Contingency	<u>250,000</u>
Total Project Cost	\$13,718,000

Funding for the Keiller Building Renovation and Reroofing - Phase II - Renovation project is included in The University of Texas System Capital Improvement Plan for Fiscal Year 1994-1999 and the Capital Budget for a total project cost of \$13,718,000 from Educational and General Funds.

This project was approved by the Texas Higher Education Coordinating Board in October 1990.

REPORT AND RECOMMENDATIONS OF THE BUSINESS AFFAIRS AND AUDIT COMMITTEE (Pages 24 - 31).--In the absence of Committee Chairman Loeffler, Regent Smiley reported that the Business Affairs 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 Business Affairs and Audit Committee and approved in open session and without objection by the U. T. Board of Regents:

1. U. T. System: Approval of Chancellor's Docket No. 71 (Catalog Change).--Upon recommendation of the Business Affairs and Audit Committee, the Board approved Chancellor's Docket No. 71 in the form distributed by the Executive Secretary. It is attached following Page 210 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.

2. U. T. Board of Regents - Regents' Rules and Regulations, Part Two: Authorization to Amend Chapter V, Section 1, Subsection 1.22 (The Pay Plan).--Approval was given to amend the Regents' Rules and Regulations, Part Two, Chapter V, Section 1, Subsection 1.22 (The Pay Plan) to read as set forth below:

1.22 The Pay Plan.

1.221 All classified positions will have a minimum and maximum defined for each salary range. The salary ranges shall be determined by annual market studies and the local economy. Merit increases will be awarded within the established salary ranges according to budget instructions and institutional policy approved for inclusion in the institutional Handbook of Operating Procedures.

This revision eliminates graduated pay steps within the classified pay plan and allows salaries to be set anywhere within the designated salary range for each classification to provide greater flexibility in the administration of merit increases and entry-level salaries.

3. U. T. Board of Regents - Regents' Rules and Regulations, Part Two: Amendments to Chapter VII, Section 10 (Disposition of Abandoned and Unclaimed Personal Property).-- Upon recommendation of the Business Affairs and Audit Committee, the Board amended the Regents' Rules and Regulations, Part Two, Chapter VII, Section 10 regarding disposition of abandoned and unclaimed personal property to read as set forth below:

Sec. 10. Disposition of Abandoned and Unclaimed Personal Property.--Except as otherwise specified in Subsections 10.6, 10.7, and 10.8, abandoned and unclaimed personal property of every kind that is not being held as evidence to be used in a pending criminal case and remains in the custody of the Property Manager of any component institution for a period of sixty (60) days will be disposed of in the following manner:

10.1 The Property Manager designated by the chief administrative officer shall mail a notice to the last known address of the owner of such property by first-class certified mail, return receipt requested, if the owner is known. If the Property Manager determines that the value of the property exceeds the anticipated cost of storage and sale of the property and if no owner's address is known or if the last known owner does not respond to the notice mailed to his or her last known address, then the Property Manager shall cause to be published once in the campus student newspaper or once in a paper of general circulation in the county in which the institution is located a notice as described below. The mailed and published notices shall contain a description of the property held; the name of the owner, if known; the name, telephone number and address of the officer holding the property; and the location where the property can be inspected and redeemed. The published notice shall also state that the property, if unclaimed, will be sold at public sale and provide the date, time, and place of such sale.

10.2 All personal property that remains unclaimed at the expiration of sixty (60) days from the date of publication in a newspaper of the notice required by Subsection 10.1 shall be deemed to be abandoned and may be sold at the announced date.

- 10.3 The Property Manager shall sell the property that remains unclaimed to the highest bidder at the announced public sale. The Property Manager may decline the highest bid if he or she considers such bid insufficient and need not reoffer any property for sale, if, in his or her opinion, the probable cost of sale is in excess of the value of the property. All proceeds of the sale shall be deposited into a fund designated for this purpose.
- 10.4 Any person claiming an interest in any property presumed abandoned and sold under the provisions of this Section shall be allowed to file a claim to such property with the Property Manager on forms and through procedures prescribed by the Property Manager; upon approval of such claim by the Property Manager, the owner may recover the proceeds of such sale after deduction of the reasonable expense of storage and sale of such property.
- 10.5 Proceeds of sales that remain unclaimed may be used by the institution for student scholarships or other institutional purposes.
- 10.6 Vehicles that are abandoned and unclaimed will be disposed of in accordance with Article 4477-9a of Vernon's Texas Civil Statutes.
- 10.7 Drugs in the possession of any component institutional police department will be disposed of in the manner prescribed by Article 4476-14, Section 8, of the Texas Dangerous Drugs Act and by Article 4476-15, Section 5.08, of the Texas Controlled Substances Act.
- 10.8 The custody and disposition of property of tenants of dormitory rooms and other residential units of a component institution shall be in accordance with Subchapter C, Title 5, Sections 54.044 and 54.045 of the Texas Property Code.

These amendments detail the proper disposition of sales proceeds based upon the specific type of property sold, allows institutions additional discretion in the disposal of personal items such as eye glasses, and brings this section of the Regents' Rules and Regulations into conformity with various state statutes.

4. U. T. System: Approval of Non-Personnel Aspects of the Operating Budgets for the Fiscal Year Ending August 31, 1994, Including Auxiliary Enterprises, Grants and Contracts, Designated Funds, Restricted Current Funds, and Medical and Dental Services, Research and Development Plans and Authorization for the Chancellor to Make Editorial Corrections Therein.--At the request of Regent Smiley, Chancellor Cunningham, with the aid of transparencies, presented a comprehensive overview of the proposed Operating Budgets for the fiscal year ending August 31, 1994, for The University of Texas System. A copy of Dr. Cunningham's [report](#) is on file in the Office of the Board of Regents.

Following Dr. Cunningham's presentation and upon recommendation of the Academic Affairs, Health Affairs, and Business Affairs and Audit Committees, the Board approved the non-personnel aspects of the Operating Budgets for the U. T. System as listed below for the fiscal year ending August 31, 1994, Including Auxiliary Enterprises, Grants and Contracts, Designated Funds, Restricted Current Funds, and Medical and Dental Services, Research and Development Plans. In addition, the Chancellor was authorized to make editorial corrections in these budgets with subsequent adjustments to be ratified by the U. T. Board of Regents through the institutional dockets.

The University of Texas System Administration
(including the Available University Fund)
The University of Texas at Arlington
The University of Texas at Austin
The University of Texas at Brownsville
The University of Texas at Dallas
The University of Texas at El Paso
The University of Texas - Pan American
The University of Texas of the Permian Basin
The University of Texas at San Antonio
The University of Texas at Tyler
The University of Texas Southwestern Medical
Center at Dallas
The University of Texas Medical Branch
at Galveston
The University of Texas Health Science
Center at Houston
The University of Texas Health Science
Center at San Antonio
The University of Texas M.D. Anderson
Cancer Center
The University of Texas Health Center
at Tyler

These budgets are a part of the Minutes of this meeting and the official copy is in bound Volume XLVIII entitled Annual Budget for 1993-1994.

See Page 208 for approval of the personnel aspects of the Operating Budgets for the fiscal year ending August 31, 1994.

5. U. T. System: Authorization to Extend the Six-Year Capital Improvement Plan Through Fiscal Year 1999 and Approval of the Capital Budget for the Fiscal Year Ending August 31, 1994.--Chancellor Cunningham, with the aid of transparencies, reviewed the proposed Capital Improvement Plan and Capital Budget for The University of Texas System which were before the Board in a separate volume.

Upon recommendation of the Business Affairs and Audit Committee, the Board extended The University of Texas System Capital Improvement Plan through Fiscal Year 1999 and approved the U. T. System Capital Budget, Part A (Major Construction Projects) and Part B (Reserve Allocations for Repairs and Equipment Projects), for the fiscal year ending August 31, 1994. The Capital Improvement Plan and the Capital Budget were presented in a combined document and is on file in the Office of the Board of Regents.

Further, the U. T. System Administration was authorized, in consultation with the component institutions, to proceed with planning for projects contained in the Capital Improvement Plan and Capital Budget and to bring recommendations to the U. T. Board of Regents for funding approval. As required by provisions of the Regents' Rules and Regulations, authorization to appoint project architects and engineers, approval of plans, authorization to advertise for bids, and award of contracts will continue to be accomplished via a standard agenda item, at appropriate times.

Part A of the Capital Budget projects the application of funds from all sources to those capital projects which involve any expenditure during the fiscal year ending August 31, 1994. Part B appropriates Permanent University Fund Bond Proceeds from reserves provided in the Capital Improvement Plan. Due to revised estimates of revenue available to meet debt service for Permanent University Fund Bonds, the reserve allocations have been adjusted to approximately \$5,000,000 for equipment and library and \$5,000,000 for repair and renovation projects for FY 1994.

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

Furthermore, the U. T. System component institutions were authorized to purchase approved equipment items and library materials and to contract for repair and rehabilitation projects following standard purchasing and contracting procedures within approved Permanent University Fund Bond Proceeds dollar limits, or a combination of allocated bond proceeds and other funds, where appropriate. Substitute equipment purchases are to receive prior approval by the Chancellor and appropriate Executive Vice

Chancellor and, where required, the U. T. Board of Regents. Transfers by U. T. System Administration of allocated funds to institutional control or to vendors will coincide with vendor payment requirements. Final approval of specific repair and rehabilitation projects will be in accordance with Board established procedures for construction projects.

The Board authorized the component institutions to transfer unallocated FY 1993 Permanent University Fund Bond Proceeds for repair and equipment projects to meet unfunded requirements for repair and equipment projects in the Fiscal Year 1994 Capital Budget. The Board also directed that unexpended and unobligated balances from FY 1987 through FY 1992 from repair and equipment projects be made available for Systemwide reallocation. Fiscal Year 1994 funds (including any FY 1993 funds transferred to FY 1994 projects) not expended or obligated by contract/ purchase order within six months after the close of FY 1994 are to be available for future Systemwide reallocation unless specific authorization to continue obligating the funds is given by the Executive Vice Chancellor for Business Affairs on recommendation of the President and Executive Vice Chancellor for Academic or Health Affairs.

6. U. T. System: Approval to Transfer Funds Between Legislative Appropriation Items During the Biennium Beginning September 1, 1993.--The Board, upon recommendation of the Business Affairs and Audit Committee, adopted the following resolution in order to provide for the most effective utilization of the General Revenue Appropriations during the biennium beginning September 1, 1993:

RESOLUTION

Pursuant to the appropriate transfer provisions of the General Appropriations Act of the 73rd Legislature, it is hereby resolved that the State Comptroller be requested to make necessary transfers within the Legislative Appropriations (and/or Cost Centers) from the General Revenue Fund for each of the following components as authorized by the Chief Financial Officers of The University of Texas System institution concerned:

The University of Texas at Arlington
The University of Texas at Austin
The University of Texas at Brownsville
The University of Texas at Dallas
The University of Texas at El Paso
The University of Texas - Pan American
The University of Texas of the
Permian Basin
The University of Texas at San Antonio
The University of Texas at Tyler
The University of Texas Southwestern
Medical Center at Dallas
The University of Texas Medical Branch
at Galveston
The University of Texas Health Science
Center at Houston
The University of Texas Health Science
Center at San Antonio

The University of Texas M.D. Anderson
Cancer Center
The University of Texas Health Center
at Tyler

7. U. T. System: Adoption of Rules and Regulations for the Administration of Scholarships for the Biennium Beginning September 1, 1993.--In compliance with Section 13, Article III of the General Appropriations Act of the 73rd Legislature, the following rules and regulations for the administration of scholarships appropriated from "Other Educational and General Income" or "Other Educational, General, and Patient Care Income" were adopted for implementation at all components of The University of Texas System for the biennium beginning September 1, 1993:

Rules and Regulations for
Administration of Scholarships

- a. Scholarships
1. Scholarships from said fund may be awarded only to students who have been accepted for enrollment and who actually enroll on at least a half-time basis in the term or terms for which the scholarship is awarded.
 2. Scholarships are to be awarded based on the financial need of the applicant as determined by the component institution and based on accepted need analysis procedures generally in use in other "need based" financial assistance programs.
 3. Each student shall first use any other grant funds for support of educational expenses for which the student may reasonably be eligible before receiving state scholarship funds.
 4. The amount of the scholarship award, when combined with all other grant or gift funds awarded to the student, shall not exceed 70% of the reasonable expenses to be incurred by the student in the semester or term for which the scholarship is awarded.
 5. No student shall receive an amount in excess of demonstrated need.
 6. No more than 10% of total scholarship funds awarded through the program in a fiscal year shall be awarded to non-resident students.
- b. Institutional matching share of earnings in the Federal College Work-Study Program
1. Any or all of the scholarship funds appropriated may be used for the institutional matching share of earnings in the College Work-Study Program.

2. Funds used in this manner will not be subject to the restriction governing the scholarships.

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

8. U. T. System: Authorization for the Executive Vice Chancellor for Business Affairs to Execute Documents Relating to the Low-level Radioactive Waste Storage Facility.--The Board authorized the Executive Vice Chancellor for Business Affairs for The University of Texas System, or his delegate, to sign all necessary or appropriate documents in connection with the development and operation of the U. T. System low-level radioactive waste storage facility located on Permanent University Fund lands in Pecos County, Texas.

This warehouse facility will be used to store low-level radioactive wastes generated by the U. T. System component institutions and will provide safe and cost-effective storage until such time as the Texas disposal facility is operational. The warehouse has been fenced, improved, and made secure to meet Texas Department of Health Bureau of Radiation Control requirements. The Texas disposal facility will be operational no earlier than mid-1996.

9. U. T. System Administration: Approval to Increase Parking Permit Fees Effective September 1, 1993.--Approval was granted to increase the annual parking permit fees for employees of The University of Texas System Administration (Parking and Traffic Regulations, Section VI, Item 4) effective September 1, 1993, as set forth below:

	<u>1993-94</u> <u>Fees</u>
<u>Classes of Permits and Annual Fees</u>	
Class "O" Reserved Spaces	\$240.00
Employees with an annual salary of \$50,000 and above	150.00
Employees with an annual salary of \$25,000 to \$49,999	96.00
Employees with an annual salary of less than \$25,000	72.00

Upon further recommendation of the Business Affairs and Audit Committee, the Board directed that effective September 1, 1994, the annual parking fee for employees with an annual salary of less than \$25,000 would be increased to \$96.00 per year.

These parking fee increases will provide a more equitable parking fee structure based upon employee salaries and are needed to generate additional income to help offset an increased cost for leased parking space and/or to help defray costs for future parking expansion. Employees who are not assigned Class "O" reserved parking may elect to pay rates in three equal installments for FY 1993-94.

REPORT AND RECOMMENDATIONS OF THE ACADEMIC AFFAIRS COMMITTEE (Pages 32 - 60).--Committee Chairman Holmes 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. Board of Regents - Regents' Rules and Regulations, Part One: Amendments to Chapter III, Section 25 (Textbooks and Other Materials Prescribed for the Use of Students).--Upon recommendation of the Health Affairs and Academic Affairs Committees, the Board amended the Regents' Rules and Regulations, Part One, Chapter III, Section 25, regarding textbooks and other materials prescribed for the use of students, to read as set forth below:

Sec. 25. Textbooks and Other Materials Prescribed for the Use of Students.

- 25.1 The policy of the Board concerning textbooks and other materials prescribed for the use of students is as follows:
 - 25.11 Although generally the individual instructor or the department should have wide discretion in the choice of materials to be used in the courses offered by the department, frequent changes in the textbooks prescribed should be discouraged and should be made only for cogent reasons.
 - 25.12 Although the authorship of books, outlines, manuals and similar materials by members of the faculty and staff should be encouraged, the prescribed use of these for students is a responsibility that goes beyond that of the individual author. Where practical and equitable, the charge for outlines, syllabi, and similar materials prescribed for the use of students should be borne by the department. Whenever an approved incidental fee includes a charge for such materials distributed through the classroom, the prices should be as low as possible, consistent with the payment of any required royalty to the author or authors.
- 25.2 To carry out this statement of policy the following procedures are prescribed:
 - 25.21 Any proposed change in the textbook of any course, within one year from the date of first adoption, shall be approved by the departmental faculty, and a statement of the reasons for

change shall be transmitted by the chairman of the department through the dean to the chief academic and administrative officers.

- 25.22 Textbooks, notebooks, manuals, or other materials for the use of students of a component institution, written or prepared by a member of the faculty of that institution, shall not be prescribed for the use of students in that institution or sold to such students until approved by the dean, chief academic officer and chief administrative officer, pursuant to policies included in the Institutional Handbook of Operating Procedures. At a minimum, these policies should provide for consultation with departmental faculty. An annual list of such approved materials shall be reported to System Administration via the appropriate Executive Vice Chancellor each August. The report shall indicate the proposed prices and profits, if any, and the authorization shall be effective only to the end of the fiscal year (August 31) for which such approval has been given.

These amendments are intended to allow flexibility in the institutional approval of faculty authored materials required or recommended for classroom use. Some components desire to require approval by departmental faculty committees and others do not.

2. U. T. System: Appointment of Dr. William H. Cunningham as Initial Holder of the Lee Hage and Joseph D. Jamail Regents Chair in Higher Education Leadership Effective Immediately.--Authorization was given to appoint Dr. William H. Cunningham, Chancellor of The University of Texas System, as the initial holder of the Lee Hage and Joseph D. Jamail Regents Chair in Higher Education Leadership at the U. T. System effective immediately.

3. U. T. System: Establishment of a Medical Services Fee at Certain Component Institutions Effective with the Fall Semester 1993 and Authorization for U. T. System Administration to Approve Future Requests for a Medical Services Fee at Other Component Institutions (Catalog Change).--The 73rd Texas Legislature, Regular Session, added a new Section 54.5089 to the Texas Education Code that authorizes the charge and collection of a medical services fee at certain public institutions of higher education, including the component institutions of The University of Texas System.

Fees collected under Section 54.5089 may be used only to provide medical services to registered students and is not to be considered in determining the maximum compulsory student services fee at each institution.

In compliance therewith, the Board, upon recommendation of the Health Affairs and Academic Affairs Committees, authorized the following component institutions of the U. T. System to establish a medical services fee effective with the Fall Semester 1993, subject to appropriate consultation by students and administrators regarding the types and scope of medical services to be provided:

<u>Institution</u>	<u>Rate for Semester or Full Summer Session</u>	<u>Rate for Short Summer Terms</u>
U. T. Arlington	\$25.00	\$12.50
U. T. Dallas	20.00	13.33
U. T. San Antonio	12.00	6.00
U. T. Southwestern Medical Center - Dallas	55.00	25.00
U. T. Medical Branch - Galveston	55.00	25.00

Further, the U. T. System Administration was authorized to approve future requests for increases in the above fees and requests from other U. T. System component institutions to establish a medical services fee not to exceed \$55 per semester or summer session or \$25 per six-week or shorter summer term to be effective upon recommendation of the chief administrative officer, assurance that students and administrators have been consulted with regard to the types and scope of medical services to be provided, approval by the respective Executive Vice Chancellor, and submission for Regental approval via the institutional docket.

Before charging a medical services fee, students and administrators must be given an opportunity to offer recommendations to the U. T. Board of Regents as to the type and scope of medical services that should be provided. Students and administrators at the institutions requesting authorization to assess the fee have been, or will be, consulted regarding the amount of the fee and the services to be provided.

It was noted that the next appropriate catalogs published at these institutions will be amended to conform to this action.

4. U. T. System: Approval to Extend to U. T. Brownsville and U. T. Pan American Authorization for Ashbel Smith Professorships.--Upon recommendation of the Academic Affairs Committee, the Board extended to The University of Texas at Brownsville and The University of Texas - Pan American authorization for nonendowed Ashbel Smith Professorships (or Ashbel Smith type professorships). Consistent with the numbers authorized for other component institutions within The University of Texas System, the authorized number of such professorships shall be two for U. T. Brownsville and three for U. T. Pan American.

In accordance with U. T. Board of Regents' policy, appointments shall be made through the normal budget processes under the guidelines established for Ashbel Smith Professorships at the April 1980 meeting.

It was noted that the specified number of these non-endowed professorships for each component institution with instructional programs is as follows:

<u>Institution</u>	<u>Number of Nonendowed Professorships</u>
U. T. Arlington	5
U. T. Austin	15
U. T. Brownsville	2
U. T. Dallas	3
U. T. El Paso	5
U. T. Pan American	3
U. T. Permian Basin	1
U. T. San Antonio	2
U. T. Tyler	1
U. T. Southwestern Medical Center - Dallas	5
U. T. Medical Branch - Galveston	5
U. T. Health Science Center - Houston	5
U. T. Health Science Center - San Antonio	5
U. T. M.D. Anderson Cancer Center	5

5. U. T. System: Amendments to the Policy for Student Deposit Endowment Fund.--In February 1989, the U. T. Board of Regents standardized procedures related to the handling and use of forfeited general property deposits at all component institutions of The University of Texas System through the formal establishment of an endowment for each component institution. At the same time, the Board also approved general policy guidelines, consistent with long-standing institutional practices at The University of Texas at Austin and The University of Texas at El Paso, for each institutional Student Deposit Endowment Fund. In December 1989, the U. T. Board of Regents approved similar endowment funds for The University of Texas at Brownsville and The University of Texas - Pan American.

Recent passage of H. B. 982 by the 73rd Texas Legislature amends Section 54.5021 of the Texas Education Code to require that forfeited deposits be used only for scholarships. To comply with H. B. 982, the Board, upon recommendation of the Health Affairs and Academic Affairs Committees, amended the general policy guidelines for the administration of the institutional Student Deposit Endowment Fund to read as set forth below:

Policy for Student Deposit Endowment Fund

- (1) A Student Deposit Endowment Fund, to be managed in a manner consistent with U. T. System endowment policies, is to be established on behalf of each U. T. System component institution with forfeited student general property deposits.

- (2) That portion of the current balance of each student deposit fund consisting of the aggregated sums of unexpended student general property deposits forfeited under Section 54.5021 of the Texas Education Code are to be transferred into the Student Deposit Endowment Fund, effective with establishment of the endowment.
- (3) All future general property deposits forfeited pursuant to Section 54.5021 of the Texas Education Code are to be added to the corpus of the Student Deposit Endowment Fund as soon as practicable after forfeiture.
- (4) Income from investment of the Student Deposit Endowment Fund is to be used to award scholarships to needy and deserving resident students to the extent authorized by Subsection (b) of Section 54.5021, Texas Education Code.

H. B. 982 also provides that "excess" unobligated student deposit funds (any portion over 150% of the current year's deposit) must be remitted to the Texas Higher Education Coordinating Board for redistribution. Based on expressed legislative intent, sums held as endowments for scholarship purposes are considered "obligated" and, therefore, not subject to reallocation.

6. U. T. Arlington: Approval of an Agreement of Cooperation with the Instituto Tecnológico de Estudios Superiores de Monterrey, Monterrey, Mexico, and Authorization for the Executive Vice Chancellor for Academic Affairs to Execute Agreement.--Approval was given to the agreement of cooperation set out on Pages 37 - 39 between The University of Texas at Arlington and the Instituto Tecnológico de Estudios Superiores de Monterrey, Monterrey, Mexico.

Further, the Executive Vice Chancellor for Academic Affairs was authorized, on behalf of the U. T. Board of Regents, to execute this agreement with the understanding that any and all specific agreements arising from the agreement are to be submitted for prior administrative review and approval as required by the Regents' Rules and Regulations.

This agreement is designed to establish programs of exchange and collaboration in areas of interest and benefit to both institutions.

AGREEMENT OF COOPERATION
BETWEEN
INSTITUTO TECNOLOGICO DE ESTUDIOS **SUPERIORES** DE MONTERREY
AND
THE UNIVERSITY OF TEXAS AT ARLINGTON

THE UNIVERSITY OF TEXAS AT ARLINGTON, (hereinafter referred to as UT/Arlington), and Instituto **Tecnológico** de Estudios **Superiores** de **Monterrey** (hereinafter referred to as I.T.E.S.M.) enter into an agreement of cooperation to establish a program of exchange and collaboration in areas of interest and benefit to both institutions.

I.

The purposes of **the** cooperation between UT/Arlington and I.T.E.S.M. are as follows:

- to promote interest in the teaching and research activities of the respective institutions, and
- to deepen the understanding of the economic, cultural, and social issues environment of the respective institutions.

II.

To achieve these goals, UT/Arlington and I.T.E.S.M. will, insofar as the means of each allow:

- promote institutional exchanges by inviting faculty and staff of the partner institution to participate in a variety of teaching and/or research activities and professional development;
- receive undergraduate and graduate students of the partner institution for periods of study and/or research;
- organize symposia, conferences, short courses and meetings on research issues; and
- exchange information pertaining to developments in teaching, student development and research at each institution.

III.

Each institution shall designate a coordinator to oversee and facilitate the implementation of this Agreement. The coordinators, working with other appropriate administrators at the respective universities, shall have **the** following responsibilities:

- to promote academic collaboration at both faculty, graduate and undergraduate student levels for research and study;
- to act as principal contacts for individual and group activities and to plan and coordinate all **activities** within their institutions as well as with the partner institution;

- to distribute to each institution information about the faculty, facilities, research, publications, library materials and educational resources of the other institutions; and
- to meet periodically to review and evaluate past activities and to work out new ideas for future cooperative agreements.

IV.

This general AGREEMENT OF COOPERATION shall be identified as the parent document of any program agreement executed between the two parties. Further agreements concerning any program shall provide details concerning the specific commitments made by each party and shall not become effective until they have been reduced to writing, executed by the duly authorized representatives of the parties, and approved in writing by the Executive Vice Chancellor for Academic Affairs of The University of Texas System. The scope of the activities under this agreement shall be determined by the **funds** regularly available at both institutions for the types of collaboration undertaken and by financial assistance as may be obtained by either institution from external sources.

V.

Except as may be stipulated in any specific program agreement, each institution shall be responsible for expenses incurred by its employees under this agreement.)

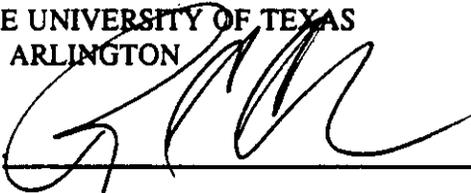
VI.

Upon approval by each institution, this agreement shall remain in effect until terminated by either institution. Such termination by one institution shall be effected by giving the other institution at least ninety (90) days advance written notice of its intention to terminate. Termination shall be without penalty. If this agreement is terminated, neither UT/Arlington nor I.T.E.S.M. **shall** be liable to the other for any monetary or other losses which may result.

Executed on this 2nd day of July, 1993

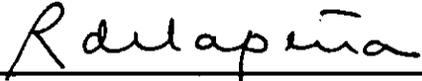
EXECUTED by the Board of Regents of The University of Texas System and Instituto **Tecnológico** de Estudios **Superiores** de Monterrey on the day and year first above written, in duplicate copies, each of which shall be deemed an original.

THE UNIVERSITY OF TEXAS
AT ARLINGTON

BY: 

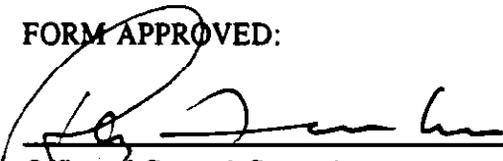
TITLE. /resident

INSTITUTO TECNOLOGICO DE ESTUDIOS
SUPERIORES DE MONTERREY

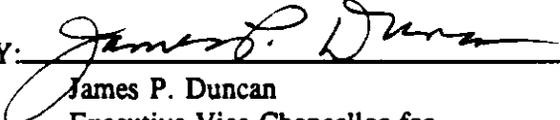
BY: 

TITLE: Rector, Monterrey Campus

FORM APPROVED:


Office of General Counsel
The University of Texas System

BOARD OF REGENTS OF THE
UNIVERSITY OF TEXAS SYSTEM

BY: 

James P. Duncan
Executive Vice Chancellor for
Academic Affairs

CERTIFICATE OF APPROVAL

I hereby certify that the foregoing Agreement was approved by the Board of Regents of The University of Texas System on the 12th day of August, 1993 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
ARTHUR H. DILLY

7. U. T. Austin: Appointment of Initial Holders to Endowed Academic Positions Effective September 1, 1993 -
(a) Dr. Waneen W. Spirduso to the Oscar and Anne Mauzy Regents Professorship for Educational Research and Development in the College of Education and (b) Dr. Nicolas Shumway to the Tomas Rivera Regents Professorship in Spanish Language and Literature in the College of Liberal Arts.--The Board approved the following initial appointments to endowed academic positions at The University of Texas at Austin effective September 1, 1993:
- a. Dr. Waneen W. Spirduso, Ashbel Smith Professor, Department of Kinesiology and Health Education, to the Oscar and Anne Mauzy Regents Professorship for Educational Research and Development in the College of Education.
- Dr. Spirduso will relinquish the Ashbel Smith Professorship effective August 31, 1993.
- b. Dr. Nicolas Shumway, Professor at Yale University, New Haven, Connecticut, to the Tomas Rivera Regents Professorship in Spanish Language and Literature in the College of Liberal Arts.
8. U. T. Austin: Proposed Appointment to the First Sid W. Richardson Foundation Regents Chair in Physics in the College of Natural Sciences Effective January 16, 1994 (Withdrawn).--The item related to a proposed initial appointment to the First Sid W. Richardson Foundation Regents Chair in Physics in the College of Natural Sciences at The University of Texas at Austin effective January 16, 1994, was withdrawn due to the fact that Dr. Richard A. Webb declined the appointment to the U. T. Austin faculty.
9. U. T. Austin: Authorization to Name Room 214 in Burdine Hall as the Gettys Room (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, authorization was granted to name Room 214 in Burdine Hall at The University of Texas at Austin as the Gettys Room.

The naming of this room is in memory of Professor Warner Ensign Gettys, the first Chairman of the Department of Sociology at U. T. Austin. Professor Gettys joined the U. T. Austin faculty in 1922 and served as Chairman of the Department of Economics and Sociology in 1927-28.

10. U. T. Austin: Approval of Agreements of Cooperation with (a) Obirin University, Machida, Japan, and (b) The Pontificia Universidad Catolica del Ecuador, Quito, Ecuador, and Authorization for the Executive Vice Chancellor for Academic Affairs to Execute Agreements.--The Academic Affairs Committee recommended and the Board approved two agreements of cooperation between The University of Texas at Austin and the following international institutions:
- a. Obirin University, Machida, Japan
(Pages 42 - 44)
 - b. The Pontificia Universidad Catolica del Ecuador, Quito, Ecuador (Pages 45 - 47).

Further, the Executive Vice Chancellor for Academic Affairs was authorized, on behalf of the U. T. Board of Regents, to execute these agreements with the understanding that any and all specific agreements arising from the agreements are to be submitted for prior administrative review and approval as required by the Regents' Rules and Regulations.

These agreements are designed to establish programs of academic and scientific exchange and collaboration in areas of interest and benefit to each institution.

AGREEMENT OF ACADEMIC COOPERATION
between
THE UNIVERSITY OF TEXAS AT AUSTIN (Austin, Texas, U.S.A.)
and
OBIRIN UNIVERSITY (Machida, Japan)

THE UNIVERSITY OF TEXAS AT AUSTIN (hereinafter **referred** to as UT Austin), and OBIRIN **UNIVERSITY**(hereinafter referred to as **OU**) enter into an agreement **of** cooperation to establish a program of academic exchange and collaboration in areas of interest and **benefit to both** institutions.

I.

The purposes of the **cooperation** between **UT** Austin and OU are as follows:

- to promote interest in the teaching and **research activities** of **the respective** insdtudons. and
- to deepen the **understanding** of the economic, cultural and social issues environment of **the** respective institutions.

II.

To achieve these goals, UT Austin and OU **will**, insofar as **the** means of each allow:

- promote **institutional** exchanges by inviting faculty and staff of the partner institution to **participate** in a variety of teaching **and/or** research activities and professional **development**;
- receive graduate and undergraduate students **of** the partner **institutions** for period of study and/or research;
- organize symposia, **conferences**, short courses and meetings on research issues;
- carry out joint **research** and continuing education programs; and
- exchange information **pertaining** to developments in teaching, student development and research at each **institution**.

III.

UT Austin and **OU** agree to designate the following individuals to oversee and facilitate implementation of this agreement in cooperation **with** other appropriate adminisuators at the respective institutions:

Administrative Coordinators:

Ms. **Margaret** A. Kidd
Director, International Office
The University of Texas at Austin

Dr. Travis Venters
Director, International Programs
Obirin University

The administrative coordinators shall have the following responsibilities:

- to promote academic collaboration at both faculty and graduate student levels for research and study;
- to act as principal contacts for individual and group activities and to plan and coordinate all activities within their institutions as well as with the partner institution;
- to distribute to each institution information about the faculty, facilities, research, publications, library materials and educational resources of the other institution; and
- to meet periodically to review and evaluate past activities and to work out new ideas for future cooperative agreements.

IV.

The general AGREEMENT OF ACADEMIC COOPERATION shall be identified as the parent document of any program agreement executed between the parties. Further agreements concerning any program shall provide details concerning the specific commitments made by each party and shall not become effective until they have been reduced to writing, executed by the duly authorized representatives of the parties, and approved in writing by the Executive Vice Chancellor for Academic Affairs of The University of Texas System. The scope of the activities under this agreement shall be determined by the funds regularly available at both institutions for the types of collaboration undertaken and by financial assistance as may be obtained by either institution from external sources.

V.

Except as may be stipulated in any specific program agreement, each institution shall be responsible for expenses incurred by its employees under this agreement.

VI.

Upon approval by each institution, this agreement shall remain in effect until terminated by either institution. Such termination by one institution shall be effected by giving the other institution at least six (6) months advance written notice of its intention to **terminate**. Termination shall be without *penalty*. **If** this agreement is terminated, neither UT Austin nor OU shall be liable to the other for any monetary or other losses that may result.

Executed on this ____ day of _____ 199__.

AT-I-EST:

FOR THE **UNIVERSITY** OF TEXAS
AT AUSTIN

FOR **OBIRIN** UNIVERSITY

Robert M. **Berdahl**
President

Kazuo Ohno
President

APPROVED:

By:

Dr. James P. Duncan
Executive Vice **Chancellor**
for Academic Affairs
The University **of** Texas System

Date: _____

CERTIFICATE OF APPROVAL:

I hereby certify that the foregoing agreement was approved by The Board of **Regents** of The University of Texas System on the- &y of _____ 199__ and that the person whose signature appears above is authorized to execute such agreement on behalf of the Board.

Mr. Arthur H. Dilly
Executive Secretary,
The University of Texas Board of Regents

AGREEMENT OF ACADEMIC AND SCIENTIFIC COOPERATION
between
THE **PONTIFICIA** UNIVERSIDAD CATOLICA DEL ECUADOR
and
THE **UNIVERSITY OF TEXAS** AT AUSTIN

THE **PONTIFICIA** UNIVERSIDAD CATOLICA DEL ECUADOR (hereinafter referred to as PUCE), and THE **UNIVERSITY** OF TEXAS AT AUSTIN (hereinafter referred to as UT. Austin), enter into an agreement of cooperation to establish a **program** of academic and scientific exchange and collaboration in areas of interest and benefit to both institutions.

I.

The purposes of the cooperation between PUCE and UT Austin are as follows:

- to promote interest in the teaching and research activities of the respective institutions, and
- to deepen the understanding of the economic, cultural and social issues environment of the respective institutions.

II.

To achieve these goals, PUCE and UT Austin will, insofar as the means of each allow:

- promote institutional exchanges by inviting faculty and staff of the partner institution to participate in a variety of teaching and/or research activities and professional **development**;
- receive graduate and undergraduate students of the partner institutions for period of study and/or research;
- organize symposia, conferences, short courses and meetings on research issues;
- carry out joint **research** and continuing education programs; and
- exchange information **pertaining** to developments in teaching, student development and research at each institution.

III.

PUCE and UT Austin agree to designate the following individuals to oversee and facilitate implementation of this agreement in cooperation with other appropriate administrators at the **respective institutions**:

Program Administrators:

Lcdo. Francisco **Egües** Garcia S.J.
Director de Relaciones Internacionales
Pontificia Universidad **Católica del** Ecuador

Ms. Margaret A. Kidd
Director
International Office
The University of Texas at Austin

The program **administrators** shall have the following responsibilities:

- to promote academic collaboration at both faculty and graduate student levels for **research** and study;
- to act as principal contacts for individual and group activities and to plan and coordinate all activities within their **institutions** as well as with the partner institution;
- to distribute to each institution information about the faculty, facilities, research, publications, library materials and educational resources of the other institution; and
- to meet periodically to review and evaluate past activities and to work out new ideas for **future cooperative** agreements.

IV.

The general **AGREEMENT** OF ACADEMIC AND SCIENTIFIC COOPERATION shall be **identified** as the parent document of any program agreement executed between the parties. Further agreements **concerning** any program shall provide details concerning the **specific** commitments made by each party and shall not become effective until they have been reduced to writing, executed by the duly authorized representatives of **the** parties, and approved in writing by the Executive Vice Chancellor for Academic Affairs of The University of Texas System. The scope of the activities under this agreement shall be determined by the funds **regularly** available at both institutions for the types of collaboration undertaken and by **financial** assistance as may be obtained by either institution from external sources.

V.

Except as may be stipulated in any **specific** program agreement, each institution shall be responsible for expenses incurred by its employees under this agreement.

VI.

Upon approval by each institution, this agreement shall remain in effect until terminated by either institution. Such termination by one **institution** shall be effected by giving the other **institution** advance written notice of its intention to terminate no later than the end of March in any year. Termination shall be without penalty. If this agreement is terminated, neither UT Austin nor PUCE shall be liable to the other for any monetary or other losses that may result.

Agreement of Academic and Scientific Cooperation
PUCE/UT Austin
Page 3 of 3

Executed on this- day of _____ 199__.

ATTEST:

FOR **PONTIFICIA UNIVERSIDAD**
CATOLICA DEL ECUADOR

FOR THE **UNIVERSITY OF**
TEXAS AT AUSTIN

Julio **Terán** Dutari S.J.
Rector

Robert M. Berdahl
President

APPROVED:

By: _____
Dr. James P. Duncan
Executive Vice Chancellor
for Academic Affairs
The University of Texas System

Date: _____

CERTIFICATE OF APPROVAL:

I hereby certify that the foregoing agreement was approved by The Board of Regents of The University of Texas System on the ____ day of _____ 199__ and that the person whose signature appears above is **authorized** to execute such agreement on behalf of the Board.

Mr. Arthur H. Dilly
Executive Secretary,
The University of Texas Board of Regents

11. U. T. El Paso: Initial Appointments to Endowed Academic Positions Effective September 1, 1993 - (a) Professor Abraham Chavez, Jr. to the Abraham Chavez, Jr., Professorship Fund in Music and (b) Dr. Andrew H. P. Swift, Jr. to the Fourth Mr. and Mrs. MacIntosh Murchison Chair in Engineering.--The Board, upon recommendation of the Academic Affairs Committee, approved the following initial appointments to endowed academic positions at The University of Texas at El Paso effective September 1, 1993:
- a. Professor Abraham Chavez, Jr., Department of Music, to the Abraham Chavez, Jr., Professorship Fund in Music
 - b. Dr. Andrew H. P. Swift, Jr., Associate Professor of Mechanical Engineering, to the Fourth Mr. and Mrs. MacIntosh Murchison Chair in Engineering.

12. U. T. El Paso: Establishment of a Recreational Facility Fee Effective with the Fall Semester 1993 (Catalog Change).--The 73rd Texas Legislature, Regular Session, added Section 54.541 to the Texas Education Code to authorize the U. T. Board of Regents to charge and collect a Recreational Facility Fee for each student enrolled at The University of Texas at El Paso. The amount of the fee as legislatively established is not to exceed \$12 per semester or summer session. The money collected by the fee is to be deposited in the U. T. El Paso recreational facility account and may be used only for financing, constructing, operating, maintaining, and improving new and existing recreational sports facilities and programs at this institution.

The Academic Affairs Committee recommended and the Board approved the establishment of a Recreational Facility Fee at U. T. El Paso effective with the Fall Semester 1993 to be assessed students at the rate of \$12 per semester or summer session as authorized by Section 54.541 of the Texas Education Code.

The fee has been approved by a majority vote of students participating in a general student election in accordance with statutory requirements.

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

13. U. T. El Paso: Approval of an Agreement of Cooperation with Universidad del Valle, Cochabamba, Bolivia, and Authorization for the Executive Vice Chancellor for Academic Affairs to Execute Agreement.--Approval was given to the agreement of cooperation set out on Pages 50 - 52 between The University of Texas at El Paso and Universidad del Valle, Cochabamba, Bolivia.

Further, the Executive Vice Chancellor for Academic Affairs was authorized, on behalf of the U. T. Board of Regents, to execute this agreement with the understanding that any and all specific agreements arising from the agreement are to be submitted for prior administrative review and approval as required by the Regents' Rules and Regulations.

This agreement is designed to establish a program of exchange and collaboration in areas of interest and benefit to both institutions.

AGREEMENT OF COOPERATION
BETWEEN

UNIVERSIDAD DEL VALLE
AND
THE UNIVERSITY OF TEXAS AT EL PASO

THE UNIVERSITY OF TEXAS AT EL PASO, (hereinafter referred to as UTEP), and the UNIVERSIDAD DEL VALLE, (hereinafter referred to as **W**) enter into an agreement of cooperation to establish a program of exchange and collaboration in areas of interest and benefit to both institutions.

I.

The purposes of the cooperation between UTEP and W are as follows:

- to promote interest in the teaching and research activities of the respective institutions, and
- to deepen the understanding of the economic, cultural and social issues environment of the respective institutions.

II.

To achieve these goals, UTEP and W will, insofar as the means of each allow:

- promote institutional exchanges by inviting faculty and staff of the partner institution to participate in a variety of teaching and/or research activities and professional development:
- receive undergraduate and graduate students of the partner institutions for periods of study and/or research;
- organize symposia, conferences, short courses and meetings on research issues:
- carry out joint research and continuing education programs: and
- exchange information pertaining to developments in teaching, student development and research at each institution.

III.

Each institution shall designate a coordinator to oversee and facilitate the implementation of this Agreement. The coordinators, working with other appropriate administrators at the respective universities, shall have the following responsibilities:

- to promote academic collaboration at both faculty, graduate and undergraduate student levels for research and study;
- to act as principal contacts for individual and group activities and to plan and coordinate all activities within their institutions as well as with the partner institution;
- to distribute to each institution information about the faculty, facilities, research, publications, library materials and educational resources of the other institution; and
- to meet periodically to review and evaluate past activities and to work out new ideas for future cooperative agreements.

IV.

This general AGREEMENT OF COOPERATION shall be identified as the parent document of any program agreement executed between the parties. Further agreements concerning any program shall provide details concerning the specific commitments made by each party and shall not become effective until they have been reduced to writing, executed by the duly authorized representatives of the parties, and approved in writing by the Executive Vice Chancellor for Academic Affairs of The University of Texas System. The scope of the activities under this agreement shall be determined by the funds regularly available at both institutions for the types of collaboration undertaken and by financial assistance as may be obtained by either institution from external sources.

V.

Except as may be stipulated in any specific program agreement, each institution shall be responsible for expenses incurred by its employees under this agreement.

VI.

Upon approval by each institution, this agreement shall remain in effect until terminated by either institution. Such termination by one institution shall be effected by giving the other institution at least ninety (90) days advance written notice of its intention to terminate. Termination shall be

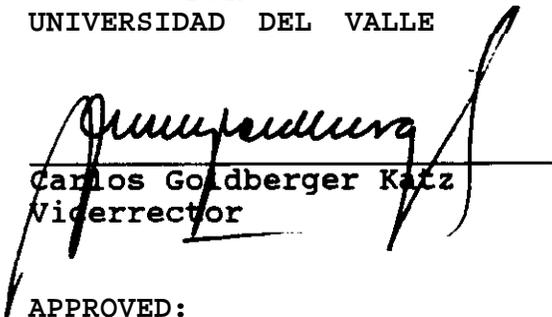
without penalty. If this agreement is terminated, neither UTEP nor W shall be liable to the other for any monetary or other losses which may result.

Executed on this _____ day of _____, 199__.

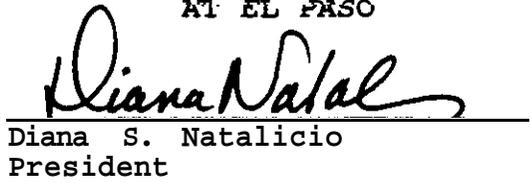
ATTEST:

FOR
UNIVERSIDAD DEL VALLE

FOR
THE UNIVERSITY OF TEXAS
AT EL PASO

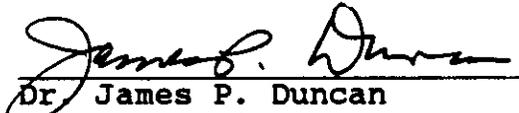


Carlos Goldberger Katz
Vicerrector



Diana S. Natalicio
President

APPROVED:

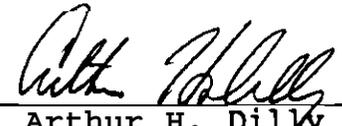
By: 

Dr. James P. Duncan
Executive Vice Chancellor
for Academic Affairs
The University of Texas System

Date: 8-12-93

CERTIFICATE OF APPROVAL:

I hereby certify that the foregoing agreement was approved by The Board of Regents of The University of Texas System on the 12th day of August, 1993 and that the person whose signature appears above is authorized to execute such agreement on behalf of the Board.



Mr. Arthur H. Dilly
Executive Secretary,
U.T. Board of Regents

14. U. T. Pan American: Establishment of the (a) Engineering Advisory Council and (b) Hispanic Mother Daughter Program Advisory Council and Approval of Initial Nominees Thereto.--Pursuant to the Regents' Rules and Regulations, Part One, Chapter VII, Section 3 (The Advisory Councils of a Component Institution), the Board established the (a) Engineering Advisory Council and (b) Hispanic Mother Daughter Program Advisory Council at The University of Texas - Pan American and approved initial nominees thereto.

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

15. U. T. San Antonio: Authorization to Establish a Master of Arts (M.A.) Degree in Art History and to Submit the Degree Program to the Coordinating Board for Approval (Catalog Change).--Authorization was granted to establish a Master of Arts (M.A.) degree in Art History at The University of Texas at San Antonio and to submit the proposal to the Texas Higher Education Coordinating Board for review and appropriate action. The master's degree program is consistent with U. T. San Antonio's approved Table of Programs and institutional plans for offering quality degree programs to meet student needs.

The Master of Arts degree in Art History is a 36 semester credit hour degree with an academic option requiring the students to write a thesis and a Museum/Gallery option requiring the students to take a portion of their course work in practicum and Art Gallery and Museum practice courses as well as completing six credit hours in a professional project in Art History and Criticism. The program's distinctive features are its emphasis on American, Hispanic, and Latin American art and the museum/gallery option not offered by the other Texas institutions. The program is anticipated to be implemented in the Fall Semester 1994 and to be administered by the Division of Art and Architecture in the College of Fine Arts and Humanities.

A projected enrollment of ten students each year for the first five years is drawn from the inquiries of undergraduate students at the institution, individuals in the community, and the junior college studio faculty who are teaching in the area and are seeking to upgrade their credentials.

This program would incur little additional expense beyond what is already in place for service to general education and the studio programs. No new faculty will be required to implement this program. Only five new courses will be created and these will be taught by reassigning teaching loads among existing faculty. Back files of journals and some books will be purchased in 1993-94 for \$12,500 and an additional \$4,500 per year will be allocated for library materials.

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

16. U. T. San Antonio: Approval of Changes in Parking Permit Fees Effective with the Fall Semester 1993 (Catalog Change).--Upon recommendation of the Academic Affairs Committee, the Board approved changes in parking permit fees at The University of Texas at San Antonio effective with the Fall Semester 1993 as set out below:

	<u>1993-94</u> <u>Fees</u>
<u>Executive Officers Permits</u>	
Class O (reserved)	\$144.00
<u>Faculty/Staff Permits</u>	
Class A (reserved)	96.00
Class B (faculty/staff)	50.00
Class C (motorcycles)	16.00
Class H (disabled)*	50.00
Class P (administrator designated)**	144.00
Class W (bicycles)	4.00
<u>Downtown</u>	
Class A (reserved)	96.00
Class B (faculty/staff)	50.00
<u>Student Permits</u>	
Class C (motorcycles)	16.00
Class D (student resident)	36.00
Class F (dual parking)	36.00
Class G (general)	36.00
Class H (disabled)*	36.00
Class M (mini-car)	26.00
Class S (car pool)	36.00
Class W (bicycles)	4.00
<u>Other</u>	
Class T (vendors, salespersons, technical representatives, other servicing personnel, and persons regularly using campus facilities)	20.00
<u>Replacement Permits</u>	
Replacement Fee	10.00
Exchange Fee	5.00

* Previously designated as "handicapped." No parking permit fees are charged for permanently disabled persons or disabled veterans as defined by Articles 6675a-5e and 6675a-5e.1 of Vernon's Texas Civil Statutes.

**Previously designated as "car pool."

Annual parking permit fees are prorated if purchased for the Spring Semester and/or Summer Session(s) only.

These changes are a result in part of consolidation of the Parking and Traffic Regulations for the U. T. Institute of Texan Cultures - San Antonio and U. T. San Antonio Downtown Center into the U. T. San Antonio Parking and Traffic Regulations. The fee changes will bring the Downtown Center fees for Class A (reserved) and Class B (faculty/staff) permits to the same level as the fees at the main U. T. San Antonio campus. In the future, the Downtown Center permit fees will not be shown separately.

The next appropriate catalog published by U. T. San Antonio will be amended to conform to this action.

17. U. T. San Antonio: Approval of Crosstown Air Force ROTC Agreements with Our Lady of the Lake University, Incarnate Word College, and St. Mary's University, All of San Antonio, Texas, and Authorization for the Executive Vice Chancellor for Academic Affairs to Execute Agreements.-- Approval was given to Crosstown Air Force ROTC agreements between The University of Texas at San Antonio and the following San Antonio area institutions:
- a. Our Lady of the Lake University
 - b. Incarnate Word College
 - c. St. Mary's University.

Since the agreements are identical, only the agreement with Our Lady of the Lake University is set out on Pages 56 - 60.

Further, the Executive Vice Chancellor for Academic Affairs was authorized, on behalf of the U. T. Board of Regents, to execute these agreements with the understanding that any and all specific agreements arising from the agreements are to be submitted for prior administrative review and approval as required by the Regents' Rules and Regulations.

The agreements have been reviewed and approved by the Office of General Counsel and are similar to other cross-town agreements previously approved by the U. T. Board of Regents.

These new agreements make the Air Force ROTC General Military Course and/or the Professional Officer Course at U. T. San Antonio available to qualified students at the other institutions who desire to earn appointments as commissioned officers in the U. S. Air Force.

DETACHMENT

CROSSTOWN AGREEMENT TO EXTEND AIR FORCE ROTC INSTRUCTION TO STUDENTS AT INSTITUTIONS NOT HOSTING AIR FORCE ROTC

This agreement is among the *governing authorities* of the University of Texas at San Antonio (*hereinafter* known as UTSA) which host Air Force ROTC (AFROTC) Detachment 842, the governing authorities of Our Lady of the Lake University (*hereinafter* referred to as OLLU) which do *not* host an AFROTC unit, and the Commandant, Headquarters (HQ), AFROTC. It is the purpose of this agreement to make the AFROTC General *Military* Course and/or the Professional Officer Course available to *qualified* students at OLLU who desire to earn appointments as *commissioned* officers in the United States Air Force.

AGREEMENT

1. Contingent upon acceptance of this agreement and upon the initial and continuing fulfillment of all the conditions enumerated in paragraphs 2, 3, 4, and 5 following, the Commandant, HQ AFROTC will:

a. provide AFROTC instruction in the General Military Course and/or the Professional Officer Course to qualified and selected applicants who are students at OLLU. AFROTC instruction will be provided to those selected students at OLLU on the UTSA campus.

b. enroll qualified students at OLLU who are selected for the General Military Course and/or the Professional Officer Course as members of the AFROTC detachment at UTSA.

c. provide uniforms, in accordance with the **existing contract** agreement between **UTSA** and **the** Secretary of the Air Force, to **UTSA** for all AFROTC **cadets** who are enrolled **as members** of the **AFROTC** detachment **at UTSA**.

d. provide **subsistence** allowance, in accordance with **existing** policies, to all AFROTC **cadets** who are enrolled **as** members of the AFROTC detachment **at UTSA**.

e. provide **tuition** and fees, in accordance with, **existing** policies **to:**

(1) **UTSA** for all AFROTC cadets on **scholarship status** who are enrolled **as members** of the AFROTC detachment at UTSA.

(2) OLLU for **all** AFROTC cadets on scholarship status who are enrolled as members of the AFROTC detachment at UTSA **if** a **separate** education service agreement exists between the **Department** of the Air Force and **OLLU**.

2. Contingent upon the acceptance of this agreement and upon fulfillment of the **conditions** enumerated in paragraph 1 above, the governing **authorities** of **UTSA** agree **to:**

a. **furnish** necessary uniforms and **accessories** to all AFROTC **cadets** who are enrolled as members of the **AFROTC** detachment **at UTSA**.

b. **provide** adequate **classroom** and **related administrative** facilities to support the **Aerospace** Studies Instruction of all AFROTC cadets who are **enrolled as members** of the **AFROTC** **detachment at UTSA** and receive instruction on the UTSA campus.

c. **report estimated** and actual costs of tuition and fees for each **fiscal** year to the AFROTC detachment at **UTSA**. **This** report will be the basis for funding obligations for each **fiscal** year.

3. Contingent upon the acceptance of this agreement and upon fulfillment of the **conditions** enumerated in paragraphs 1 and 2 above, the *governing* authorities of OLLU **agree** to:

a. **include** in appropriate publications **announcement of the** Aerospace Studies courses of **AFROTC** available to **its students**.

b. grant appropriate academic credit applicable toward graduation for the **successful** completion of courses *offered* by the Department of **Aerospace** Studies at **UTSA**.

c. *report, if a separate* educational service agreement **exists** between the Department of the **Air Force** and OLLU, the **estimated** and actual **costs** of **tuition** and fees for each **fiscal** year to the **AFROTC** detachment at **UTSA**. This report **will** be the basis for funding obligations for each **fiscal year**.

4. The **governing** authorities of **UTSA** and OLLU will either negotiate a **formal** written **agreement** whereby **OLLU** *transfers* **tuition and fees** to **UTSA** for those students on scholarship **status** from OLLU enrolled in **AFROTC** at **UTSA**; or concur that a **separate educational services** agreement between the Department of **the Air Force** and **UTSA** is desired.

5. The governing **authorities** at **OLLU** affirm that:

a. It is **accredited** to **award baccalaureate degrees** by the following regional **association**: Southern Association of **Colleges** and Schools *and* the American Speech-Hearing-Language **Association**.

b. For good and valid mutual consideration, and as a condition precedent to acceptance and **continuation** of this agreement, **OLLU** warrants and represents that it does not, and will not, discriminate in any way with respect to the admission or subsequent treatment of **students** on the basis of race, color, sex, or national origin. It is further mutually agreed that a violation of this covenant, as determined by the Secretary of **the Air Force** or a designee, may be regarded as a breach of this agreement, **justifying** termination thereof, **at no cost** to the government, by **the Secretary** or **designee**.

6. All **parties** agree that:

a. This **agreement** becomes effective 1 March 1994.

b. This agreement may be terminated at the end of any school year by any of the parties hereto by giving six months written notice of **such** intent to both parties.

OUR LADY OF THE LAKE UNIVERSITY

By: Elizabeth Anne Sueltenfuss
ELIZABETH ANNE SUELTFENFUSS
President
Date: May 17, 1993

FOR THE COMMANDANT, HQ
AIR FORCE ROTC

By: _____

Date : _____

FORM APPROVED:

By: _____
UT System Office of General Counsel

CONTENT APPROVED:

By: _____
Executive Vice Chancellor for
Academic Affairs

By: _____
Chancellor of The University of
Texas System

THE UNIVERSITY OF TEXAS AT
SAN ANTONIO

By: _____

Date: _____

FOR AIR FORCE ROTC DETACHMENT 842

By: Kathryn A. Brown
KATHRYN A. BROWN, Lt Col, USAF
Professor of Aerospace Studies

Date: 17 Jun 93

By: _____
Chairman, Hoard of Regents of
The University of Texas System

CERTIFICATE OF APPROVAL

I hereby certify that the foregoing AGREEMENT was approved by the Board of Regents of
The University of Texas System on ____ day of ____, 19__.

By: _____
Executive Secretary to cha Board of
Regents of The University of Texas
System

REPORT AND RECOMMENDATIONS OF THE HEALTH AFFAIRS COMMITTEE (Pages 61 - 68).--Committee Chairman Ramirez reported that the Health 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 Health Affairs Committee and approved in open session and without objection by the U. T. Board of Regents:

1. U. T. Southwestern Medical Center - Dallas: Appointment of Initial Holders to Endowed Academic Positions Effective Immediately.--Upon recommendation of the Health Affairs Committee, the Board approved the following initial appointments to endowed academic positions at The University of Texas Southwestern Medical Center at Dallas effective immediately:
 - a. Dr. Stephen A. Johnston, Associate Professor of Internal Medicine and Biochemistry, to the Dr. Eugene Tragus Chair in Molecular Cardiology

See Page 102 related to establishment of this Chair.
 - b. Edwin Ide Smith, M.D., Professor of Surgery, to The Edwin Ide Smith, M.D. Professorship in Pediatric Surgery

See Page 101 related to establishment of this Professorship.
 - c. Lanny Garth Close, M.D., Professor and Vice Chairman of the Department of Otorhinolaryngology, to the Mr. and Mrs. Bruce G. Brookshire Professorship in Head and Neck Cancer Surgery in Honor of Dr. Lanny Close

See Page 98 related to the establishment of this Professorship.
 - d. Shelley Poe Roaten, Jr., M.D., Professor and Chairman of the Department of Family Practice and Community Medicine, to the Dr. Bill Ross Professorship in Family Practice.
2. U. T. Southwestern Medical Center - Dallas, U. T. Medical Branch - Galveston, U. T. Health Science Center - Houston, U. T. Health Science Center - San Antonio, U. T. M.D. Anderson Cancer Center, and U. T. Health Center - Tyler: Approval of Revisions to Appendices A and B of the Standard Format for Bylaws of the Medical Service, Research and Development Plan/Physician Referral Service (MSRDP/PRS) Effective September 1, 1993.--The Board, upon recommendation of the Health Affairs Committee, amended Appendices A and B of the standard format for Bylaws of the Medical Service, Research and Development Plan/Physician Referral Service (MSRDP/PRS) for The University of Texas Southwestern Medical Center at Dallas, The University of Texas Medical Branch at Galveston, The University of Texas Health Science Center

at Houston, The University of Texas Health Science Center at San Antonio, The University of Texas M.D. Anderson Cancer Center, and The University of Texas Health Center at Tyler effective September 1, 1993, as set forth on Pages 62 - 66.

These appendices provide guidelines for the expenditure of MSRDP/PRS income and are in compliance with the Rider in the current Appropriations Bill. Each MSRDP/PRS plan will have an annual audit of its collections and expenditures which will be provided to the U. T. Board of Regents within 90 days of the end of each fiscal year.

APPENDIX A

MSRDP/PRS AUTHORIZED FRINGE BENEFITS

Effective September 1, 1993

<u>Authorized Benefit</u>	<u>Maximum</u>
1. Medical Insurance	UT Plan for member and family <u>OR</u> UT HMO Plan for member and family NOTE: Deductibles, copayments, and coinsurance do not qualify for reimbursement
2. Dental Insurance	UT Plan for member and family <u>AND</u> Supplemental "umbrella" coverage for member and family NOTE: Deductibles, copayments, and coinsurance do not qualify for reimbursement
3. Term Life Insurance	UT Plan, maximum of four (4) times annual total compensation
4. Accidental Death	UT Plan for member and family
5. Membership Dues	Memberships in Faculty Clubs, Medical Center Clubs, or equivalent as approved by President
6. Supplemental Retirement	In accordance with U. T. System policy
7. Parking Fees	At U. T. institution(s) and teaching hospital(s)
8. Travel Expense	In accordance with approved limits for official institutional business, not to exceed actual expense. With prospective presidential approval, travel expense for spouse or family member if on official institutional business. Reimbursement requires written justification and documentation of expenditures.

Authorized Benefit

Maximum

9. Allowance for Special Education-Training
- In accordance with yearly limits, established by the Chancellor's Office and President, per dependent in special education or training program necessitated by physical or mental impairment, not to exceed eight years.
- No MSRDP/PRS funds may be expended for the benefit of any single individual person or member except as herein approved unless specific exception has been approved by the Board of Regents.
 - Classified plan employees may receive only the basic state-approved benefits paid from MSRDP/PRS.
 - Benefits specifically not approved include:
 - personal liability insurance
 - life insurance with accumulated cash value
 - estate planning
 - tax service
 - accounting service.
 - Authorized fringe benefits may not exceed thirty (30) percent of total salary.
 - This list of authorized fringe benefits and yearly limits may be periodically amended by action of the Chancellor's Office.
 - Exceptions for Presidents and Directors may be made by the Board of Regents for such expenditures as car allowances, long-term disability, educational allowances, housing allowances, etc.

APPENDIX B

MSRDP/PRS AUTHORIZED PROFESSIONAL
BUSINESS EXPENDITURES

Effective September 1, 1993

INSTITUTIONAL TRUST FUNDS AND CLINICAL DEPARTMENT FUNDS

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

<u>Authorized Benefit</u>	<u>Maximum</u>
12. Consultant fees and expenses including guest speakers at official institutionally sponsored or sanctioned meetings	In accordance with U. T. System and institutional policy
13. Expenses incident to faculty or staff recruitment (see No. 17, Official Institutional Functions and Official Entertainment)	In accordance with institutional policy
14. Establishment or endowment of lectureships, professorships or chairs	In accordance with U. T. System policy
15. Support of academic programs and projects involving education, research or patient care	In accordance with institutional policy
16. Institutional participation in community, organizations or events	In accordance with institutional policy
17. Official Institutional Functions and Official Entertainment. Official entertainment is defined as business-related events or expenditures which are of documented benefit to the institution or The University of Texas System.	Prior presidential approval required for any expenditures greater than \$2,500. A quarterly report of all expenditures approved in this category shall be filed with the Executive Vice Chancellor for Health Affairs.
<ul style="list-style-type: none"> • No MSRDP/PRS funds may be expended for the benefit of any single individual person or member except as herein approved. • All requests for reimbursement must contain adequate documentation and must be signed by the person seeking reimbursement. • Previous sections "Additional Expenditures" and Appendix B, "Expenditures Allowable from Clinical Department Fund" are merged into this new Appendix B, "Authorized Professional Business Expenditures." • All expenditures are subject to the <u>Rules and Regulations</u> of the Board of Regents of The University of Texas System and applicable institutional regulations and procedures. This list of authorized expenditures may be periodically amended by action of the Chancellor's Office. 	

Accounting/Auditing Guidelines for
MSRDP/DSRDP/PRS

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

Normal institutional purchasing procedures should be followed whenever possible.

All requests for reimbursements should be signed by the employee seeking reimbursement. The voucher, if prepared by a staff member, should be reviewed for accuracy before the voucher is signed.

Special care with the use of individual credit cards, club memberships, and charges to facilities for entertaining business associates should be exercised, and care should be taken to document each use, indicating the number of persons, function, title or name of people entertained.

All requests for reimbursement should be fully supported with documentation. The documentation should include who was involved and state the benefit to the institution.

A report to the President should be prepared annually, detailing by each approved expenditure category how much has been spent. Specifically, entertainment expenses need to be reviewed, and any questionable expenditures should be investigated.

Each institution shall insure that MSRDP/PRS income and expenditures are audited annually and a report made to the MSRDP Board, the President, the Executive Vice Chancellor for Health Affairs and the U. T. Board of Regents within 90 days of the end of each fiscal year.

3. U. T. Health Science Center - Houston: Appointment of Frank C. Arnett, Jr., M.D., as Initial Holder of the George S. Bruce, Jr. Professorship in Arthritis and Other Rheumatic Diseases Effective Immediately.--Approval was given to appoint Frank C. Arnett, Jr., M.D., Professor of Internal Medicine and Professor in the Graduate School of Biomedical Sciences at The University of Texas Health Science Center at Houston, as initial holder of the George S. Bruce, Jr. Professorship in Arthritis and Other Rheumatic Diseases effective immediately.

4. U. T. Health Science Center - Houston: L. Maximilian Buja, M.D., Appointed to the Board of Directors of The University of Texas System Medical Foundation, Inc. from September 1, 1993 Through December 31, 1993 (Regents' Rules and Regulations, Part One, Chapter VII, Section 6, Subsection 6.1, Internal Corporations).--In accordance with the Regents' Rules and Regulations, Part One, Chapter VII, Section 6, Subsection 6.1, relating to appointments to the Board of Directors of internal corporations, the Board appointed L. Maximilian Buja, M.D., to replace Ronald C. Merrell, M.D., as a member of the Board of Directors of The University of Texas System Medical Foundation, Inc., from September 1, 1993 through December 31, 1993.

With this appointment, the three members of the Board of Directors will be as follows with all three terms to expire December 31, 1993:

<u>Name</u>	<u>Address</u>
L. Maximilian Buja, M.D.	6431 Fannin, Houston, TX 77030
John C. Ribble, M.D.	6431 Fannin, Houston, TX 77030
James D. Hefner, M.D.	5656 Kelley, Houston, TX 77026

The University of Texas System Medical Foundation, Inc., Charter No. 331937, was issued its Certificate of Incorporation on October 5, 1973, by the Secretary of State. The Foundation is a nonprofit corporation, organized strictly for educational and scientific purposes and functions within the framework of The University of Texas Health Science Center at Houston for the purpose of training graduate medical students, referred to as House Staff or Residents.

According to the Bylaws of the Foundation, each member of the Board of Directors must be licensed by the Texas State Board of Medical Examiners and must have been actively engaged in the practice of medicine within the State of Texas for at least five years preceding their appointment.

5. U. T. M.D. Anderson Cancer Center: Permission for Ms. Nancy Pittman to Serve on the Governor's Commission for Women [Regents' Rules and Regulations, Part One, Chapter III, Section 13, Subsections 13.(10) and 13.(11)].--Permission was granted for Ms. Nancy Pittman, Director of Patient Care Programs at The University of Texas M.D. Anderson Cancer Center, to serve on the Governor's Commission for Women.

Governor Richards' appointment of Ms. Pittman to this Commission is of benefit to the State of Texas, creates no conflict with her regular duties at the U. T. M.D. Anderson Cancer Center, 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.

REPORT AND RECOMMENDATIONS OF THE FACILITIES PLANNING AND CONSTRUCTION COMMITTEE (Pages 69 - 82).--Committee Chairman Temple reported that the Facilities Planning and Construction 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 Facilities Planning and Construction Committee and approved in open session and without objection by the U. T. Board of Regents.

On behalf of the Board, Committee Chairman Temple congratulated Mr. John Davis, Associate Director for Design in the Office of Facilities Planning and Construction, on his selection to membership in the American Institute of Architects College of Fellows and noted that this distinction recognizes Mr. Davis' notable contributions to the advancement of the architecture profession.

1. U. T. Arlington - Maverick Stadium - Addition of Athletic Offices: Authorization for Project; Appointment of Schrickel, Rollins and Associates, Inc., Arlington, Texas, as Project Engineer to Prepare Preliminary Plans; and Appropriation Therefor.--Upon recommendation of the Facilities Planning and Construction Committee, the Board:
 - a. Authorized a project for the Addition of Athletic Offices to Maverick Stadium at The University of Texas at Arlington at an estimated total project cost of \$783,250 to be funded from Unexpended Plant Funds
 - b. Appointed the firm of Schrickel, Rollins and Associates, Inc., Arlington, Texas, as Project Engineer with authorization to prepare preliminary plans, specifications and a cost estimate to be presented to the U. T. Board of Regents for consideration at a future meeting
 - c. Appropriated \$75,000 from U. T. Arlington Unexpended Plant Funds for fees and administrative expenses through completion of preliminary plans.

The U. T. Arlington athletic offices are presently housed in an approximately thirty-year old reconstructed metal building located east of Maverick Stadium. The offices are in need of replacement because they are not considered appropriate for either the athletic program or as an introduction to U. T. Arlington for recruits, parents, or guests. This project will add approximately 9,000 square feet of athletic office space to Maverick Stadium and will replace the existing deteriorated metal building.

This project is included in the FY 1994-1999 Capital Improvement Plan and the FY 1994 Capital Budget.

2. U. T. Austin - Renovation of Art Building - Heating, Ventilating and Air-Conditioning System: Authorization of Project; Appointment of Schuchart & Associates Professional Engineers, Inc., San Antonio, Texas, as Project Engineer to Prepare Final Plans; Authorization for Submission of the Project to Coordinating Board, Advertisement for Bids, Executive Committee to Award Contracts; and Appropriation Therefor.--In response to complaints concerning the Art Building's heating, ventilating and air-conditioning (HVAC) system, The University of Texas at Austin contracted with an engineering firm to identify air-quality problems and to make recommendations for the necessary corrections. The study found significant deficiencies in the HVAC system involving airborne contaminants associated primarily with the various arts and crafts areas. To correct the deficiencies, it is necessary to replace the air-handling units, install variable speed controls, relocate air-intake louvers and perform related renovation work.

Therefore, the Board, upon recommendation of the Facilities Planning and Construction Committee:

- a. Authorized a project for the Renovation of the Art Building - Heating, Ventilating and Air-Conditioning System at U. T. Austin at an estimated total project cost of \$3,000,000 to be funded from General Fee Balances
- b. Appointed the firm of Schuchart & Associates Professional Engineers, Inc., San Antonio, Texas, as Project Engineer to prepare final plans, specifications and detailed cost estimates
- c. Authorized submission of the project to the Texas Higher Education Coordinating Board
- d. Upon completion of final review and approval of the Coordinating Board, authorized the Office of Facilities Planning and Construction to advertise for bids
- e. Authorized the Executive Committee to award all contracts associated with this project within the authorized total project cost
- f. Appropriated \$3,000,000 from U. T. Austin General Fee Balances for total project funding.

This project is included in the FY 1994-1999 Capital Improvement Plan and FY 1994 Capital Budget.

3. U. T. Austin - Athletic Fields Phase I Construction: Authorization for Project; Preparation of Final Plans; Submission of the Project to Coordinating Board; Approval for U. T. Austin Administration to Advertise for Bids and Award Contracts in Consultation with the Office of Facilities Planning and Construction and the Office of General Counsel; and Appropriation Therefor.--The Academic Affairs and Facilities Planning and Construction Committees recommended and the Board:
- a. Authorized a project for Athletic Fields Phase I Construction at The University of Texas at Austin at an estimated total project cost of \$2,000,000
 - b. Authorized the U. T. Austin Vice President for Business Affairs and Director of Physical Plant to prepare final plans and specifications with assistance from an athletic field consultant and in consultation with the Office of Facilities Planning and Construction and the Office of General Counsel
 - c. Authorized submission of the project to the Texas Higher Education Coordinating Board
 - d. Upon completion of final review and approval of the Coordinating Board, authorized U. T. Austin Administration to advertise for bids and award all contracts associated with this project within the authorized total project cost
 - e. Appropriated \$2,000,000 from Intercollegiate Athletics for Men balances for total project funding.

The U. T. Austin Administration recently announced its decision to add women's soccer as an intercollegiate sport. The Athletic Fields Phase I Construction project will provide two outdoor athletic fields and a pavilion with restrooms, drinking fountains, and equipment storage. One of the athletic fields in the Phase I project will be for the Women's Intercollegiate Soccer team and the other will be a football practice field. The playing surface is to be natural turf with below-grade watering and drainage which will help minimize injuries.

It is advantageous to locate the two outdoor athletic fields adjacent to one another in order to minimize initial construction costs and future maintenance costs and to maximize the potential for shared use. These two fields will be located on the former Villa Capri site east of Red River Street and south of 26th Street. The Phase II project, which will be submitted to the U. T. Board of Regents for consideration at a future date, will be for the construction of spectator stands and dressing room facilities for the women's soccer program.

This project is included in the FY 1994-1999 Capital Improvement Plan and FY 1994 Capital Budget.

In response to Regent Holmes' inquiry as to student involvement in the decision to eliminate the parking spaces on the former Villa Capri site, President Berdahl stated that 156 parking spaces out of 5,592 student parking spaces on the campus would be lost to this project. He pointed out that, if the University tries to find space on a landlocked campus, there is no alternative to taking space in a remote area such as the Villa Capri site. Dr. Berdahl noted that he understood the students' concern over the loss of the 156 parking spaces, but the decision to go forward with the project at this time is a part of the negotiations arising from the Title IX settlement which came about during June and July when the students were not on campus. He emphasized that U. T. Austin is currently planning a new parking garage for students near Jester Center which would be funded with revenue bonds and would initially include 1,000 parking spaces with another 1,000 spaces added later.

Regent Lebermann commented that he felt certain the compliance with Title IX would be compelling on students at U. T. Austin even though parking spaces would be given up. He commended President Berdahl on the early planning of the new parking garage for students and expressed hope that the engineering firm and other professionals that have been involved would keep their focus and go forward in a prompt fashion.

4. U. T. Austin - Texas Swimming Center Outdoor Pool (Project No. 102-799): Approval of Preliminary Plans; Authorization to Prepare Final Plans and Specifications, Submission of the Project to Coordinating Board, Advertisement for Bids, and Executive Committee to Award Contracts; and Additional Appropriation Therefor.--Following a brief overview by President Berdahl, Mr. John Robinson, representing the Project Architect, J. Robinson & Associates Architects, Inc., Austin, Texas, presented the preliminary plans and specifications for the Texas Swimming Center Outdoor Pool at The University of Texas at Austin to the Facilities Planning and Construction Committee.

Based on this presentation and upon recommendation of the Facilities Planning and Construction Committee, the Board:

- a. Approved preliminary plans and specifications for the Texas Swimming Center Outdoor Pool at U. T. Austin at an estimated total project cost of \$2,000,000
- b. Authorized the Project Architect to prepare final plans and specifications
- c. Authorized submission of the project to the Texas Higher Education Coordinating Board
- d. Upon completion of final review and approval of the Coordinating Board, authorized the Office of Facilities Planning and Construction to advertise for bids
- e. Authorized the Executive Committee to award all contracts associated with this project within the authorized total project cost

- f. Appropriated \$125,000 from Intercollegiate Athletics for Men, \$250,000 from General Fee Balances, and \$1,500,000 from Gifts and Grants for total project funding. Previous appropriations have been \$125,000 from Intercollegiate Athletics for Men.

This project will provide an outdoor 50 meter pool for use by Men's and Women's Intercollegiate Athletics, Recreational Sports, and the Kinesiology Department and will complement the heavily used indoor facility.

The project was included in the FY 1991-1996 Capital Improvement Plan and the FY 1993 Capital Budget.

5. U. T. Dallas - Student Apartment Complex Project (Phase III) with Waterview Park, Ltd., Dallas, Texas, as Lessee: Authorization for Project; Approval to Conclude Negotiations for Amended Ground Lease and Related Necessary Documents; and Authorization for Chairman of the U. T. Board of Regents to Execute Amended Ground Lease and Related Documents.--In June 1991, the U. T. Board of Regents approved construction of Phase II of a student apartment complex project by Waterview Park, Ltd., Dallas, Texas, on The University of Texas at Dallas campus. The second phase, which was completed and ready for occupancy in August 1992, consisted of 200 units on a 10-acre tract and complemented Phase I which was completed and ready for occupancy in the Fall of 1989.

Both tracts are leased to Waterview Park, Ltd. for a term of 35 years with a one-time option to extend the lease for 15 years. The complex is operated by Waterview Park, Ltd. pursuant to an Operating Agreement that terminates when the Ground Lease ends. The current Ground Lease grants to the Lessee the right of first refusal for further private development of student apartments on the U. T. Dallas campus.

In order to meet the growing demand for housing on or near the campus and in accordance with the recommendation of the Academic Affairs and Facilities Planning and Construction Committees, the Board:

- a. Authorized initiation of Phase III of a student apartment complex project by a private developer on the U. T. Dallas campus to consist of approximately 200 units on a tract of approximately 10 acres
- b. Authorized U. T. Dallas, the Office of Academic Affairs, and the Office of General Counsel to conclude negotiations on an Amended Ground Lease and related necessary documents with Waterview Park, Ltd., Dallas, Texas, as Lessee
- c. Authorized the Chairman of the U. T. Board of Regents to execute the Amended Ground Lease and related documents in a form substantially similar to the Ground Lease with Waterview Park, Ltd. previously approved by the U. T. Board of Regents upon review and recommendation by the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and the Office of General Counsel.

This project will add approximately 200 apartments ranging from small efficiency units to four-bedroom, two-bath units designed to accommodate the needs of younger graduate students. The exact number of each style of unit is not yet available.

In response to Regent Rapoport's inquiry regarding consideration of the rent factor when these units are built and the students' ability to afford the units, President Rutford responded that the rates are below the market in the neighborhood.

6. U. T. El Paso - Classroom and Faculty Office Building: Authorization for Project; Appointment of Alvidrez Associates Inc., El Paso, Texas, as Project Architect to Prepare Preliminary Plans; and Appropriation Therefor.--The 73rd Session of the Texas Legislature authorized the financing of the Classroom and Faculty Office Building at The University of Texas at El Paso through Tuition Revenue Bonds as part of the South Texas/Border Initiative.

The Board, upon recommendation of the Academic Affairs and Facilities Planning and Construction Committees:

- a. Authorized a project for the construction of a Classroom and Faculty Office Building at U. T. El Paso at an estimated total project cost of \$15,000,000 to be funded from Tuition Revenue Bonds
- b. Appointed the firm of Alvidrez Associates Inc., El Paso, Texas, as Project Architect to prepare preliminary plans, specifications and a cost estimate to be presented to the U. T. Board of Regents for consideration at a future meeting
- c. Appropriated \$300,000 from Unexpended Plant Funds for fees and administrative expenses through completion of preliminary plans. This appropriation will be reimbursed from Tuition Revenue Bond Proceeds when issued. This action satisfies the official intent requirement set forth in Section 1.103-18 of the Treasury Regulations.

This project will provide general purpose classroom and faculty office space in a central campus location. The facility of approximately 125,000 gross square feet will contain primarily large, divisible, auditorium areas seating 100 to 300 students each. Major emphasis is to be placed on the provision of state-of-the-art multimedia, computerized instructional technologies in the classrooms.

The project is included in the FY 1994-1999 Capital Improvement Plan and FY 1994 Capital Budget.

7. U. T. El Paso - Indoor Swimming Pool Facility: Authorization for Project; Appointment of Moore Nordell Kroeger, El Paso, Texas, as Project Architect to Prepare Preliminary Plans; and Appropriation Therefor.--With the concurrence of the Academic Affairs and Facilities Planning and Construction Committees, the Board:
- a. Authorized a project for the construction of an Indoor Swimming Pool Facility at The University of Texas at El Paso at an estimated total project cost of \$5,000,000 to be funded from \$4,500,000 in Revenue Financing System Bond Proceeds financed by Student Recreational Fees and \$500,000 from Unexpended Plant Funds
 - b. Appointed the firm of Moore Nordell Kroeger, El Paso, Texas, as Project Architect to prepare preliminary plans, specifications and a cost estimate to be presented to the U. T. Board of Regents for consideration at a future meeting
 - c. Appropriated \$100,000 from Unexpended Plant Funds for fees and administrative expenses through completion of preliminary plans.

The facility will contain a 50 meter indoor swimming pool along with appropriate support space for lockers, dressing rooms, and showers and will be designed for the pool area to be open to the outside during good weather. As funding permits, site work will include preparation for future recreational improvements such as outdoor tennis courts.

This project is included in the FY 1994-1999 Capital Improvement Plan.

8. U. T. Pan American - Engineering Building: Authorization for Project; Appointment of Kell Muñoz Wigodsky (Formerly JonesKell Architects), San Antonio, Texas, as Project Architect to Prepare Preliminary Plans; and Appropriation Therefor.--In October 1991, authorization was granted by the U. T. Board of Regents to establish programs leading to Bachelor of Science degrees in Electrical Engineering, Mechanical Engineering, and Manufacturing Engineering and to create a Department of Engineering within the College of Arts and Sciences at The University of Texas - Pan American. Final approval of these programs by the Texas Higher Education Coordinating Board occurred in April 1992.

The Texas Legislature made appropriations for the 1990-1991 biennium and the 1992-1993 biennium to facilitate initiation of these programs. A small engineering start-up building was constructed in the physical plant area of the campus with local funds as an interim teaching laboratory. In June 1992, the U. T. Board of Regents authorized preparation of a Project Analysis and Conceptual Design for an Engineering Building which was subsequently presented to the Board in February 1993 and endorsed for use in a fund raising campaign to fully equip the new building.

The recently completed 73rd Session of the Texas Legislature authorized financing for the U. T. Pan American Engineering Building through Tuition Revenue Bonds as part of the South Texas/Border Initiative to advance this academic program.

In order to meet the demands of a growing engineering program and in compliance with legislative intent, the Board, upon recommendation of the Academic Affairs and Facilities Planning and Construction Committees:

- a. Authorized a project for the construction of an Engineering Building at U. T. Pan American at an estimated total project cost of \$20,000,000 to be funded from Tuition Revenue Bonds
- b. Appointed the firm of Kell Muñoz Wigodsky (formerly JonesKell Architects), San Antonio, Texas, as Project Architect to prepare preliminary plans, specifications and a cost estimate to be presented to the U. T. Board of Regents for consideration at a future meeting
- c. Appropriated \$400,000 from Unexpended Plant Funds for fees and administrative expenses through completion of preliminary plans. This appropriation will be reimbursed from Tuition Revenue Bond Proceeds when issued. This action satisfies the official intent requirement set forth in Section 1.103-18 of the Treasury Regulations.

This project is included in the FY 1994 Capital Improvement Plan and FY 1994 Capital Budget.

Regent Rapoport noted that in his opinion the South Texas/Border Initiative projects are some of the most important ventures that the Board will ever initiate and pointed out that Committee Chair Temple had played an important role in this development effort.

9. U. T. San Antonio - Student Apartment Complex Project (Phase III) with Century Development, a Texas Limited Partnership, Houston, Texas, as Limited Partner and Owner of General Partnership Entity in University Oaks Housing Partnership III, Ltd., a Texas Limited Partnership, Houston, Texas: Authorization for Project; Approval to Conclude Negotiations on Amended Ground Lease and Related Necessary Documents; and Authorization for Chairman of the U. T. Board of Regents to Execute Amended Ground Lease and Related Documents.-- Pursuant to action in December 1992, the U. T. Board of Regents approved construction of Phase II of a student apartment complex project by Century Development, Houston, Texas, on The University of Texas at San Antonio campus. Phase II, which is completed and ready for occupancy, consists of 200 units on a 9.5895-acre tract leased to University Oaks Housing Partnership II, Ltd., a Texas limited partnership, Houston, Texas, comprised of Century Development as sole limited partner and University Oaks Housing Corporation, Houston, Texas, for a term of forty (40) years and complements Phase I which

was completed and occupied in August 1992. Phase I also consists of 200 units and occupies a 9-acre tract. The complex is operated by Century Property Management Company pursuant to an Operating Agreement that terminates when the Ground Lease ends. The original Ground Lease with University Oaks Housing Partnership I, Ltd. grants to the Lessee the right of first refusal for further private development of student apartments on the U. T. San Antonio campus.

Upon recommendation of the Academic Affairs and Facilities Planning and Construction Committees, the Board:

- a. Authorized initiation of Phase III of a student apartment complex project by a private developer on the U. T. San Antonio campus to consist of approximately 200 units on a tract of approximately 10 acres
- b. Authorized U. T. San Antonio, the Office of Academic Affairs, and the Office of General Counsel to conclude negotiations on an Amended Ground Lease and related necessary documents with Century Development, a Texas Limited Partnership, Houston, Texas, as Limited Partner and Owner of General Partnership Entity in University Oaks Housing Partnership III, Ltd., a Texas Limited Partnership, Houston, Texas, as Lessee
- c. Authorized the Chairman of the U. T. Board of Regents to execute the Amended Ground Lease and related documents in a form substantially similar to the Ground Lease with Century Development previously approved by the U. T. Board of Regents upon review and recommendation by the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and the Office of General Counsel and upon the condition that all obligations of the Lessee shall have under the existing Ground Lease been satisfactorily performed.

This project will add approximately 200 apartments designed to accommodate the needs of students, faculty, and staff. The exact number of each style of unit is as follows:

Efficiency units	12
One bedroom/one bath units	16
Two bedroom/two bath units	132
Four bedroom/two bath units	40

The Capital Improvement Plan will be amended to add this project to the list of projects not requiring Permanent University Fund Bond Proceeds.

10. U. T. Medical Branch - Galveston - Alumni Field House Expansion: Authorization for Project; Appointment of Oliver & Beerman, Architects, Inc., Galveston, Texas, as Project Architect to Prepare Final Plans; Authorization for Submission of the Project to Coordinating Board, Advertisement for Bids, and Executive Committee to Award Contracts; and Appropriation Therefor.--With the concurrence of the Health Affairs and Facilities Planning and Construction Committees, the Board:
- a. Authorized a project for the construction of an Alumni Field House Expansion at The University of Texas Medical Branch at Galveston at an estimated total project cost of \$3,000,000 to be funded from Auxiliary Enterprise Balances
 - b. Appointed the firm of Oliver & Beerman, Architects, Inc., Galveston, Texas, as Project Architect with authorization to prepare final plans, specifications and a detailed cost estimate
 - c. Authorized submission of the project to the Texas Higher Education Coordinating Board
 - d. Upon completion of final review and approval of the Coordinating Board, authorized the Office of Facilities Planning and Construction to advertise for bids
 - e. Authorized the Executive Committee to award all contracts associated with this project within the authorized total project cost
 - f. Appropriated \$3,000,000 from Auxiliary Enterprise Balances for total project funding.

The Alumni Field House Expansion project is a two-story addition of about 8,000 square feet per floor for men's and women's locker rooms, steam and sauna rooms, small group meeting rooms, and public toilets. An adjacent one-story, approximately 9,200 square feet, gymnasium is also planned. The gymnasium will be subdivided for the use of basketball and volleyball with fold down seating for approximately 120 spectators and a one-sixteenth mile running track on a mezzanine level. The existing Field House will remain in use until completion of the Field House Expansion and Gymnasium, at which time the existing interior will be renovated. The renovated interior will house the existing handball courts, new space for exercise equipment, aerobic activities, administration, and mechanical and electrical equipment.

This project is included in the FY 1994-1999 Capital Improvement Plan and FY 1994 Capital Budget.

11. U. T. Medical Branch - Galveston - New Student Center: Authorization for Project; Appointment of The Mathes Group, Houston, Texas, as Project Architect to Prepare Preliminary Plans; Appropriation Therefor; and Approval to Name the Building the Lee Hage Jamail Student Center (Regents' Rules and Regulations, Part One, Chapter VIII, Section 1, Subsection 1.1).--The Board, upon recommendation of the Health Affairs and Facilities Planning and Construction Committees:
- a. Authorized a project for the construction of a New Student Center at The University of Texas Medical Branch at Galveston at an estimated total project cost of \$2,850,000 to be funded from Gifts and Grants
 - b. Appointed the firm of The Mathes Group, Houston, Texas, as Project Architect to prepare preliminary plans, specifications and a cost estimate to be presented to the U. T. Board of Regents for consideration at a future meeting
 - c. Appropriated \$75,000 from Gifts and Grants for fees and administrative expenses through completion of preliminary plans
 - d. Waived the Regents' Rules and Regulations, Part One, Chapter VIII, Section 1, Subsection 1.1, requiring that persons to be honored with the naming of a building "shall have been deceased at least five years," and named the New Student Center at the U. T. Medical Branch - Galveston the "Lee Hage Jamail Student Center."

The New Student Center will be a freestanding building designed to serve approximately 2,000 students at the U. T. Medical Branch - Galveston. The Student Center will include administrative offices for Campus Life, offices for student government and related service areas, student activities space, recreational and leisure reading facilities, meeting rooms, commons area, lobbies, telephones, post office, lockers, and food service facilities.

Funding for this project will be made available from private gifts and grants, the most significant of which is the \$2,000,000 gift from Mr. and Mrs. Joseph D. Jamail, Houston, Texas.

This project is included in the FY 1994-1999 Capital Improvement Plan and FY 1994 Capital Budget.

12. U. T. Medical Branch - Galveston - West End Chilled Water Plant: Authorization for Project; Appointment of Burns, DeLatte & McCoy, Inc., Houston, Texas, as Project Engineer to Prepare Final Plans; Authorization for Submission of the Project to Coordinating Board, Advertisement for Bids, and Executive Committee to Award Contracts; Appropriation Therefor; and Approval for Use of Revenue Financing System Parity Debt, Receipt of Certificate, and Finding of Fact with Regard to Financial Capacity.--Upon recommendation of the Facilities Planning and Construction Committee, the Board:
- a. Authorized a project for the construction of a West End Chilled Water Plant at The University of Texas Medical Branch at Galveston at an estimated total project cost of \$12,500,000 to be funded from Revenue Financing System Bond Proceeds
 - b. Appointed the firm of Burns, DeLatte & McCoy, Inc., Houston, Texas, as Project Engineer, with authorization to prepare final plans, specifications and detailed cost estimates
 - c. Authorized submission of the project to the Texas Higher Education Coordinating Board
 - d. Upon completion of final review and approval of the Coordinating Board, authorized the Office of Facilities Planning and Construction to advertise for bids
 - e. Authorized the Executive Committee to award all contracts associated with this project within the authorized total project cost
 - f. Appropriated \$12,500,000 from Revenue Financing System Bond Proceeds for total project funding
 - g. Prior to the sale of bonds, authorized an appropriation of \$750,000 from Unexpended Plant Funds for fees and administrative expenses through completion of final plans. This appropriation will be reimbursed from tax-exempt Revenue Financing System Bond Proceeds when issued. This notice of planned reimbursement is provided pursuant to the provisions of Section 1.103-18 of the U. S. Treasury Regulations.

Following a presentation by Mr. John Roan, Executive Director of Finance for The University of Texas System, related to the qualifications of this project for the U. T. System Revenue Financing System and in compliance with Section 5 of the Master Resolution Establishing The University of Texas System Revenue Financing System,

approved by the U. T. Board of Regents in April 1990, amended October 12, 1990, and upon delivery of the Certificate of an Authorized Representative as set out on Page 82, the Board resolved that:

- a. Parity Debt shall be issued to pay the project's cost including any project costs paid prior to the issuance of such Parity Debt
- b. Sufficient funds will be available to meet the financial obligations of the U. T. System including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System and to meet all financial obligations of the Board relating to the Financing System
- c. U. T. Medical Branch - Galveston, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its Direct Obligation as defined in the Master Resolution relating to the issuance by the U. T. Board of Regents of tax-exempt Parity Debt in the amount of \$12,500,000 for the construction of a West End Chilled Water Plant
- d. This resolution satisfies the official intent requirements set forth in Section 1.103-18 of the U. S. Treasury Regulations.

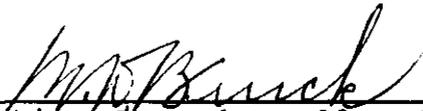
With the construction of the Medical Research Building - Phase II now underway at the U. T. Medical Branch - Galveston, additional chilled water service for the west end of the campus is necessary. The existing distribution system on that part of the campus is also at its maximum capacity. The West End Chilled Water Plant will provide for a building of approximately 8,000 square feet to house two 3,700 ton chillers, pumps, fans and cooling towers. The piping distribution system will also be expanded to accommodate this increased capacity.

This project is included in the FY 1994-1999 Capital Improvement Plan and FY 1994 Capital Budget.

PARITY DEBT CERTIFICATE OF U. T. SYSTEM REPRESENTATIVE

I, the undersigned Executive Vice Chancellor for Business Affairs of The University of Texas System, a U. T. System Representative under the Master Resolution Establishing The University of Texas System Revenue Financing System adopted by the Board on April 12, 1990 (the "Master Resolution"), do hereby execute this certificate **for the** benefit of the Board of Regents pursuant to Section **5(a)(ii)** of the Master Resolution in connection with **the authorization** by the Board to issue "**Parity Debt**" pursuant to the Master Resolution to finance the cost of the construction of a West End Chilled Water Plant at U. T. Medical Branch - Galveston, and do certify that to the best of my knowledge the Board of Regents is in compliance with all covenants contained in the Master Resolution, First Supplemental Resolution Establishing an Interim Financing Program, and the Second Supplemental Resolution, and is not in default of any of the terms, provisions and conditions in said Master Resolution, First Supplemental Resolution and Second Supplemental Resolution.

EXECUTED this 12 day of August, 1993



Executive Vice Chancellor for Business Affairs

REPORT AND RECOMMENDATIONS OF THE ASSET MANAGEMENT COMMITTEE
(Pages 83 - 167).--Committee Chairman Cruikshank reported that the Asset Management 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 Asset Management Committee and approved in open session and without objection by the U. T. Board of Regents.

I. PERMANENT UNIVERSITY FUND

INVESTMENT MATTER

AUG 12 1993

Report on Clearance of Monies to the Permanent University Fund for May and June 1993 and Report on Oil and Gas Development as of June 30, 1993, --The following reports with respect to (a) certain monies cleared to the Permanent University Fund for May and June 1993 and (b) Oil and Gas Development as of June 30, 1993, were submitted by the Executive Vice Chancellor for Business Affairs:

Permanent University Fund	Hay 1993	June 1993	Cumulative Through June of this Fiscal Year (1992-1993)	Cumulative Through June of Preceding Fiscal Year (1991-1992)	Percent Change
Royalty					
Oil	\$ 3,757,817.84	\$ 4,086,071.57	\$ 40,616,990.81	\$39,958,945.38	1.652
Gas	1,690,839.90	1,528,283.01	14,901,886.10	10,954,880.61	36.032
Sulphur	0.00	0.00	0.00	(10,598.69)	--
Water	89,277.71	79,103.21	666,516.77	504,803.82	32.032
Brine	2,462.46	3,922.44	50,107.53	44,817.00	11.802
Trace Winerals	0.00	0.00	0.00	0.00	--
Rental					
Oil and Gas Lease	87,219.89	94,000.53	576,036.14	558,316.33	3.172
Other	(1,152.00)	6,280.00	3,133.01	17,067.00	-81.64%
Sale of Sand, Gravel, Etc.	0.00	23,979.00	23,979.00	8,310.00	188.56%
Total University Lands Receipts Before Bonuses	5,626,465.80	5,821,639.76	56,838,649.36	52,036,541.45	9.23%
Bonuses					
Oil and Gas Lease Sales	0.00	2,670,314.05	2,740,201.75	1,932,665.52	41.78%
Amendments and Extensions to Mineral Leases	0.00	0.00	10.00	2,506.03	-99.602
Total University Lands Receipts	5,626,465.80	8,491,953.81	59,578,861.11	53,971,713.00	10.392
Gain or (Loss) on Sale of securities	132,656,304.21	2,171,846.66	307,640,362.10	44,130,725.68	597.11%
TOTAL CLEARANCES	\$138,282,770.01	\$10,663,800.47	\$367,219,223.21	\$98,102,438.68	274.322

Oil and Gas Development - June 30, 1993
Acreage Under Lease = 717,560

Number of Producing Acres = 523,143

Number of Producing Leases = 2,481

II. TRUST AND SPECIAL FUNDS

Gifts, Bequests and Estates

1. U. T. Arlington: Acceptance of Bequests from the Estate of James A. McCrea, Arlington, Texas, for Addition to the Joan M. McCrea Scholarship.--The Asset Management Committee recommended and the Board accepted a bequest of the residue of the Estate of James A. McCrea, Arlington, Texas, comprised of cash, various securities, and book royalties totaling in excess of \$160,800, for addition to the Joan M. McCrea Scholarship at The University of Texas at Arlington.

Additionally, a specific bequest of the contents of Mr. McCrea's personal library were accepted for addition to the U. T. Arlington Library.

2. U. T. Austin: Acceptance of Gifts from Dr. Ching H. Yew, Austin, Texas, and Various Donors, and Transfer of Funds and Establishment of the ASE/EM Faculty Endowed Scholarship Fund in the College of Engineering.--The Board accepted a \$5,000 gift from Dr. Ching H. Yew, Austin, Texas, \$3,000 in gifts from various donors, and a \$2,000 transfer of previously reported gifts from unrestricted funds for a total of \$10,000 and established the ASE/EM Faculty Endowed Scholarship Fund in the Department of Aerospace Engineering and Engineering Mechanics, College of Engineering, at The University of Texas at Austin.

Income earned from the endowment will be used to support junior or senior aerospace engineering students who have at least 30 hours of course credit at U. T. Austin.

3. U. T. Austin: Acceptance of Gift and Pledge from Dr. Thomas D. Barrow and Mrs. L. T. Barrow, Both of Houston, Texas, and Establishment of the Barrow Periodical Fund in the College of Natural Sciences.--Upon recommendation of the Asset Management Committee, the Board accepted a \$25,000 gift and a \$25,000 pledge, payable by August 31, 1995, from Dr. Thomas D. Barrow, Houston, Texas, and Mrs. L. T. Barrow, Houston, Texas, for a total of \$50,000 and established an endowment in the Department of Geological Sciences, College of Natural Sciences, at The University of Texas at Austin to be named the Barrow Periodical Fund.

Income earned from the endowment will be used for the purchase of periodicals for the Joseph C. and Elizabeth Walter, Jr. Geology Library.

4. U. T. Austin: Acceptance of Distributions from the Estate of William S. Blodgett, Austin, Texas, for Addition to the Terrell Blodgett Endowment for Government Services in Urban Management and Finance in the Lyndon B. Johnson School of Public Affairs.--The Board, upon recommendation of the Asset Management Committee, accepted distributions totaling \$37,961 from Mr. Terrell Blodgett, Executor of the Estate of William S. Blodgett, Austin, Texas, for addition to the Terrell Blodgett Endowment for Government Services in Urban Management and Finance in the Lyndon B. Johnson School of Public Affairs at The University of Texas at Austin.

5. U. T. Austin: Approval to Accept Gift from Mr. Norman W. Campbell, Dallas, Texas, and Accumulated Earnings; Establishment of the Norman Campbell Endowed Presidential Scholarship in Advertising in the College of Communication; and Eligibility for Matching Funds Under The Brackenridge Matching Program #2.--Approval was given to accept a gift of common stock valued at \$25,500 from Mr. Norman W. Campbell, Dallas, Texas, and accumulated earnings of \$497.81 for a total of \$25,997.81 and to establish the Norman Campbell Endowed Presidential Scholarship in Advertising in the Department of Advertising, College of Communication, at The University of Texas at Austin.

Further, matching funds in the amount of \$12,750 will be allocated under The Brackenridge Matching Program #2 to increase the endowment to a total of \$38,747.81.

Income earned from the endowment will be used to provide scholarship support to students in the Department of Advertising.

6. U. T. Austin: Redesignation of the G. B. Dealey Regents Professorship in Communication in the College of Communication as the G. B. Dealey Regents Professorship in Journalism and Authorization to Amend Income Use.--In accordance with a request from the A. H. Belo Corporation, Dallas, Texas, representing the donors of the endowment, the Asset Management Committee recommended and the Board redesignated the G. B. Dealey Regents Professorship in Communication in the College of Communication at The University of Texas at Austin as the G. B. Dealey Regents Professorship in Journalism.

Further, the income use for the endowment was amended to support a professorship in the Department of Journalism, also at the donors' request.

7. U. T. Austin: Acceptance of Gift from the I. D. and Marguerite Fairchild Foundation, Lufkin, Texas, and Transfer of Funds and Establishment of the E. W. Doty Endowed Presidential Scholarship in Music in the College of Fine Arts.--The Board accepted a \$25,000 gift from the I. D. and Marguerite Fairchild Foundation, Lufkin, Texas, and a \$12,500 transfer of President's designated funds for a total of \$37,500 and established the E. W. Doty Endowed Presidential Scholarship in Music in the Department of Music, College of Fine Arts, at The University of Texas at Austin.

Income earned from the endowment will be used to provide scholarship support to students in the Department of Music.

8. U. T. Austin: Authorization to Accept Grant from the Susan Vaughan Foundation, Inc., Houston, Texas, and to Establish the Endowed Curatorship of Prints and Drawings in the College of Fine Arts.--Authorization was granted to accept a \$25,000 grant from the Susan Vaughan Foundation, Inc., Houston, Texas, and to establish the Endowed Curatorship of Prints and Drawings for the Archer M. Huntington Art Gallery in the College of Fine Arts at The University of Texas at Austin.

Income earned from the endowment will be used to augment the salary and activities of the Curator of Prints and Drawings at the Archer M. Huntington Art Gallery.

9. U. T. Austin: Acceptance of Gifts and Pledge from Various Donors; Establishment of the Helen Farabee Memorial Endowed Presidential Scholarship in the School of Social Work; and Eligibility for Matching Funds Under The Brackenridge Matching Program #2.--Upon recommendation of the Asset Management Committee, the Board accepted \$29,000 in gifts and a \$1,000 pledge, payable by August 31, 1995, from various donors for a total of \$30,000 and established the Helen Farabee Memorial Endowed Presidential Scholarship in the School of Social Work at The University of Texas at Austin.

Further, matching funds in the amount of \$15,000 will be reserved under The Brackenridge Matching Program #2 to be allocated proportionately as gifts are received to increase the endowment to a total of \$45,000.

Income earned from the endowment will be used to fund scholarship awards for students in the School of Social Work.

10. U. T. Austin: Acceptance of Gift from Mr. James Patrick "Happy" Feller, Austin, Texas, and Transfer of Funds and Establishment of the Happy Feller Endowed Scholarship in the Department of Intercollegiate Athletics for Men.--The Board, upon recommendation of the Asset Management Committee, accepted a \$25,000 gift from Mr. James Patrick "Happy" Feller, Austin, Texas, and a \$12,500 transfer of Second Century Fund matching funds for a total of \$37,500 and established the Happy Feller Endowed Scholarship in the Department of Intercollegiate Athletics for Men at The University of Texas at Austin.

Income earned from the endowment will be used to provide scholarship support to student athletes in the men's athletics program.

11. U. T. Austin: Approval to Accept Gift and Pledge from The Fondren Foundation, Houston, Texas, and Transfer of Funds to Establish the Fondren Endowed Scholarship in Music in the College of Fine Arts.--Approval was given to accept a \$15,000 gift and a \$15,000 pledge, payable by June 30, 1994, from The Fondren Foundation, Houston, Texas, and a \$15,000 transfer of President's designated funds for a total of \$45,000 to establish the Fondren Endowed Scholarship in Music in the Department of Music, College of Fine Arts, at The University of Texas at Austin.

Income earned from the endowment will be used to provide scholarship support to orchestra students in the Department of Music.

12. U. T. Austin: Redesignation of the Julius Glickman Research Chair in Legal and Professional Ethics in the School of Law as the Julius Glickman Research Chair in Business and Professional Ethics.--In accordance with the donor's request, the Board redesignated the Julius Glickman Research Chair in Legal and Professional Ethics in the School of Law at The University of Texas at Austin, held and administered by The University of Texas Law School Foundation (an external foundation), as the Julius Glickman Research Chair in Business and Professional Ethics.
13. U. T. Austin: Approval to Accept Gift from Dr. and Mrs. Lester (Lucille) Harrell, Austin, Texas, and to Establish the Lucille and Lester Harrell Endowed Scholarship in the Department of Intercollegiate Athletics for Women.--The Asset Management Committee recommended and the Board accepted a \$10,000 gift from Dr. and Mrs. Lester (Lucille) Harrell, Austin, Texas, and established the Lucille and Lester Harrell Endowed Scholarship in the Department of Intercollegiate Athletics for Women at The University of Texas at Austin.

Income earned from the endowment will be used to provide scholarship support to student athletes who participate in the women's basketball program, or if none is available, to a student athlete participating in the women's volleyball program.

14. U. T. Austin: Acceptance of Gift from Mr. and Mrs. John D. (Jerry) Crawford, Dallas, Texas, and Establishment of the Head Golf Coach Endowment in the Department of Intercollegiate Athletics for Men.--The Board accepted a \$10,000 gift from Mr. and Mrs. John D. (Jerry) Crawford, Dallas, Texas, and established the Head Golf Coach Endowment in the Department of Intercollegiate Athletics for Men at The University of Texas at Austin.

Income earned from the endowment will be used to supplement the salary of the head golf coach.

15. U. T. Austin: Acceptance of Gifts and Pledges from Various Donors and Establishment of the Head Swim Coach Endowment in the Department of Intercollegiate Athletics for Men.--Approval was given to accept \$105,500.20 in gifts and \$8,900 in pledges, payable by August 31, 1995, from various donors for a total of \$114,400.20 and to establish the Head Swim Coach Endowment in the Department of Intercollegiate Athletics for Men at The University of Texas at Austin.

Income earned from the endowment will be used to supplement the salary of the Head Swim Coach in the Department of Intercollegiate Athletics for Men.

16. U. T. Austin: Acceptance of Gift from Mr. and Mrs. Max (Isabell) Herzstein, Houston, Texas, and a Transfer of Funds for Addition to the Isabell Herzstein Endowed Scholarship in Painting in the College of Fine Arts; Redesignation of the Scholarship as the Isabell Smith Herzstein Endowed Presidential Scholarship in Art; and Authorization to Amend Scholarship Guidelines.--Upon recommendation of the Asset Management Committee, the Board accepted a \$15,000 gift from Mr. and Mrs. Max (Isabell) Herzstein, Houston, Texas, and a \$7,500 transfer of President's designated funds for a total of \$22,500 for addition to the Isabell Herzstein Endowed Scholarship in Painting in the Department of Art and Art History, College of Fine Arts, at The University of Texas at Austin for a total endowment of \$32,562.50.

In accordance with the donor's request, the Scholarship was redesignated as the Isabell Smith Herzstein Endowed Presidential Scholarship in Art and the guidelines were amended to include all areas of study within the Department of Art and Art History.

17. U. T. Austin: Acceptance of Gifts from Various Donors and Establishment of the Larry A. Holmes Endowed Scholarship in Chemical Engineering in the College of Engineering.--The Board, upon recommendation of the Asset Management Committee, accepted \$11,994 in gifts from various donors and established the Larry A. Holmes Endowed Scholarship in Chemical Engineering in the Department of Chemical Engineering, College of Engineering, at The University of Texas at Austin.

Income earned from the endowment will be used to provide scholarship support for undergraduate students with a 3.0 or above grade point average in the Department of Chemical Engineering.

18. U. T. Austin: Approval to Accept Gift from the South Texas Section of the Society of Plastics Engineers, Inc., Houston, Texas; Establishment of the Larry Holmes · South Texas Section, Society of Plastics Engineers Endowed Presidential Scholarship in Chemical Engineering in the College of Engineering; and Eligibility for Matching Funds Under The Brackenridge Matching Program #2.--Approval was given to accept a \$25,000 gift from the South Texas Section of the Society of Plastics Engineers, Inc., Houston, Texas, and to establish the Larry Holmes · South Texas Section, Society of Plastics Engineers Endowed Presidential Scholarship in Chemical Engineering in the Department of Chemical Engineering, College of Engineering, at The University of Texas at Austin.

Further, matching funds in the amount of \$12,500 will be allocated under The Brackenridge Matching Program #2 to increase the endowment to a total of \$37,500.

Income earned from the endowment will be used to provide scholarship support for graduate students focusing on polymer engineering in the Department of Chemical Engineering.

19. U. T. Austin: Acceptance of Gifts from Dr. Oscar G. Brockett, Austin, Texas, and Various Donors and Establishment of the Frederick J. Hunter Endowed Scholarship in History and Criticism in the College of Fine Arts.--The Asset Management Committee recommended and the Board accepted an \$8,000 gift from Dr. Oscar G. Brockett, Austin, Texas, and \$2,000 in gifts from various donors for a total of \$10,000 and established the Frederick J. Hunter Endowed Scholarship in History and Criticism in the Department of Theatre and Dance, College of Fine Arts, at The University of Texas at Austin.

Income earned from the endowment will be used to provide scholarship support to graduate students in the Department of Theatre and Dance who are concentrating their studies in history and criticism.

20. U. T. Austin: Authorization to Accept Gifts from Dr. and Mrs. George Kozmetsky, Austin, Texas, and Family and The RGK Foundation, Austin, Texas, and to Establish the IC² Institute Eugene B. Konecchi Endowed Internship for the IC² Institute.--Authorization was granted to accept a \$25,000 gift from Dr. and Mrs. George Kozmetsky, Austin, Texas, and family and a \$25,000 gift from The RGK Foundation, Austin, Texas, for a total of \$50,000 and to establish the IC² Institute Eugene B. Konecchi Endowed Internship for the IC² Institute at The University of Texas at Austin.

Income earned from the endowment will be used to provide experiential learning to graduate students in the Colleges of Business Administration, Engineering, Communication, Liberal Arts, and Natural Sciences, as well as the Lyndon B. Johnson School of Public Affairs, in the commercialization of science and technology and in technology management and entrepreneurship.

21. U. T. Austin: Acceptance of Gifts and Pledges from Various Donors and Corporate Matching Funds Pledges from Various Corporations and Establishment of the Robert C. Jeffrey Endowed Presidential Scholarship in Communication in the College of Communication.--Upon recommendation of the Asset Management Committee, the Board accepted \$16,000 in gifts and \$7,400 in pledges, payable by August 31, 1995, from various donors and \$7,600 in corporate matching funds pledges from various corporations for a total of \$31,000 and established the Robert C. Jeffrey Endowed Presidential Scholarship in Communication in the College of Communication at The University of Texas at Austin.

Income earned from the endowment will be used to provide scholarship support to students in the College of Communication.

22. U. T. Austin - School of Law: Establishment of the (1) Richard E. Gray, Jr. Endowed Presidential Scholarship in Law and (2) Richard W. Yarborough Native American Indian Endowed Presidential Scholarship in Law.--The Board established two endowments in the School of Law at The University of Texas at Austin as set out on Page 91 with the understanding that the funds for the endowments will be held and administered by The University of Texas Law School Foundation (an external foundation) in accordance with the Regents' Rules and Regulations.

ENDOWMENT:	Richard E. Gray, Jr. Endowed Presidential Scholarship in Law
Donor:	The Thompson & Knight Foundation, Dallas, Texas
Pledge Amount:	\$25,000
Law School Fdn.	
Matching:	\$25,000
Total Endowment:	\$50,000

ENDOWMENT:	Richard W. Yarborough Native American Indian Endowed Presidential Scholarship in Law
Donor:	Various
Gift Amount:	\$70,196.63
Law School Fdn.	
Matching:	\$ 3,000
Total Endowment:	\$73,196.63

Income earned from the endowments will be used for scholarship support to students in the School of Law.

23. U. T. Austin - Oscar and Anne Mauzy Regents Professorship for Educational Research and Development in the College of Education: Approval to Transfer Previously Approved Matching Obligation Under The Regents' Endowed Teachers and Scholars Program to The Brackenridge Matching Program #2 and to Allocate Additional Matching Funds Under The Brackenridge Matching Program #2.--Approval was given to transfer a \$69,630.34 previously approved matching funds obligation, which was based on sales proceeds and which had not yet been vouchered, under The Regents' Endowed Teachers and Scholars Program for the Oscar and Anne Mauzy Regents Professorship for Educational Research and Development in the College of Education at The University of Texas at Austin to be allocated under The Brackenridge Matching Program #2.

Further, additional matching funds in the amount of \$16,313.50, based on rental proceeds totaling \$32,627, will be allocated under The Brackenridge Matching Program #2 to increase the endowment to a total of \$333,743.44.

24. U. T. Austin: Acceptance of Bequest from the Estate of Emma Sue Bennett, Gladewater, Texas, for Addition to the Music Endowment Fund in the College of Fine Arts.--The Asset Management Committee recommended and the Board accepted a bequest of five percent of the residue of the Estate of Emma Sue Bennett, Gladewater, Texas, valued at \$2,480 for addition to the Music Endowment Fund in the Department of Music, College of Fine Arts, at The University of Texas at Austin for a total endowment of \$60,578.03.

25. U. T. Austin: Acceptance of Gift from Mr. Robert L. Myer, Austin, Texas, and Transfer of Second Century Funds and Establishment of the Robert L. Myer Endowed Scholarship in the Department of Intercollegiate Athletics for Men.--The Board, upon recommendation of the Asset Management Committee, accepted a \$25,000 gift from Mr. Robert L. Myer, Austin, Texas, and a \$12,500 transfer of Second Century Fund matching funds for a total of \$37,500 and established the Robert L. Myer Endowed Scholarship in the Department of Intercollegiate Athletics for Men at The University of Texas at Austin.

Income earned from the endowment will be used to provide scholarship support to student athletes in the men's athletics program.

26. U. T. Austin: Acceptance of Gift from an Anonymous Donor and Transfer of Second Century Funds and Establishment of the Robert Parker Endowed Scholarship in the Department of Intercollegiate Athletics for Men (No Publicity).-- Upon recommendation of the Asset Management Committee, the Board accepted a \$50,000 gift from an anonymous donor and a \$25,000 transfer of Second Century Fund matching funds for a total of \$75,000 and established the Robert Parker Endowed Scholarship in the Department of Intercollegiate Athletics for Men at The University of Texas at Austin.

Income earned from the endowment will be used to provide scholarship support to student athletes in the men's athletic program.

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

27. U. T. Austin: Authorization to Accept Gifts and Pledges from Various Donors; Establishment of the Social Work Foundation Advisory Council Endowed Presidential Scholarship in the School of Social Work; and Eligibility for Matching Funds Under The Brackenridge Matching Program #2.--Authorization was granted to accept \$11,900 in gifts and \$19,000 in pledges, payable by August 31, 1995, from various donors for a total of \$30,900 and to establish the Social Work Foundation Advisory Council Endowed Presidential Scholarship in the School of Social Work at The University of Texas at Austin.

Further, matching funds in the amount of \$15,450 will be reserved under The Brackenridge Matching Program #2 to be allocated proportionately as gifts are received to increase the endowment to a total of \$46,350.

Income earned from the endowment will be used to provide scholarship support to students in the School of Social Work.

28. U. T. Austin: Acceptance of Gift from Dr. and Mrs. Cecil (Margie) Hale, Austin, Texas, and Transfer of Second Century Funds and Establishment of the Lena "Mom" Nornhausser Stein Endowed Presidential Scholarship in the Department of Intercollegiate Athletics for Women.--The Board accepted a \$25,000 gift from Dr. and Mrs. Cecil (Margie) Hale, Austin, Texas, and a \$12,500 transfer of Second Century Fund matching funds for a total of \$37,500 and established the Lena "Mom" Nornhausser Stein Endowed Presidential Scholarship in the Department of Intercollegiate Athletics for Women at The University of Texas at Austin.

Income earned from the endowment will be used to provide scholarship support to deserving volleyball or basketball players in the Women's Athletic Department.

29. U. T. Austin: Acceptance of Gift from Various Donors and Transfer of Second Century Funds and Establishment of the Pat Weis Endowed Presidential Scholarship in the Department of Intercollegiate Athletics for Women.--The Asset Management Committee recommended and the Board accepted \$30,065 in gifts from various donors and a \$15,032.50 transfer of Second Century Fund matching funds for a total of \$45,097.50 and established the Pat Weis Endowed Presidential Scholarship in the Department of Intercollegiate Athletics for Women at The University of Texas at Austin.

Income earned from the endowment will be used to provide scholarship support to student athletes participating in the women's golf program.

30. U. T. Austin: Approval to Accept Remainder Interest in The Edgar O. and Melanie A. Weller Charitable Remainder Trust and Appointment of the U. T. Board of Regents as Trustee of the Trust.--Approval was given to accept the remainder interest in The Edgar O. and Melanie A. Weller Charitable Remainder Trust, funded with a gift of 125,000 shares of Frozen Food Express Industries, Inc. common stock valued at \$2,125,000 from Mr. and Mrs. Edgar O. (Melanie) Weller, Dallas, Texas, for the benefit of the varsity tennis programs at The University of Texas at Austin.

Additionally, the U. T. Board of Regents accepted appointment as Trustee of the Trust.

The trust agreement provides for the annual distribution of the lesser of the trust income for the taxable year and five percent of the net fair market value of the trust assets, valued as of the first day of the taxable year to be paid quarterly to Mr. and Mrs. Weller during their lifetimes. If the trust income for any taxable year exceeds the annual distribution otherwise payable for such year, the Trustee shall also pay to Mr. and Mrs. Weller such excess income to the extent that the aggregate of the amounts paid to Mr. and Mrs. Weller in prior years is less than five percent of the aggregate fair market value of the trust assets for such years.

Upon termination of the Trust, the corpus of the Trust shall be distributed to the U. T. Board of Regents to be used by or for the benefit of U. T. Austin, specifically to create one or more permanent endowments, the income from which is to be used to enhance and support varsity

tennis at U. T. Austin, including the creation of student scholarships which would be known as "Weller Scholarships." A request to establish the endowment(s) will be made at a later date.

31. U. T. Austin: Acceptance of Gift and Pledge from Mr. and Mrs. William P. (Alice) Wright, Jr., Abilene, Texas; Establishment of the Bill and Alice Wright Endowment for Photography for the Harry Ransom Humanities Research Center; and Eligibility for Matching Funds Under The Brackenridge Matching Program #2.--The Board, upon recommendation of the Asset Management Committee, accepted a \$10,000 gift and a \$15,000 pledge, payable by August 31, 1995, from Mr. and Mrs. William P. (Alice) Wright, Jr., Abilene, Texas, for a total of \$25,000 and established the Bill and Alice Wright Endowment for Photography for the Harry Ransom Humanities Research Center at The University of Texas at Austin.

Further, matching funds in the amount of \$12,500 will be reserved under The Brackenridge Matching Program #2 to be allocated proportionately as gifts are received to increase the endowment to a total of \$37,500.

Until such time as the endowment is fully funded, all income earned will be reinvested in the corpus of the endowment. When fully funded, eighty percent of the income earned from the endowment will be used to provide support for symposia, lectures, and public programs in photography, as well as for various publications for the photography collection. The remaining twenty percent of income earned will be reinvested in the corpus of the endowment.

32. U. T. Austin: Allocation of Matching Funds Under The Brackenridge Matching Program #2 and Transfer of Funds to Various Endowments in the School of Law; Transfer of Funds from Jane Dunn Wilson Endowment in the School of Law for Addition to the Ben Gardner Sewell Professorship in Civil Trial Advocacy in the School of Law; and Termination of the Jane Dunn Wilson Endowment in the School of Law.--Upon recommendation of the Asset Management Committee, matching funds in the amount of \$80,000 were allocated under The Brackenridge Matching Program #2 and added to the following previously established endowed academic positions in the School of Law at The University of Texas at Austin:

ENDOWMENT: Baker and Botts Professorship
in Law, established 6/7/68

Matching amount: \$21,500

ENDOWMENT: William Stamps Farish
Professorship in Law,
established 9/13/67

Matching amount: \$21,500

ENDOWMENT: The Fulbright & Jaworski
Professorship in Law,
established 12/12/69

Matching amount: \$21,500

ENDOWMENT: Ben Gardner Sewell Professorship
in Civil Trial Advocacy,
established 7/26/79

Matching amount: \$15,500

Further, \$6,000 will be transferred from the Jane Dunn Wilson Endowment in the School of Law at U. T. Austin and added to the Ben Gardner Sewell Professorship in Civil Trial Advocacy in the School of Law.

Additionally, all remaining assets held in the Jane Dunn Wilson Endowment will be transferred to the above four endowments in equal proportions and the Wilson Endowment will be terminated.

33. U. T. Austin: Authorization to Allocate Matching Funds Under The Regents' Endowment Program and The Brackenridge Matching Program #2 for Addition to the Frances Goff Scholarship Fund in the Lyndon B. Johnson School of Public Affairs and Allocation of Matching Funds Under The Brackenridge Matching Program #2 for Addition to Previously Established Endowments.--Based on \$40,000 in gifts, matching funds of \$11,727.54 under The Regents' Endowment Program and matching funds of \$8,272.46 under The Brackenridge Matching Program #2 for a total of \$20,000 were allocated and added to the Frances Goff Scholarship Fund in the Lyndon B. Johnson School of Public Affairs at The University of Texas at Austin for a total endowment of \$80,771.74.

Further, matching funds totaling \$1,081,057.45 will be allocated under The Brackenridge Matching Program #2 and used to increase the previously established endowments at U. T. Austin as set out below:

<u>Eligible Endowment and Date of Establishment</u>	<u>Qualifying Gift</u>	<u>Matching Amount</u>
<u>College of Communication</u>		
Tracy-Locke/Morris Hite Endowed Presidential Scholarship Fund for Advertising Studies established 6/10/93	\$ 101,875.00	\$ 59,937.50
<u>College of Education</u>		
Amanda Howze Amsler Endowed Presidential Scholarship in Science and Mathematics Education established 6/10/93	\$ 50,000.00	\$ 25,000.00
College of Education Centennial Endowed Presidential Scholarship established 6/10/93	\$ 26,305.90	\$ 13,152.95
Donald T. and Gwen Rippey Endowed Scholarship in Community College Leadership established 4/1/93	\$ 38,175.00	\$ 19,087.50

<u>Eligible Endowment and Date of Establishment</u>	<u>Qualifying Gift</u>	<u>Matching Amount</u>
<u>College of Engineering</u>		
Osmar Abib Memorial Endowed Presidential Scholarship in Petroleum Engineering established 4/9/92	\$ 25,000.00	\$ 12,500.00
Byron E. Short Endowed Presidential Scholarship in Mechanical Engineering established 6/10/93	\$ 25,200.00	\$ 12,600.00
Thrust 2000 Graduate Fellowships established 2/14/91	\$1,500,000.00	\$ 750,000.00
<u>College of Liberal Arts</u>		
Jack S. Blanton, Sr. Chair in Australian Studies established 10/7/88	\$ 12,649.00	\$ 6,324.50
Caltex Professorship in Australian Studies established 8/11/88	\$ 17,050.00	\$ 8,525.00
Dr. Bailey R. Collins/ Ellene Collins Ward/ Mary Sue Collins Hibbs Scholarship Fund established 8/13/92	\$ 60,000.00	\$ 30,000.00
<u>College of Natural Sciences</u>		
Lois Sager Foxhall Memorial Fund established 10/13/89	\$ 20,000.00	\$ 10,000.00
John A. and Katherine G. Jackson Fellowship in Geohydrology established 2/11/93	\$ 25,000.00	\$ 12,500.00
Arthur Lockenvitz Memorial Endowed Scholarship in Experimental Physics established 10/11/91	\$ 15,805.00	\$ 7,902.50
William R. Muehlberger Field Geology Scholarship Fund established 6/10/93	\$ 27,055.00	\$ 13,527.50

<u>Eligible Endowment and Date of Establishment</u>	<u>Qualifying Gift</u>	<u>Matching Amount</u>
<u>School of Nursing</u>		
Betty J. Bomar Endowed Presidential Scholarship in Nursing established 2/11/93	\$ 25,000.00	\$ 12,500.00
Mitzi I. Nuhn Dreher Endowed Presidential Scholarship established 4/1/93	\$ 25,000.00	\$ 12,500.00
<u>College of Pharmacy</u>		
James T. Doluisio Regents Chair in Pharmacy established 6/6/91	\$ 140,000.00	\$ 70,000.00
<u>Harry Ransom Humanities Research Center</u>		
Elizabeth Olds Scholarship Fund in Conservation established 4/9/92	\$ 10,000.00	\$ 5,000.00

34. U. T. Dallas: Acceptance of Gifts from Various Donors and Establishment of the Vibhooti Shukla Graduate Fellowship.--The Asset Management Committee recommended and the Board accepted \$17,413 in gifts from various donors and established the Vibhooti Shukla Graduate Fellowship at The University of Texas at Dallas.

Ninety percent of the income earned from the endowment will be used to award graduate fellowships. The remaining ten percent of earned income will be reinvested in the corpus of the endowment.

35. U. T. El Paso: The American Society for Quality Control/Rio Grande Section Scholarship Fund Redesignated as The American Society for Quality Control/Section 1401 Scholarship Fund and Amendment of Scholarship Guidelines.--In accordance with the donors' wishes, approval was given to redesignate The American Society for Quality Control/Rio Grande Section Scholarship Fund at The University of Texas at El Paso as The American Society for Quality Control/Section 1401 Scholarship Fund to reflect the new organization name.

Further, the guidelines were amended to discontinue the essay competition requirement of the scholarship.

36. U. T. El Paso: Acceptance of Gift and Pledge from J. Edward Stern, M.D., El Paso, Texas, and Establishment of The Helen M. C. Stern and J. Edward Stern Endowed Professorship in Psychology.--The Board accepted a \$20,000 gift and an \$80,000 pledge, payable by May 31, 1997, from J. Edward Stern, M.D., El Paso, Texas, for a total of \$100,000 and established The Helen M. C. Stern and J. Edward Stern Endowed Professorship in Psychology at The University of Texas at El Paso.

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

37. U. T. Pan American: Authorization to Establish The V. F. (Doc) and Gertrude M. Neuhaus Chair for Entrepreneurship.--Authorization was granted to establish The V. F. (Doc) and Gertrude M. Neuhaus Chair for Entrepreneurship at The University of Texas - Pan American with the funds for the Chair being held and administered by Texas Commerce Bank - McAllen.

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

38. U. T. San Antonio: Acceptance of Gift from Ms. Vada Ellen Dunkin, San Antonio, Texas, and Establishment of The Anna May Day Memorial Endowed Scholarship.--Upon recommendation of the Asset Management Committee, the Board accepted a \$30,000 gift from Ms. Vada Ellen Dunkin, San Antonio, Texas, with \$25,000 to be used to establish The Anna May Day Memorial Endowed Scholarship for the Division of Music at The University of Texas at San Antonio and \$5,000 to be used outright to award scholarships to music students in the 1993-94 and 1994-95 academic years.

Income earned from the endowment will be used to award scholarships to talented and promising music students who are pursuing professional careers in music.

39. U. T. San Antonio: Acceptance of Gifts and Pledges from Harte-Hanks Communications, Inc., Mr. Houston H. Harte, and Mr. and Mrs. Larry D. Franklin, All of San Antonio, Texas, and Establishment of The Peter T. Flawn Endowed Scholarship Fund.--The Asset Management Committee recommended and the Board accepted the following gifts and pledges, with all pledges payable by April 30, 1997, for a total of \$85,000 and established The Peter T. Flawn Endowed Scholarship Fund at The University of Texas at San Antonio:

<u>Donor</u>	<u>Gift/Pledge</u>
Harte-Hanks Communications, Inc., San Antonio	\$10,000/\$40,000
Mr. Houston H. Harte San Antonio	\$5,000/\$20,000
Mr. and Mrs. Larry D. Franklin, San Antonio	\$2,000/\$8,000

Income earned from the endowment will be used for scholarship support.

40. U. T. Southwestern Medical Center - Dallas: Acceptance of Gift from Mr. and Mrs. Bruce G. Brookshire, Tyler, Texas; Establishment of the Mr. and Mrs. Bruce G. Brookshire Professorship in Head and Neck Cancer Surgery in Honor of Dr. Lanny Close; Allocation of Funds from the Private Fund Development Campaign; and Eligibility for Matching Funds Under the Texas Eminent Scholars Program (No Publicity).--The Board, upon recommendation of the Asset Management Committee, accepted a \$50,000 gift from Mr. and Mrs. Bruce G. Brookshire, Tyler, Texas, and established the Mr. and Mrs. Bruce G. Brookshire Professorship in Head and Neck Cancer Surgery in Honor of Dr. Lanny Close at The University of Texas Southwestern Medical Center at Dallas.

Further, \$50,000 will be allocated from the \$25,000,000 challenge fund established by an anonymous donor as part of the Private Fund Development Campaign and will be used to increase the endowment to a total of \$100,000.

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

Additionally, the actual income that will be earned on the \$50,000 gift and the \$50,000 allocation of challenge funds will be certified to the appropriate State authorities for matching under the Texas Eminent Scholars Program as set out in Chapter 51, Subchapter I of the Texas Education Code, when matching funds are made available under that act.

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

See Page 61 related to an appointment to this Professorship.

41. U. T. Southwestern Medical Center - Dallas: Carl B. & Florence E. King Foundation Distinguished Chair in Pediatric Oncology Research - Approval to Redesignate the Southwestern Medical Foundation, Dallas, Texas, as Trustee; and Authorization to Rescind Previous Approval of Matching Funds from the Private Fund Development Campaign and Matching Funds Under the Texas Eminent Scholars Program.--In accordance with the intent of the donors, the trustee for the Carl B. & Florence E. King Foundation Distinguished Chair in Pediatric Oncology Research at The University of Texas Southwestern Medical Center at Dallas was redesignated from the U. T. Board of Regents to the Southwestern Medical Foundation, Dallas, Texas (an external foundation).

Because the funds for the endowment will be held and administered by the Southwestern Medical Foundation, the Board rescinded the original approval of the allocation of matching funds from the \$25,000,000 challenge fund established by an anonymous donor as part of the Private Fund Development Campaign at the U. T. Southwestern Medical Center - Dallas and the certification for the Texas Eminent Scholars Program.

42. U. T. Southwestern Medical Center - Dallas: Acceptance of Gift from an Anonymous Donor; Establishment of the Mr. and Mrs. Samuel Leake Fund for Research in Amyotrophic Lateral Sclerosis; Allocation of Funds from the Private Fund Development Campaign; and Eligibility for Matching Funds Under the Texas Eminent Scholars Program (No Publicity).--Upon recommendation of the Asset Management Committee, the Board accepted a \$50,000 gift from an anonymous donor and established an endowment at The University of Texas Southwestern Medical Center at Dallas to be named the Mr. and Mrs. Samuel Leake Fund for Research in Amyotrophic Lateral Sclerosis.

Further, \$50,000 will be allocated from the \$25,000,000 challenge fund established by an anonymous donor as part of the Private Fund Development Campaign and will be used to increase the endowment to a total of \$100,000.

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

Additionally, the actual income that will be earned on the \$50,000 gift and the \$50,000 allocation of challenge funds will be certified to the appropriate State authorities for matching under the Texas Eminent Scholars Program as set out in Chapter 51, Subchapter I of the Texas Education Code, when matching funds are made available under that act.

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

43. U. T. Southwestern Medical Center - Dallas - Eva A. Rosenthal Professorship in Internal Medicine, in Honor of Gary Reed, M.D.: Eligibility for Matching Funds Under the Texas Eminent Scholars Program.--Approval was given to certify the actual income that will be earned on the \$103,992.78 gift that originally funded the Eva A. Rosenthal Professorship in Internal Medicine, in Honor of Gary Reed, M.D., at The University of Texas Southwestern Medical Center at Dallas to the appropriate State authorities for matching under the Texas Eminent Scholars Program as set out in Chapter 51, Subchapter I of the Texas Education Code, when matching funds are made available under that act.

44. U. T. Southwestern Medical Center - Dallas: Acceptance of Gift and Pledge from Mr. and Mrs. Ronald L. Skaggs, Dallas, Texas; Establishment of the H. Lloyd and Willye V. Skaggs Professorship in Medical Research; Allocation of Funds from the Private Fund Development Campaign; and Eligibility for Matching Funds Under the Texas Eminent Scholars Program.--The Asset Management Committee recommended and the Board accepted a \$10,000 gift and a \$40,000 pledge, payable by January 31, 1997, from Mr. and Mrs. Ronald L. Skaggs, Dallas, Texas, for a total of \$50,000 and established the H. Lloyd and Willye V. Skaggs Professorship in Medical Research at The University of Texas Southwestern Medical Center at Dallas.

Further, \$50,000 will be allocated from the \$25,000,000 challenge fund established by an anonymous donor as part of the Private Fund Development Campaign and will be used to increase the endowment to a total of \$100,000.

Income earned from the endowment will be used to support the Professorship which will be held by a researcher in the fields of immunology and oncology.

Additionally, the actual income that will be earned on the \$10,000 gift, the \$40,000 pledge, and the \$50,000 allocation of challenge funds will be certified to the appropriate State authorities for matching under the Texas Eminent Scholars Program as set out in Chapter 51, Subchapter I of the Texas Education Code, when matching funds are made available under that act.

45. U. T. Southwestern Medical Center - Dallas: Acceptance of Gift and Pledge from Mr. and Mrs. Robert B. Crotty, Dallas, Texas, Mr. and Mrs. Charles C. Smith, St. Joseph, Missouri, and Mr. and Mrs. Pete Thurmond, Cheyenne, Oklahoma; Establishment of The Edwin Ide Smith, M.D. Professorship in Pediatric Surgery; Allocation of Funds from the Private Fund Development Campaign; and Eligibility for Matching Funds Under the Texas Eminent Scholars Program.--The Board accepted a \$10,200 gift and a \$39,800 pledge, payable by January 31, 1997, from the following donors for a total of \$50,000 and established The Edwin Ide Smith, M.D. Professorship in Pediatric Surgery at The University of Texas Southwestern Medical Center at Dallas:

Mr. and Mrs. Robert B. Crotty, Dallas, Texas

Mr. and Mrs. Charles C. Smith, St. Joseph,
Missouri

Mr. and Mrs. Pete Thurmond, Cheyenne, Oklahoma.

Further, \$50,000 will be allocated from the \$25,000,000 challenge fund established by an anonymous donor as part of the Private Fund Development Campaign and will be used to increase the endowment to a total of \$100,000.

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

Additionally, the actual income that will be earned on the \$10,200 gift, the \$39,800 pledge, as received, and the \$50,000 allocation of challenge funds will be certified to the appropriate State authorities for matching under the Texas Eminent Scholars Program as set out in Chapter 51, Subchapter I of the Texas Education Code, when matching funds are made available under that act.

See Page 61 related to an appointment to this Professorship.

46. U. T. Southwestern Medical Center - Dallas: Establishment of the Roy and Christine Sturgis Chair in Biomedical Research.--Authorization was granted to establish the Roy and Christine Sturgis Chair in Biomedical Research at The University of Texas Southwestern Medical Center at Dallas with the funds for the endowment to be held and administered by the Southwestern Medical Foundation, Dallas, Texas (an external foundation).

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

47. U. T. Southwestern Medical Center - Dallas: Acceptance of Gift from the Sweetheart Ball, Dallas, Texas; Establishment of the Sweetheart Ball Fund for Basic Research in Molecular Cardiology; Allocation of Funds from the Private Fund Development Campaign; and Eligibility for Matching Funds Under the Texas Eminent Scholars Program.--Upon recommendation of the Asset Management Committee, the Board accepted a \$140,000 gift from the Sweetheart Ball, Dallas, Texas, and established the Sweetheart Ball Fund for Basic Research in Molecular Cardiology at The University of Texas Southwestern Medical Center at Dallas.

Further, \$140,000 will be allocated from the \$25,000,000 challenge fund established by an anonymous donor as part of the Private Fund Development Campaign and will be used to increase the endowment to a total of \$280,000.

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

Additionally, the actual income that will be earned on the \$140,000 gift and the \$140,000 allocation of challenge funds will be certified to the appropriate State authorities for matching under the Texas Eminent Scholars Program as set out in Chapter 51, Subchapter I of the Texas Education Code, when matching funds are made available under that act.

48. U. T. Southwestern Medical Center - Dallas: Acceptance of Gift and Pledge from Mrs. Lydia Bryant Test, Dallas, Texas; Establishment of the Lydia Bryant Test Professorship in Psychiatric Research; Allocation of Funds from the Private Fund Development Campaign; and Eligibility for Matching Funds Under the Texas Eminent Scholars Program.--The Board, upon recommendation of the Asset Management Committee, accepted a \$10,000 gift and a \$40,000 pledge, payable by January 31, 1997, from Mrs. Lydia Bryant Test, Dallas, Texas, for a total of \$50,000 and established the Lydia Bryant Test Professorship in Psychiatric Research at The University of Texas Southwestern Medical Center at Dallas.

Further, \$50,000 will be allocated from the \$12,500,000 challenge fund established with MSRDP funds at the U. T. Southwestern Medical Center - Dallas as part of the Private Fund Development Campaign and will be used to increase the endowment to a total of \$100,000.

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

Additionally, the actual income that will be earned on the \$50,000 gift will be certified to the appropriate State authorities for matching under the Texas Eminent Scholars Program as set out in Chapter 51, Subchapter I of the Texas Education Code, when matching funds are made available under that act.

49. U. T. Southwestern Medical Center - Dallas: Acceptance of Gift and Pledge from the Westcott Foundation, Dallas, Texas; Establishment of the Dr. Eugene Tragus Chair in Molecular Cardiology; Allocation of Funds from the Private Fund Development Campaign; and Eligibility for Matching Funds Under the Texas Eminent Scholars Program.--The Asset Management Committee recommended and the Board accepted a \$50,000 gift and a \$200,000 pledge, payable by January 31, 1997, from the Westcott Foundation, Dallas, Texas, for a total of \$250,000 and established the Dr. Eugene Tragus Chair in Molecular Cardiology at The University of Texas Southwestern Medical Center at Dallas.

Further, \$250,000 will be allocated from the \$25,000,000 challenge fund established by an anonymous donor as part of the Private Fund Development Campaign and will be used to increase the endowment to a total of \$500,000.

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

Additionally, the actual income that will be earned on the \$50,000 gift, the \$200,000 pledge, as received, and the \$250,000 allocation of challenge funds will be certified to the appropriate State authorities for matching under the Texas Eminent Scholars Program as set out in Chapter 51, Subchapter I of the Texas Education Code, when matching funds are made available under that act.

See Page 61 related to an appointment to this Chair.

50. U. T. Medical Branch - Galveston: Acceptance of Grant from The Moody Foundation, Galveston, Texas, and Transfer of Funds; Establishment of The Moody Medical Library Endowment and The Moody Fund for Student and Employee Services; and Authorization for the Vice Chancellor for Asset Management to Conclude Negotiations and Execute Documents.--Subject to the negotiation of terms which are mutually acceptable to the U. T. Board of Regents and The Moody Foundation, Galveston, Texas, approval was given to accept a \$4,000,000 grant, payable in two installments of \$2,000,000 each by December 31, 1995, from The Moody Foundation and a \$4,000,000 transfer of institutional funds, to be transferred in two installments as the grant funds are received, for a total of \$8,000,000 to establish two endowments of \$4,000,000 each at The University of Texas Medical Branch at Galveston as follows:

- a. The Moody Medical Library Endowment will be comprised of \$2,000,000 in grant funds and \$2,000,000 in transfers of institutional funds.

Income earned from the endowment will be used for library support in such areas as the acquisition of books and journals and for the development and support of an electronic information system.

- b. The Moody Fund for Student and Employee Services will be comprised of \$2,000,000 in grant funds and \$2,000,000 in transfers of institutional funds.

Income earned from the endowment will be used to provide support for the operations of the Student Center, the Field House, and dependent care programs at the U. T. Medical Branch - Galveston.

Additionally, The University of Texas System Vice Chancellor for Asset Management was authorized to conclude negotiations and execute all documents related to this agreement following approval by appropriate U. T. System Administration officials.

51. U. T. Health Science Center - Houston: Acceptance of Gifts from Various Donors and Establishment of the Walter M. Kirkendall, M.D. Endowed Lecture Series.--Upon recommendation of the Asset Management Committee, the Board accepted \$62,878.96 in gifts from various donors and established the Walter M. Kirkendall, M.D. Endowed Lecture Series in the U. T. Medical School - Houston at The University of Texas Health Science Center at Houston.

Income earned from the endowment will be used to defray expenses for an annual lecture series in clinical medicine in the Department of Internal Medicine.

52. U. T. Health Science Center - Houston: Acceptance of Gifts from Various Donors and Establishment of the Susan G. Sampson Endowed Memorial Scholarship Fund.--The Board accepted \$10,000 in gifts from various donors and established the Susan G. Sampson Endowed Memorial Scholarship Fund in the U. T. Public Health School - Houston at The University of Texas Health Science Center at Houston.

Eighty percent of the income earned from the endowment will be awarded to a Master of Public Health student in financial need who has demonstrated promising academic performance. The remaining twenty percent of income earned will be reinvested in the corpus of the endowment.

53. U. T. Health Science Center - Houston: Acceptance of Gifts from Various Donors and Establishment of the Doris Simon Student Fund.--Authorization was given to accept \$10,000 in gifts from various donors and to establish an endowment at The University of Texas Health Science Center at Houston to be named the Doris Simon Student Fund.

Eighty percent of the income earned from the endowment will be used to provide support to medical students faced with unexpected financial emergencies, to fund awards benefitting the academic environment of students at the U. T. Medical School - Houston, and to award students for outstanding achievement. The remaining twenty percent of income earned will be reinvested in the corpus of the endowment.

54. U. T. Health Science Center - Houston: Acceptance of Gifts from Various Donors and Establishment of the Andrew Sowell-Wade Huggins Endowed Scholarship for Cancer Biology.--The Asset Management Committee recommended and the Board accepted \$26,120 in gifts from various donors and established the Andrew Sowell-Wade Huggins Endowed Scholarship for Cancer Biology in the U. T. G.S.B.S. - Houston at The University of Texas Health Science Center at Houston.

Income earned from the endowment will be used to provide scholarship support to graduate students engaged in biomedical research projects.

55. U. T. Health Science Center - Houston: Acceptance of Gifts from Various Donors and Establishment of the Reuel A. Stallones Memorial Endowed Lecture Series.--Upon recommendation of the Asset Management Committee, the Board accepted \$25,000 in gifts from various donors and established the Reuel A. Stallones Memorial Endowed Lecture Series in the U. T. Public Health School - Houston at The University of Texas Health Science Center at Houston.

Income earned from the endowment will be used to defray expenses for an annual lecture series which will address topics of broad societal concern in the field of public health and preventive medicine.

56. U. T. Health Science Center - San Antonio: Approval to Accept Gift from Mr. and Mrs. Jim (Dorothy) Doyle, Fredericksburg, Texas, and to Establish the Jim and Dorothy Doyle Endowed Scholarship Fund.--Approval was given to accept a \$25,000 gift from Mr. and Mrs. Jim (Dorothy) Doyle, Fredericksburg, Texas, and to establish the Jim and Dorothy Doyle Endowed Scholarship Fund at The University of Texas Health Science Center at San Antonio.

Income earned from the endowment will be used to provide scholarship support to students of average ability, based on need, who have dedication and desire to succeed in their field.

57. U. T. M.D. Anderson Cancer Center: Acceptance of Bequest from the Estate of Sydney I. Hecht, New York, New York.--The Board, upon recommendation of the Asset Management Committee, accepted a five percent interest in the residue of the Estate of Sydney I. Hecht, New York, New York, valued at \$18,387.37 for the benefit of The University of Texas M.D. Anderson Cancer Center.

Sixty percent of the funds received will be used to support research as to cancer vaccines and forty percent of the funds received will be used to support research as to the tumor necrosis factor and/or tumor infiltration lymphocytes at the U. T. M.D. Anderson Cancer Center.

58. U. T. M.D. Anderson Cancer Center: Acceptance of Bequest from the Estate of Myrtle Marie Hickman, Waco, Texas, and Remainder Interest in the Ollie Bigham Jones Trust, Waco, Texas.--The Asset Management Committee recommended and the Board accepted a one-sixth interest in the residue of the Estate of Myrtle Marie Hickman, Waco, Texas, totaling \$16,025.55 and a one-half remainder interest in the Ollie Bigham Jones Trust, Waco, Texas (to be held in trust by Baylor University), initially funded with approximately \$30,000 to support lymphoma research at The University of Texas M.D. Anderson Cancer Center.

III. INTELLECTUAL PROPERTY MATTERS

1. U. T. Arlington: Approval of a Patent License Agreement with PushCorp, Inc., Dallas, Texas, and Authorization for Dr. Edwin A. Erlbacher II to Acquire Equity in and Serve as an Officer and Director of PushCorp, Inc.--Upon recommendation of the Asset Management Committee, the Board:
 - a. Approved the Patent License Agreement set out on Pages 107 - 116 by and between the U. T. Board of Regents, for and on behalf of The University of Texas at Arlington, and PushCorp, Inc., Dallas, Texas, a Texas Corporation
 - b. Authorized Dr. Edwin A. Erlbacher II, Faculty Associate in the Automation and Robotics Research Institute at U. T. Arlington, to acquire equity in and serve as an officer and director of PushCorp, Inc.

Dr. Edwin A. Erlbacher II has created an invention entitled "Method for Applying Constant Force with Nonlinear Feedback Control and Constant Force Device Using Same" for which U. S. Patent Application Serial No. 08/011,658 was filed on January 29, 1993, and assigned to the U. T. Board of Regents.

Under the Patent License Agreement, PushCorp, Inc. is granted a royalty-bearing, exclusive, world-wide license under the subject invention, patent application, and any patent(s) that issues thereon, to manufacture, have manufactured, use, and sell licensed subject matter. PushCorp, Inc. will pay the U. T. Board of Regents (1) a running royalty of three percent (3%) of net sales, and (2) one-half of gross revenues received from any sublicensee. Upon issuance of the patent, PushCorp, Inc. will also reimburse the University for all of its out-of-pocket expenses incurred in filing, prosecuting, and maintaining the patent application.

The arrangement is consistent with Section 51.912 of the Texas Education Code and corresponding provisions of The University of Texas System Intellectual Property Policy.

PATENT LICENSE AGREEMENT

This Agreement is made by and between the Board of Regents (hereinafter referred to as "Board") of The University of Texas System (hereinafter referred to as "System"), an agency of the State of Texas, whose address is 201 West 7th Street, Austin, Texas 78701, and **PushCorp, Inc.**, a Texas corporation having a principal place of business located at 8719 Groveland, Dallas, TX 75218 (hereinafter referred to as "Licensee").

RECITALS

A. WHEREAS **Board** owns certain Patent Rights and Technology Rights related to the Licensed Subject Matter, which were developed at The University of Texas at **Arlington/ARRI** (hereinafter referred to as "University"), a component institution of System;

B. WHEREAS Board desires to have the Licensed Subject Matter developed and used for the benefit of Licensee, the inventor, Board, and the public as outlined in the Intellectual Property Policy promulgated by the Board; and

C. WHEREAS Licensee wishes to obtain a license from Board to practice the Licensed Subject Matter.

NOW, THEREFORE, in consideration of the mutual promises, covenants and agreements herein set forth and other good and valuable consideration, the parties hereto agree as follows:

1. EFFECTIVE DATE

This agreement shall be effective as of March 1, 1993 (the "Effective Date"), subject to approval by Board.

2. DEFINITION

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

2.1 "Invention" shall mean methods and devices useful in the robotics industry as described in the United States Patent Application, Serial No. **08/011.658**, entitled "Method for Applying Constant Force with Nonlinear Feedback Control and Constant Force Device Using Same" filed on January 29, 1993 listing Edwin A. Erlbacher II, Ph.D. as inventor. and any improvements, modifications, or applications thereof as may exist on the Effective Date of this Agreement whether or not described in issued patents.

2.2 “Patent Rights” shall mean Board’s rights to any **and** all patents **and/or** patent applications, **both** United States **and** foreign, relating to the Invention, to the extent that the patents and/or patent applications or any claims thereof cover the Invention, including all divisions, continuations, continuations-in-par& reissues, reexaminations and extensions or substitutions thereof.

2.3 “Technology Rights” shall mean Board’s rights to any and all technical information, know-how, process, procedure, composition, device, method, formula, protocol, technique, software, design, drawing, or data as may exist on the Effective Date of this Agreement relating to the Invention which is not covered by Patent Rights but which is necessary for practicing the Invention.

2.4 “Licensed Subject Matter” shall mean the Invention and all subject matter covered **by** Patent Rights or Technology rights.

2.5 “Licensed Product” shall mean any product Sold (as defined hereinafter) **by** Licensee comprising Licensed Subject Matter.

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

2.7 “Sale” or “Sold” shall mean the transfer or disposition of a Licensed Product for value by Licensee to a party other than Licensee or a Subsidiary.

2.8 “Net Sales” shall mean the gross revenue received by Licensee from the Sale of Licensed Products less sales and/or use taxes actually paid, Import and/or export duties actually paid, outbound transportation prepaid or allowed, and amounts allowed or credited due to returns (not to exceed the original billing or invoice amount).

3. WARRANTY: SUPERIOR RIGHTS

3.1 Except for the rights, if any, of the Government of the United States, as set forth below, Board represents and warrants its belief that it is the owner of the entire right, title, and interest in and to the Licensed Subject Matter, and that it has the sole right to grant licenses thereunder, and that it has not knowingly granted licenses thereunder to any other entity that would restrict rights granted hereunder except as stated herein.

3.2 Licensee understands that the Licensed Subject Matter may have been developed under a funding agreement with the Government of the United States of America, and, if so, that the Government may have certain rights relative thereto. This Agreement is explicitly made subject to the Government’s rights under any such agreement

and any applicable law or regulation. To the extent that there is a conflict between any such agreementf applicable law or regulation and this Agreement, the terms of such Government agreement, applicable law or regulation shall prevail.

4. LICENSE

4.1 Board hereby grants to Licensee a worldwide, royalty-bearing, exclusive license (with the right to sublicense as set forth in Paragraph 4.4) under the Licensed Subject Matter to make, have made, use, and sell Licensed Products, including a worldwide, **royalty-bearing**, exclusive license under any letters patenf both United States and foreign, which may be granted relating to the aforesaid Invention, including all divisions, continuations, continuations-in-part, reissues, reexaminations or other extensions thereof. This grant shall be subject to rights retained by Board to:

- (A) Publish the general scientific findings resulting from research related to the Licensed Subject Matter; and
- (B) Use any information contained in Licensed Subject Matter for research, teaching, and other educationally-related purposes.

4.2 Board expressly agrees that the rightsgranted herein to Licensee are exclusive and that Board will not grant any license under the Licensed Subject Matter to any third party during the Term of this Agreement, except as provided in Paragraph 4.5.

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

4.4 Licensee shall have the right to grant sublicenses consistent with this Agreement provided that Licensee **shall** be responsible for the operations of its sublicensees relevant to this Agreement, including the payment of royalties to Board as set forth in Paragraph 5.1 (B) whether or not royalties are paid to licensee by a sublicensee. Licensee further agrees to deliver to Board a true and correct copy of each sublicense granted by Licensee, and any modification or termination thereof, within thirty (30) days after execution modification, or termination. Upon termination of this Agreement, any and all existing sublicenses under the Licensed Subject Matter granted by Licensee shall be assigned to Board.

4.5 Board shall have the right at any time after two (2) years from the Effective Date of this Agreementf to terminate the exclusivity of the license granted herein in any national political jurisdiction within ninety (90) days after written notice from Board as to such intended termination of exclusivity, if Licensee fails to provide written evidence that it has commercialized or is actively attempting to commercialize Licensed Subject Matter within such jurisdiction. Board agrees to'negotiate in good faith with Licensee for adjusting

terms under such a non-exclusive arrangement. Board shall have the right at any time after three (3) years from the Effective Date of this Agreement to terminate the license completely in any national political jurisdiction if Licensee, within ninety **days** after written notice from Board of such intended termination, fails to provide written evidence that it has commercialized or is actively attempting to commercialize Licensed Subject Matter within such jurisdiction. Evidence provided by Licensee that it has an ongoing and active research, development, manufacturing, marketing or licensing program as appropriate, directed toward production and sale of Licensed Products within such jurisdiction shall be deemed satisfactory evidence of commercialization for **all** purposes herein.

5. PAYMENTS AND REPORTS

5.1 In consideration of the rights granted by Board to Licensee under this **Agreement**, Licensee agrees to pay Board the following:

- (A) A running royalty equal to three percent (3%) of Licensee's Net Sales for Licensed Products; and
- (B) Fifty percent (50%) of the gross revenue received by Licensee directly attributable to any sublicense granted by Licensee **under** the Licensed Subject Matter.

5.2 In the event that any patent covering the Invention is deemed invalid or unenforceable, without fault on the part of Licensee or its directors, officers, employees or representatives, or in the event no patent covering the Invention is issued within three (3) years from the Effective Date of this Agreement, the royalties which Licensee is obligated to pay Board under the provisions of this Agreement shall drop to the following:

- (A) A running royalty equal to one and one-half percent (1.5%) of Licensee's Net Sales for Licensed Products; and
- (B) Twenty-five percent (25%) of the gross revenue received by Licensee directly attributable to any sublicense granted **by** Licensee under the Licensed **Subject Matter**.

For purposes of this Paragraph **5.2.**, Board and any person representing Board in prosecuting any patent covering the invention shall not **be** considered a director, officer, employee or representative of Licensee. In the event a patent later issues covering the Invention, the royalties will revert to the rates set forth in Paragraph 5.1.

5.3 During the Term of this Agreement and for one (1) year thereafter, Licensee shall keep complete and accurate records of its and its sublicensees' Sales and Net Sales of Licensed Products under the license granted in this Agreement in sufficient detail to enable the royalties payable hereunder to be determined. Board shall have the right to select an

accountant which is acceptable to Licensee (such acceptance not to be unreasonably withheld) to inspect the records of Licensee once a year on **reasonable notice** and during regular business hours, to verify Licensee's reports and payments. The entire cost for such inspection shall be borne by Board, and such certified public accountant shall not disclose to Board any information other than information directly relating to this Agreement. Board shall maintain in confidence and shall obligate the independent certified public accountant to maintain in confidence all information pursuant to this paragraph. In the event an inspection by the independent certified public accountant reveals any underpayment of royalties due Board under the provisions of this Agreement, Licensee will promptly pay to Board the full amount of that **underpayment**, together with interest thereon at the rate of ten percent (10%) per annum. In the event the inspection reveals an underpayment in excess of ten percent (10%) of royalties actually due, Licensee will also promptly reimburse Board for the reasonable cost of the inspection.

5.4 Within thirty (30) days after March 31, June 30, September 30, and December 31, Licensee shall deliver to Board a true and accurate report, giving such particulars of the business conducted by Licensee and its sublicensee(s), if any **exist**, during the preceding three (3) calendar months under this Agreement as are pertinent to an account for payments hereunder. Such report shall include at least (a) the quantities of Licensed Product that it has produced; (b) the total Sales; (c) the calculation of royalties thereon; and (d) the total royalties so computed and due Board. Simultaneously with the delivery of each such **report**, Licensee shall pay to the Board the amount, if any, due for the period of such report. If no payments are due, it shall be so reported.

5.5 Upon request of Board, but not more often than once per calendar year, Licensee shall deliver to Board a written report as to Licensee's efforts and accomplishments during the preceding year in commercializing Licensed Subject Matter and in commercialization plans for the upcoming year.

5.6 All amounts payable hereunder by Licensee shall be payable in United States funds without deductions for taxes, assessments, fees or charges of any kind. Checks shall be made payable to The University of Texas at Arlington.

5.7 Edwin A. Erlbacher II, Ph.D., in his personal capacity and as an officer of Licensee, expressly waives his right to receive any royalties or other benefits under the Rules and Regulations of the Board of Regents of The University of Texas System, relating to intellectual property rights in the Licensed Subject Matter, and acknowledges that any such royalties or other benefits that would be so due Erlbacher, but for this Agreement shall be and remain the property of the Board.

6. TERM AND TERMINATION

6.1 The Term of this Agreement shall extend from the Effective Date to the full end of the term or terms for which Patent Rights have not expired or, if only Technology Rights are licensed and no Patent Rights are applicable, for a term of ten (10) years following the Effective Date.

6.2 This Agreement **will** earlier terminate:

- (A) Automatically if Licensee shall become bankrupt or insolvent and/or if the business of Licensee shall be placed in the hands of a receiver, or trustee, whether by voluntary act of Licensee or otherwise;
- (B) Upon ninety (90) days written notice by Board if Licensee shall breach or default on any substantial obligation under this Agreement; provided, however, that Licensee may avoid such termination if before the end of such period Licensee notifies Board that such breach will be cured and states the manner of such cure;
- (C) Under the provisions of Paragraph 4.5, if invoked; and
- (D) At any time upon ninety (90) days written notice by Licensee to Board.

6.3 Upon termination of this Agreement for any cause, nothing herein shall be construed to release either party of any obligation which has accrued prior to the effective date of such termination. Licensee may, after the effective date of such termination, sell all Licensed Products that it may have on hand at the date of termination, provided that it pays earned royalties thereon as provided by the terms of this Agreement.

7. INFRINGEMENT BY THIRD PARTIES

7.1 If any infringement or threatened infringement of any patent covering the Invention comes to the attention of either party, it will promptly notify the other party, giving particulars thereof.

1.2 In the event that any infringement of any patent covering the Invention occurs on a commercial scale, then subject to any legal advice to the contrary, the parties agree that steps will be taken to end the **infringement**, including the institution of legal proceedings. The parties agree to fully cooperate with each other in all steps taken to end the infringement. However, Licensee shall have the right to independently institute and maintain legal proceedings to enforce any patent covering the Invention. In respect to any legal proceedings, Licensee will bear the costs and expenses thereof.

1.3 In the event that compensatory damages are obtained in any action for infringement they will be applied (a) in payment of the costs of the action, and (b) insofar as damages are awarded on account of economic loss, they will be awarded to licensee, subject to payment to Board of a royalty thereon pursuant to Paragraph 5.1(A) above. In the event that non-compensatory damages (such as increased damages or attorney fees) are obtained, they will be awarded to Licensee free of any obligation to pay Board a royalty thereon except, however, such amounts, if any, will be applied in payment of the costs of the action for purposes of calculating the royalty payment to Board pursuant to the previous sentence.

8. ASSIGNMENT

8.1 This Agreement and the rights granted hereunder will inure to the benefit of the parties hereto and will not be assignable by either party, except as provided in Paragraph 4.3, without the prior written consent of the other party, which consent will not be unreasonably withheld.

8.2 In the event Board, during the Term of this Agreement shall desire to assign its rights to the Invention or the Licensed Subject Matter, including any patents covering the Invention, Board shall give to Licensee the first opportunity to purchase the same at a price to be mutually agreed upon by the parties in good faith, which price shall not be greater than that for which the Invention, Licensed Subject Matter, and/or patents is offered for sale to any other purchaser.

9. PATENT MARKING

Licensee agrees to mark permanently and legibly **all** products and documentation manufactured or sold by it under this Agreement with such patent notice as may be permitted or required under Title 35, United States Code.

10. INDEMNIFICATION

Licensee shall hold harmless and indemnify Board, System, University, its Regents, officers, employees and agents from and against any claims, demands, or causes of action whatsoever, including without limitation those arising on account of any injury or death of persons or damage to property caused by, or arising out of, or resulting from, the exercise of practice of the license granted hereunder by Licensee, its Subsidiaries, or their officers, employees, agents or representatives.

11. USE OF BOARD AND COMPONENTS NAME

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

12. CONFIDENTIAL INFORMATION

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

12.2 Each party's obligation of confidence hereunder shall be **fulfilled** by using at least the same degree of care with the other party's confidential information as it uses to protect its own confidential information. This obligation shall exist while this Agreement is in force and for a period of three (3) years thereafter.

13. PATENTS AND INVENTIONS

13.1 Except as otherwise provided hereinafter, Board agrees at its own expense (subject to reimbursement by Licensee pursuant to Paragraph 13.4 below) to do each of the following: (a) to file in the United States Patent and Trademark Office applications for letters patent covering the Invention, (b) to prosecute diligently said Applications, and (c) to maintain in force any patents that issue from said Applications.

13.2 Board agrees to promptly supply Licensee with a complete copy of each of said Applications, and agrees to promptly furnish Licensee with copies of all communications received from, or sent to, the United States Patent and Trademark Office concerning said Applications.

13.3 Board agrees to submit to licensee for consideration and advice all responses to United States Patent and Trademark Office communications before filing them, and to give due consideration to the advice of Licensee in this connection.

13.4 Licensee agrees to reimburse Board for all reasonable expenses incurred by Board in searching, preparing, filing, prosecuting and maintaining any patent which issues covering the Invention. The obligations of Licensee under this paragraph shall not accrue until the issue date of any such patent.

13.5 If at any time during the term of this Agreement, Board intends to allow any of said Applications or any patent granted thereon to lapse or to become abandoned or forfeited without having first **filed** a substitute, Board shall: (a) notify Licensee in writing of its intention at least ninety (90) days before the date on which the application or patent

is due to lapse or to become abandoned or forfeited, and (b) if requested by Licensee, assign the entire **right**, title, and interest in and to that application or patent to Licensee. Licensee shall be under no obligation to prosecute or maintain in force any application or patent assigned to it, but shall continue to make payments pursuant to Paragraph 5.2 and shall continue to provide reports pursuant to Paragraphs 5.3, 5.4 and 5.5.

14. GENERAL

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

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

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

or in the case of Licensee to:

PUSHCORP, Inc.
8719 Groveland
Dallas, Texas 75218
ATTENTION: Edwin Erlbacher
FAX:
PHONE: (214) 320-8372

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

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

14.4 This Agreement shall be construed and enforced in accordance with the laws of the United States of America and of the State of Texas.

14.5 Failure of either party to enforce a right under this Agreement shall not act as a waiver of that right or the ability to later assert that right relative to the particular situation involved.

14.6 Headings included herein are for convenience only and **shall** not be used to construe this Agreement.

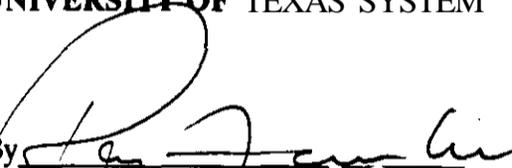
14.7 If any provision of this Agreement shall be found by a court to be void, invalid or unenforceable, the same shall be reformed to comply with applicable law or stricken if not so conformable, so as not to affect the validity or enforceability of this Agreement.

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

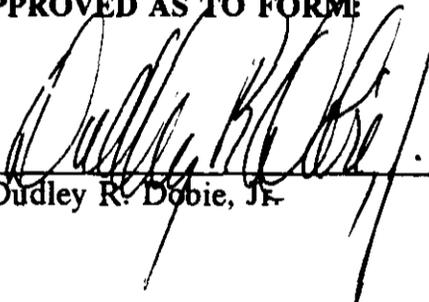
ATTEST:

BOARD OF REGENTS OF THE
UNIVERSITY OF TEXAS SYSTEM

By 
Arthur H. Dilly, Executive
Secretary to the Board

By 
Ray Farabee, Vice Chancellor
and General Counsel

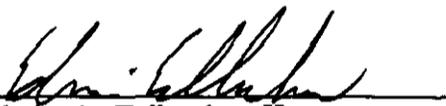
APPROVED AS TO FORM:

By 
Dudley R. Dobie, Jr.

APPROVED AS TO CONTENT:

By 
W. A. Baker
Vice President
for Academic Affairs

(CONTRACTING PARTY)

By 
Edwin A. Erlbacher II
President
PUSHCORP, Inc.

2. U. T. Dallas: Approval for Dr. Carl B. Collins and Dr. Farzin Davanloo to Acquire Equity in SI Diamond Technology, Inc., Houston, Texas.--The Board approved the acquisition by Dr. Carl B. Collins, Professor, and Dr. Farzin Davanloo, Research Scientist, both in the School of Natural Sciences and Mathematics at The University of Texas at Dallas, of equity in SI Diamond Technology, Inc., a Texas Corporation, Houston, Texas.

These faculty members have created inventions relating to methods and apparatus for creating diamond-like structures and coatings for which patent applications have been filed. At the June 1993 meeting, the U. T. Board of Regents approved via the institutional docket an agreement whereby the inventions were licensed to SI Diamond Technology, Inc. for purposes of commercializing the technology.

Drs. Collins and Davanloo will consult with SI Diamond Technology, Inc. in exchange for which they each wish to accept 5,000 shares of common stock of the company. Such consulting activities will conform with the policies of U. T. Dallas relating to outside employment.

The arrangement is consistent with Section 51.912 of the Texas Education Code and corresponding provisions of The University of Texas System Intellectual Property Policy.

3. U. T. Health Science Center - San Antonio: Approval of an Agreement with Dr. Kyriacos Athanasiou, Dr. Barbara Boyan, and Mr. George Constantinides and Authorization for These Faculty Members to Acquire Equity in OsteoBiologics, Inc., San Antonio, Texas.--The Asset Management Committee recommended and the Board:

- a. Approved the Agreement set out on Pages 118 - 120 among the U. T. Board of Regents, The University of Texas Health Science Center at San Antonio, and Dr. Kyriacos Athanasiou, Assistant Professor, Dr. Barbara Boyan, Professor, and Mr. George Constantinides, Research Engineering Associate, of the Department of Orthopaedics at the U. T. Health Science Center - San Antonio, whereby such individuals waive their respective rights to receive royalty pursuant to the Rules and Regulations of the U. T. Board of Regents from the commercialization of certain technology that they created and that the U. T. Board of Regents previously has licensed to OsteoBiologics, Inc., San Antonio, Texas
- b. Authorized these faculty members to acquire equity in OsteoBiologics, Inc.

Dr. Athanasiou, Dr. Boyan, and Mr. Constantinides are faculty members of the U. T. Health Science Center - San Antonio and have created two inventions ("Arthroscopic Indenter and Method for Using the Same" and "Multi-Phase Bioerodible Implant/Carrier and Method of Manufacturing and Using Same") for which patent applications have been filed. At the June 1993 meeting, the U. T. Board of Regents approved via the docket agreements whereby each invention was licensed to OsteoBiologics, Inc. of San Antonio, Texas, for purposes of commercializing the technology. The Rules and Regulations of the U. T. Board of Regents provide for the faculty-inventors to receive a share of royalty income that may be received from OsteoBiologics, Inc., but they wish to waive such right and

instead be permitted to receive equity in OsteoBiologics, Inc. The subject agreement formalizes the waiver by the faculty-inventors of entitlement to royalty income and approves their receipt of common stock of OsteoBiologics, Inc. in the amounts of 125,000 shares for Dr. Athanasiou, 50,000 shares for Dr. **Boyan**, and 25,000 shares for Mr. Constantinides.

The arrangement is consistent with Section 51.912 of the Texas Education Code and corresponding provisions of The University of Texas System Intellectual Property Policy.

AGREEMENT

This Agreement, dated the 12th of August, 1993, is among The University of Texas Health Science ~~Center~~ ence Center at San Antonio (UNIVERSITY), the Board of Regents of The University of Texas System (BOARD), and Dr. Kyriacos Athanasiou, Dr. Barbara **Boyan**, and Mr. George Constantinides (each being referred to herein individually as Inventor or collectively as Inventors).

WHEREAS, on April 21, 1992, a patent application entitled "**Arthroscopic Indenter and Method for Using the Same**" listing Kyriacos Athanasiou and George Constantinides as Inventors, Serial Number **07/871,523**, was filed:

WHEREAS, on **February** 14, 1992, a patent application entitled "Multi-Phase Bioerodible Implant/Carrier and Method of Manufacturing and Using Same" listing Kyriacos Athanasiou and Barbara **Boyan** as Inventors, Serial Number **07/837,401**, was filed:

WHEREAS, the Inventors of both inventions are full-time **UNIVERSITY** employees and each Inventor is subject to the **Rules and Regulations** of the BOARD:

WHEREAS, on February 12, 1993, each of the above referenced inventions was licensed by the **BOARD** to OsteoBiologics, Inc.:

WHEREAS, pursuant to the **Rules and Regulations** of the BOARD, each Inventor is entitled to receive a percentage of royalty and other income produced as a result of the commercialization of the inventions:

WHEREAS, each of the Inventors has informed the UNIVERSITY that he or she does not wish to receive any royalty income resulting from such license agreements but does wish to receive stock from OsteoBiologics, Inc.;

WHEREAS, neither the UNIVERSITY nor the BOARD presently wishes to receive stock from OsteoBiologics, Inc., a closely held corporation, whose shares are not publicly traded:

WHEREAS, OsteoBiologics, Inc. has determined that it is willing to provide 200,000 shares of common stock to the Inventors.

NOW, THEREFORE, the parties agree as follows:

1. Each Inventor acknowledges and agrees that he or she will not receive any portion of the income or other consideration which BOARD or UNIVERSITY **may** receive from the licensing to OsteoBiologics, Inc. of and commercialization of these inventions, and each Inventor thus expressly waives his or her right with respect thereto under BOARD'S Rules and Regulations, Part 2, Chapter XII, subdivision 5.23 and subsection 6.1.

2. In consideration of the **foregoing**, UNIVERSITY and BOARD approve the Inventors' receipt of common stock of **OsteoBiologics, Inc.** as follows:

"Arthroscopic Indenter and
Method for Using the Same"

Kyriacom Athanasiou	75,000 shares
George Constantinides	<u>25,000 shares</u>
	100,000 shares

"Multi-Phase Bioerodible Implant/
Carrier and Method of Manufacturing
and Using **Same**"

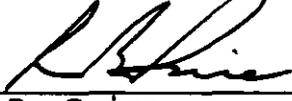
Kyriacos Athanasiou	50,000 shares
Barbara Boyan	<u>50,000 shares</u>
	100,000 shares

3. The relative allocation of shares of stock among the Inventors as set forth above is acceptable to each Inventor.

4. This Agreement shall not prohibit the Inventors from receiving compensation from OsteoBiologics, Inc. for services (e.g., consulting) rendered in the future. Any such agreement for future services shall be negotiated between the Inventors and OsteoBiologics, Inc. and shall be subject to applicable UNIVERSITY rules.

IN WITNESS WHEREOF, the parties have duly executed this Agreement.

The University of Texas Health
Science Center at San Antonio

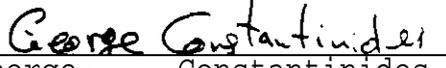
By: 
R. B. Price
Executive Vice President
for Administration and
Business Affairs

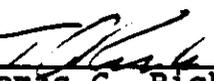

Kyrillos Athanasiou, Ph.D.

Barbara D. Boyan, Ph.D.

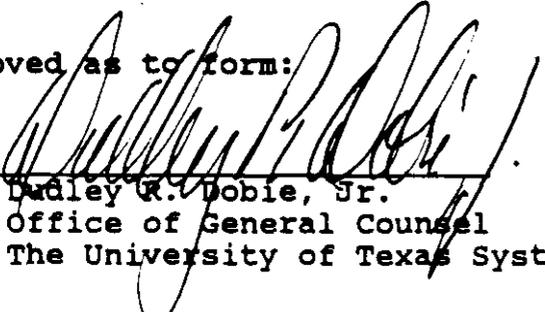
Board of Regents of
The University of Texas System

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


George Constantinides

By: 
Thomas G. Ricks
Vice Chancellor for
Asset Management

Approved as to form:

By: 
Dudley R. Dobie, Jr.
Office of General Counsel
The University of Texas System

4. U. T. Health Science Center - San Antonio: Approval of a Patent and Software License and Distribution Agreement with RadWorks Corporation, San Antonio, Texas, and Approval for Drs. S. Brent Dove and W. Doss McDavid to Acquire Equity in and Serve as Officers and Directors of RadWorks Corporation.--The Board, upon recommendation of the Asset Management Committee:

- a. Approved the Patent and Software License and Distribution Agreement set out on Pages 122 - 130 by and between the U. T. Board of Regents, for and on behalf of The University of Texas Health Science Center at San Antonio, and RadWorks Corporation, San Antonio, Texas
- b. Approved the acquisition of equity in and service as officers and directors of RadWorks Corporation by Dr. S. Brent Dove, Instructor in the Department of Perio-dontics, and Dr. W. Doss McDavid, Profes-sor in the Department of Dental Diagnostic Science, in the U. T. Dental School - San Antonio at the U. T. Health Science Center - San Antonio.

Dr. S. Brent Dove and Dr. W. Doss McDavid have created an invention entitled "Radiograph Display System with Ana-tomical Icon for Selecting Digitized Stored Images" for which U. S. Patent No. 5,179,579 was granted on Janu-ary 12, 1993, and assigned to the U. T. Board of Regents.

Under the Patent and Software License and Distribution Agreement, RadWorks Corporation is granted a royalty-bearing, exclusive, world-wide license under U. S. Patent No. 5,179,579 to manufacture, have manufactured, copy, distribute and/or sell licensed subject matter. RadWorks Corporation will pay the U. T. Board of Regents (1) a license documentation fee of \$10.00, (2) a running roy-alty of four percent (4%) of net sales, and (3) one-half of gross revenues received from any sublicensee. RadWorks also will reimburse the University for all of its out-of-pocket expenses incurred in obtaining the patent.

Drs. Dove and McDavid formed RadWorks Corporation for the purpose of commercializing the licensed technology and are the owners, officers and directors of the company. The technology is an integrated software package that provides for the acquisition and management of digital images for dental X-ray units. RadWorks Corporation will develop specific computer programs for various manufac-turers' X-ray equipment and will develop the necessary users' manuals. A license to a faculty-owned company is appropriate inasmuch as the activities by RadWorks Corpo-ration will not involve basic research.

The arrangement is consistent with Section 51.912 of the Texas Education Code and corresponding provisions of The University of Texas System Intellectual Property Policy.

PATENT AND SOFTWARE LICENSE
and DISTRIBUTION AGREEMENT

THIS AGREEMENT is made by and between the **BOARD OF REGENTS (BOARD)** OF THE UNIVERSITY OF TEXAS **SYSTEM** (SYSTEM), an agency of the **State** of Texas, whose address is 201 West Seventh Street, Austin, Texas 79701, and **RadWorks** Corporation (LICENSEE), a Texas corporation having a principal place of business located at Texas Research Park, 11785 Omicron Drive, San Antonio, Texas 78245.

W I T N E S S E T H :

Whereas **BOARD** owns certain PATENT RIGHTS, SOFTWARE RIGHTS and TECHNOLOGY RIGHTS related to LICENSED SUBJECT MATTER, which were developed at The University of Texas Health Science Center at San Antonio, a component institution of The University of Texas System;

Whereas LICENSEE wishes to further develop LICENSED **SUBJECT** RATTER:

Whereas BOARD desires to **have** the LICENSED SUBJECT RATTER developed and used for the benefit of LICENSEE, **the** inventor, **BOARD**, and the public as outlined in **the** Intellectual Property Policy promulgated by the BOARD: and

Whereas LICENSEE wishes to obtain a license from **BOARD** to practice LICENSED SUBJECT **MATTER**;

NOW, **THEREFORE**, in consideration of the mutual covenants and premises herein contained, the parties hereto **agree** as follows:

I. EFFECTIVE DATE

This **agreement** shall be effective as of July 1, 1992, subject to approval by BOARD.

II. DEFINITIONS

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

2.1 LICENSED **SUBJECT MATTER** shall mean inventions and discoveries covered by PATENT RIGHTS, **SOFTWARE** RIGHTS or TECHNOLOGY RIGHTS which is within LICENSED FIELD.

2.2 PATENT RIGHTS shall mean BOARD'S rights in information or discoveries covered by patents and/or patent applications, whether domestic or foreign, and all divisions, continuations, continuations-in-pa*, reissues, reexamination⁸ or extensions thereof, and any letters patent that issue thereon, which name S. Brent Dove, W. Doss **McDavid**, Donald Wilcox as either sole or joint

inventor and which relate **to** the manufacture, use, or sale of "Radiograph Display System With Anatomical Icon **for** Selecting Digitized Stored Images," U.S. Patent Application Serial No. **07/717,211**.

2.3 **SOFTWARE** shall mean the computer program entitled "**RadWorks**" as more fully described in Attachment **A**, regardless of the storage medium **or** form in which it is expressed.

2.4 LICENSED SOFTWARE shall mean **SOFTWARE** and any DERIVATIVE thereof.

2.5 DERIVATIVE shall mean any software that includes all or part **of** SOFTWARE, **any** translation **of** SOFTWARE into a different programming language, or any adaptation **of** SOFTWARE for use in a different operating system or with different computer equipment.

2.6 **SOFTWARE RIGHTS** shall mean the right to make copies of LICENSED **SOFTWARE**, to prepare derivatives thereof, to distribute such copies and derivatives, **and** to maintain SOFTWARE and information relating thereto confidential.

2.7 **TECHNOLOGY RIGHTS** shall mean **BOARD'S** rights in any technical information, **know-how**, process, procedure, composition, device, method, formula, protocol, technique, software, design, drawing or data relating to management of manipulation of digital images which is not covered by PATENT RIGHTS but which is necessary for practicing the invention at any time covered by PATENT RIGHTS.

2.9 LICENSED FIELD shall mean **the** dental and medical industries.

2.9 LICENSED TERRITORY shall mean the world.

2.10 LICENSED PRODUCT shall mean any product SOLD by LICENSEE comprising LICENSED SUBJECT MATTER pursuant to this Agreement.

2.11 **SALE** or SOLD shall mean the transfer **or** disposition **of** a LICENSED PRODUCT **for value** to a party other than LICENSEE or a SUBSIDIARY.

2.12 SUBSIDIARY shall mean any business entity more than **50%** owned by LICENSEE, any business entity which owns more than **50%** of LICENSEE, or any business entity that is more than **50%** owned by a business entity that owns more than **50%** of LICENSEE.

2.13 NET SALES shall mean the **gross revenues** received by LICENSEE from the SALE of LICENSED PRODUCTS less sales and/or use tax actually paid, import and/or export duties actually paid, outbound transportation prepaid or allowed, and amounts allowed or credited due to returns (not to exceed the original billing or invoice amount).

2

- [Attachment A](#) is on file in the Office of the Board of Regents.

III. WARRANTY; SUPERIOR-RIGHTS

3.1 Except for the rights, **if any, of** the Government of the United States, as set forth hereinbelow, BOARD represents and warrants its belief that it is the owner of the entire right, title, and interest in and to LICENSED SUBJECT MATTER, and that it has the sole right to grant licenses thereunder, and that it has not knowingly granted licenses thereunder to any other entity that would restrict rights granted hereunder except as stated herein.

3.2 LICENSEE understands that the LICENSED SUBJECT **MATTER** may have been developed under a funding agreement with the Government **of** the United States **of** America and, **if so, that the** Government may have certain rights relative thereto. This Agreement is explicitly made subject to the Government's rights under any such agreement and any applicable law or regulation. To the extent that there is a conflict between any such agreement, applicable law or regulation and this Agreement, the terms of such Government agreement, applicable law, or regulation shall prevail.

IV. LICENSE

4.1 BOARD hereby grants to LICENSEE a royalty-bearing, exclusive license under LICENSED **SUBJECT MATTER** to manufacture, have manufactured, copy, distribute and/or sell LICENSED PRODUCTS within LICENSED TERRITORY **for** use **within** LICENSED **FIELD**. **This** grant shall be subject to the payment by LICENSEE to **BOARD** of all consideration as provided in this Agreement, and shall be further subject to **rights** retained by **BOARD** to

(a) Publish the general scientific findings **from** research related to LICENSED SUBJECT **MATTER**; and

(b) **Use** any information contained in LICENSED SUBJECT MATTER for research, teaching, and other educationally-related purposes.

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

4.3 LICENSEE shall have the right to grant sublicenses consistent with this Agreement provided that LICENSEE shall be responsible for the operations of its sublicensee relevant to this Agreement as if such operations were carried out by LICENSEE, including the payment of royalties whether or not paid to LICENSEE by the sublicensee. LICENSEE further agrees to deliver to **BOARD** a true and correct **copy of** each sublicense granted by LICENSEE, and any modification or termination thereof, within thirty (30) days after execution, modification, or termination. Upon termination

of this Agreement, any and all existing sublicenses granted by LICENSEE shall be assigned to BOARD.

4.4 BOARD shall have the right at any time after two (2) years from the date of this Agreement, to terminate the exclusivity of the license granted herein in any national political jurisdiction within LICENSED TERRITORY if LICENSEE, within ninety (90) days after written notice from BOARD as to such intended termination of exclusivity, fails to provide written evidence that it has commercialized or is actively attempting to commercialize an invention hereunder within such jurisdiction. BOARD agrees to negotiate in good faith with LICENSEE for adjusting terms under such a non-exclusive arrangement. BOARD shall have the right at any time after three (3) years from the date of this Agreement to terminate the license completely in any national political jurisdiction if LICENSEE, within ninety (90) days after written notice from BOARD of such intended termination, fails to provide written evidence that it has commercialized or is actively attempting to commercialize an invention licensed hereunder within such jurisdiction. Evidence provided by LICENSEE that it has an ongoing and active research, development, manufacturing, marketing, or licensing program as appropriate, directed toward production and sale of products based on the invention disclosed and claimed in PATENTS, SOFTWARE RIGHTS or incorporating TECHNOLOGY within such jurisdiction shall be deemed satisfactory evidence.

V. PAYMENTS AND REPORTS

5.1 In consideration of rights granted by BOARD to LICENSEE under this Agreement, LICENSEE agrees to pay BOARD the following:

(a) A nonrefundable **license** documentation fee in the amount of \$10.00, which shall be due and payable when this Agreement is executed by LICENSEE;

(b) A running royalty equal to four percent (4%) of NET SALES for LICENSED **PRODUCTS**;

(c) One half of the gross revenues received by LICENSEE from any sublicensee.

5.2 During the Term of this Agreement and for one (1) year thereafter, LICENSEE shall keep complete and accurate records of its and its **sublicensee's SALES** and **NET SALES** of LICENSED PRODUCTS under the license granted in this Agreement in sufficient detail to enable the royalties payable hereunder to be determined. LICENSEE shall permit BOARD or its representatives, at BOARD'S **expense, to periodically** examine its books, ledgers, and records **during regular** business hours for the purpose of and to the extent necessary to verify any report required **under** this Agreement. In the event that the amounts due to BOARD are determined to have been

underpaid, LICENSEE shall pay the **cost** of such examination, and accrued interest at the highest allowable rate.

5.3 within thirty (30) days after March 31, June 30, **September** 30, and December 31, LICENSEE shall deliver to BOARD a true and accurate report, giving such particulars of the business conducted by LICENSEE and its sublicensees, if any exist, during the preceding three (3) calendar months under this Agreement as are **pertinent to** an account **for** payments hereunder. Such report shall include at least (a) the quantities **of** LICENSED **SUBJECT MATTER** that it has produced; (b) the total SALES; **(c)** the calculation **of** royalties thereon; and (d) the total royalties so computed and due BOARD. Simultaneously with the delivery **of** each such report, **LICENSEE** shall pay to BOARD the amount, if any, due for the period of such report. If no payments are due, it shall be so reported.

5.4 Upon the request **of** BOARD but not **more** often than once per calendar year, LICENSEE shall **deliver** to **BOARD** written report as to **LICENSEE'S** efforts and accomplishments during the preceding year in commercializing LICENSED SUBJECT MATTER in various parts of the LICENSED TERRITORY and its commercialization plans for the upcoming year.

5.5 All amounts payable hereunder by LICENSEE shall be payable in United States funds without deductions for taxes, assessments, fees, or charges of any kind. **Checks** shall be made payable to BOARD OF REGENTS, The University of Texas System.

5.6 **LICENSEE** shall reimburse **BOARD** for all its out-of-pocket expenses thus far incurred in filing, prosecuting, enforcing and maintaining **PATENT RIGHTS** exclusively licensed hereunder and shall pay all such future expenses so long as and in such **countries** as its license remains exclusive.

VI. **TERM AND TERMINATION**

6.1 The Terms of this Agreement shall extend from the Effective Date set forth hereinabove to **the** full end of the term or terms for **which** PATENT RIGHTS have not expired and if only **SOFTWARE** RIGHTS and/or TECHNOLOGY RIGHTS are licensed and no PATENT RIGHTS are applicable, **for** a term of fifteen (15) years.

6.2 This Agreement will earlier terminate:

(a) automatically **if** LICENSEE shall become bankrupt or insolvent **and/or if** the business of LICENSEE shall be placed in the hands of a receiver, assignee, or trustee, whether by voluntary act of LICENSEE or **otherwise**;

(b) upon ninety (90) days* **written** notice **if** LICENSEE shall breach or default on any obligation under this License **Agreement**; provided, however, LICENSEE may avoid such

termination **if** before the end of such period LICENSEE notifies **BOARD** that such breach has been cured and states the manner of such cure;

(c) under the provisions of paragraph 4.4 if invoked.

6.3 Upon termination of this Agreement for any cause, nothing herein shall be construed to release either party of any obligation matured prior to the effective date of such termination. LICENSEE **may**, after the effective date of such termination, sell all **LICENSED** PRODUCT and parts **therefor** that it may have on hand at the date of termination, provided that it pays earned royalty thereon as provided in this Agreement.

6.4 Upon and effective as **of** the date **of** termination **of** this Agreement pursuant to paragraph 4.4 above, LICENSEE grants to **BOARD** a non-exclusive license with the right to sublicense others with respect to improvements made by LICENSEE in the **LICENSED** SUBJECT MATTER.

6.5 **BOARD'S** right to sublicense others hereunder shall be solel **y** for purposes of permitting others to develop and commercialize the entire technology package.

VII. ████████████████████

7.1 LICENSEE shall have the obllgation of enforcing at its expense any patent or copyright exclusively licensed hereunder against infringement by **third** parties and shall be entitled to retain recovery from such enforcement. **LICENSEE** shall **pay** **BOARD** royalty on any monetary recovery to the extent that such monetary recovery by LICENSEE is **held** to be **damages or a** reasonable royalty in lieu thereof. In the **event** that LICENSEE does not file suit against a substantial infringer **of** such patents within six (6) months of **knowledge** thereof, then **BOARD** shall have the right to enforce any patent licensed hereunder on behalf of itself and LICENSEE and/or reduce the license granted hereunder to non-exclusive.

7.2 In any suit **or dispute** involving an infringer, the parties shall cooperate fully, and upon the request and at the expense of the party bringing suit, the other party shall make available to the party bringing suit at reasonable times and under appropriate conditions all relevant personnel, records, papers, information, samples, specimens, and the like which are in its possession.

VIII. **ASSIGNMENT**

This Agreement may not be assigned by LICENSEE without the prior written consent of **BOARD**.

IX. PATENT AND COPYRIGHT MARKING AND REGISTRATION

9.1 LICENSEE agrees to mark permanently and legibly all products and documentation manufactured or sold by it under this Agreement with such patent notice as may be permitted or required under Title 35, United States Code and with such copyright notice as may be permitted under Title 17, United States Code.

9.2 LICENSEE may register LICENSED SOFTWARE with the United States Copyright **office**, provided the registration is in the name of the SYSTEM, and the SYSTEM **is** provided copies **of** all documents relating to such registration.

X. INDEMNIFICATION

LICENSEE shall hold harmless and indemnify BOARD, SYSTEM, UNIVERSITY, its Regents, **officers**, employees and agents from and against **any claims**, demands, or causes of action whatsoever, including without limitation those arising on account **of** any injury or death of persons or damage to property caused by, or arising out **of**, or resulting from, the exercise **or** practice **of** the license **granted** hereunder by LICENSEE or **its officers**, employees, agents, or representatives.

XI. USE OF BOARD AND COMPONENT'S NAME

LICENSEE shall not use the name **of UNIVERSITY**, SYSTM, BOARD, or Regents without express written consent.

XII. CONFIDENTIAL INFORMATION

12.1 BOARD and LICENSEE each agree that all information contained in documents **marked "confidential"** which are forwarded to one by the other shall be received in strict confidence, used only **for the purposes of** this Agreement, and not disclosed by the recipient party (except as required by law or court order), its agents **or** employees without the prior written consent **of** the other party, unless such information (a) was in the public domain at the time **of disclosure**, (b) later became part **of** the public domain through no act **or** omission **of** the recipient party, **its employees**, agents, successors, or assigns, (c) was lawfully disclosed to the recipient party by third party having the right to disclose it, (d) was already known by the recipient party at the time of disclosure, (e) was independently developed or (f) is required to be submitted to a government **agency** pursuant to any preexisting obligation.

12.2 Each party's obligation **of confidence** hereunder shall be fulfilled **by using** at least the **same degree of care with** the other party's confidential information it uses to protect its own confidential information. This obligation shall exist while this agreement is in **force** and for a **period** of three (3) years thereafter.

XIII. **PATENTS AND INVENTIONS**

LICENSEE shall reimburse BOARD for all expenses incurred by BOARD in searching, preparing, filing, prosecuting and maintaining patent application8 and patents relating to PATENT RIGHTS. If after consultation with LICENSEE it is agreed by BOARD and LICENSEE that a patent **application should be filed** for LICENSED SUBJECT MATTER, BOARD **will prepare and file appropriate** patent applications, and LICENSEE will pay the cost of searching, preparing, filing, prosecuting and maintaining same. If LICENSEE notifies BOARD that it does not intend to pay the cost of an application, or if LICENSEE does not respond or make an effort to agree with BOARD on the disposition of rights of the subject invention, then BOARD may file such application at its own expense and LICENSEE shall have no rights to such invention. BOARD shall provide LICENSEE with a copy of the application filed for which LICENSEE has paid the cost of filing, as well as copies of any documents received or filed during prosecution thereof.

XIV. **GENERAL**

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

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

BOARD OF REGENTS
The University of Texas System
201 West 7th Street
Austin, TX 78701
ATTENTION: System Intellectual Property Office

or in the case of LICENSEE to:

RadWorks Corporation
Texas Research Park
14785 Omicron Drive
San Antonio, TX **78245**
ATTENTION: Intellectual Property Division

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

14.3 LICENSEE shall comply with all applicable federal, state and local laws and regulations in connection with its activities

pursuant to this Agreement.

14.4 This License Agreement shall be construed and enforced **in** accordance with the laws **of** the United States of America and of the State of Texas.

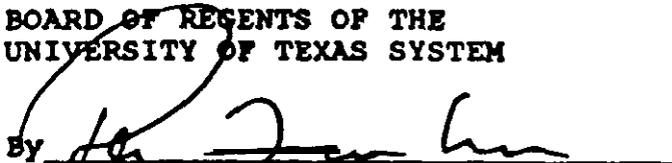
14.5 Failure of BOARD to enforce a right under this Agreement shall not act as a waiver of that right or the ability to later assert that right relative to the particular situation involved.

14.6 Headings included herein are for convenience only and shall not be used to construe this Agreement.

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

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

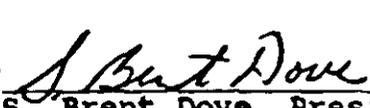
**BOARD OF REGENTS OF THE
UNIVERSITY OF TEXAS SYSTEM**

By 
Ray Farabee
Vice Chancellor and General Counsel

APPROVED AS TO CONTENT:

By 
R. B. Price
Executive Vice President
for Administration and
Business Affairs

RADWORKS CORPORATION

By 
S. Brent Dove, President

IV. OTHER MATTERS

1. U. T. Board of Regents - Regents' Rules and Regulations, Part Two: Amendments to Chapter I, Section 1 (Gifts to The University of Texas System).--To ensure that Part Two, Chapter I of the Regents' Rules and Regulations is clearly consistent with current policies and procedures used for the processing of bequests by The University of Texas System, the Board, upon recommendation of the Asset Management Committee, amended the Regents' Rules and Regulations, Part Two, Chapter I, Section 1 regarding gifts to The University of Texas System to read as set forth below:

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

- 1.1 The authority to accept gifts to the System or to any of the component institutions is vested in the Board.
- 1.2 Recommendations to the Board for the acceptance of gifts showing details as to value, form, stipulations regarding use, and disbursement of funds shall be transmitted by the chief administrative officer through the appropriate Executive Vice Chancellor to the Chancellor.
- 1.3 Recommendations to the Board for the acceptance of gifts should be made in accordance with the provisions of the U. T. System Endowment Policy Guidelines, the U. T. System Planned Giving Policy Guidelines, and related Business Procedure Memoranda.
- 1.4 Gifts to Establish Endowments.
 - 1.41 All gifts to establish endowments of any nature shall be accepted by the Board via the Agenda after review and recommendation by the appropriate Executive Vice Chancellor and the Chancellor, including the Office of Asset Management, of the terms of the endowment and the nature of the donated assets. Gifts to an endowment previously established by the Board may be accepted by the chief administrative officer of a component institution after review and approval by the Office of Asset Management of the nature of the donated asset.
 - 1.42 Endowments will be established with gifts which have been completed for tax purposes or a combination of such gifts and pledges at a minimum funding level of \$10,000. Endowments may be established to fund scholarship programs and other educational activities as well as the endowed academic positions specified in Section 3 below.

- 1.43 Should the Board determine at any time that an endowment fund is not of sufficient size, and has no foreseeable prospects of growing to sufficient size to justify the continuing costs of maintenance of such fund as a separate fund, then in the Board's discretion the principal of such fund may be expended for or otherwise devoted to the accomplishment, as near as may be possible, of the purposes for which the fund was established.
- 1.5 Except as provided in other subsections of this Section, the authority to accept gifts to a component institution is delegated to the chief administrative officer when the gift is to a fund, foundation, or enterprise already approved by the Board or is a continuation of a series which has been previously approved by the Board. Each chief administrative officer, or a designee specified in writing, is empowered to accept cash gifts (except to establish endowments) to a component institution of the System in the amount of \$25,000 or less and gifts in kind (except from estates) having a value of \$25,000 or less, within the policies of the Board and Legislature governing the acceptability of gifts, and to deposit such gifts to the appropriate accounts. All gifts (except those described in Subsections 1.6 and 1.7 below) shall be reported by the dockets of each component institution as prescribed by the Board.
- 1.6 A quarterly report of all such gifts of \$25,000 or less showing name and address of donor, amount of cash gift or value of gift in kind, purpose, and date of the gift shall be filed with the Board via the System Development Office within thirty (30) days after August 31, November 30, February 28, and May 31 of each year. Such reports will summarize gifts of \$2,500 or less showing only total dollars and number of gifts.
- 1.7 The authority to accept specific cash bequests to a component institution of \$25,000 or less that are not to be used to fund an endowment is delegated to the chief administrative officer. These gifts must be reported as specified in Subsections 1.5 and 1.6 above. All bequests that are not specific cash bequests (regardless of the value), are over \$25,000, or are to fund an endowment must be accepted by the Board via the Agenda.
- 1.8 Except as provided in this Subsection and the preceding Subsections, no member of the staff of any institution has the authority to accept gifts to the System or to any of its component institutions. Gifts to the component institutions (except from estates) of books or other

objects of very small value and very obvious propriety, without conditions attached, may be accepted by individual members of the staffs provided these gifts are reported to the Board as specified in Subsections 1.5 or 1.6 as appropriate.

- 1.9 Due to the inefficiencies and high costs associated with separately tailoring investment management programs for gifts that are investment-restricted, notwithstanding any other provision of this Chapter, a gift subject to investment restrictions shall be referred for review and approval as specified in the U. T. System Endowment Policy Guidelines and the U. T. System Planned Giving Policy Guidelines.
- 1.(10) Neither the System nor any of its component institutions will accept a gift for the benefit of any designated student unless the donor is exempt from Federal Income Taxes as defined by the Commissioner of Internal Revenue.
- 1.(11) The acceptance of gifts of real property is prohibited without prior express approval of the Legislature except for establishing scholarships, professorships, or other trusts for educational purposes, provided that such property will not thereafter require legislative appropriations for operation, maintenance, repair, or construction of buildings (current Appropriations Act). Acceptance of all gifts of real estate shall be subject to the U. T. System Trust Fund Real Estate Policy Statement and the Environmental Review Policy for Acquisitions of Real Estate.
2. U. T. System: Approval of Amendments to the U. T. System Planned Giving Policy Guidelines.--In an effort to extend the available review period of the Planned Giving Committee from one week to two weeks, reference the Environmental Review Policy for Acquisitions of Real Estate where appropriate, and to incorporate various minor editorial corrections, the Board amended The University of Texas System Planned Giving Policy Guidelines to read as set forth on Pages 134 - 143.

U. T. SYSTEM PLANNED GIVING POLICY GUIDELINES

Planned giving provides a meaningful opportunity to expand donor support of The University of Texas System's drive to develop and maintain quality in faculty, students, and facilities. A planned gift is a transfer of assets to charity, given outright or deferred, in forms such as charitable remainder trusts, charitable lead trusts, pooled income funds, bargain sales, gift annuities, gifts with retained life estates, and bequests. The U. T. Board of Regents recognizes the importance of establishing policies and procedures to meet the planned giving development needs of the U. T. System and component institutions and of directing vigorous efforts to attract private fund support. This document, including the attached definitions, is designed to communicate the responsibility of the U. T. Board of Regents to donors and the goals for and the limitations upon planned giving activities. These guidelines state the preferences of the U. T. Board of Regents for the structure and management of planned gifts. Staff members are encouraged to work with potential donors to design planned gifts which are beneficial to donors and comply with these guidelines. When these guidelines do not indicate the appropriate course of action, or are inappropriate in light of all aspects of a specific situation, staff members are to work with the relevant offices or the Planned Giving Committee, as outlined in these guidelines, to establish the course of action to be recommended to the U. T. Board of Regents. These guidelines are intended to supplement, not replace, the U. T. System Endowment Policy Guidelines, the U. T. System Trust Fund Real Estate Policy Statement, the Environmental Review Policy for Acquisitions of Real Estate and the Regents' Rules and Regulations. These guidelines are further intended to provide direction solely to U. T. System employees working with planned gifts and should not be used or distributed as a planned giving brochure.

A. Responsibility to Donors

1. In all matters related to planned giving, the U. T. System, the component institutions and staff and representatives must be aware of and sensitive to the potential donor's financial needs and concerns.
2. All representatives of the U. T. System and the component institutions shall use their best judgment to help donors make appropriate gifts. Each representative should be knowledgeable about planned gifts and should disclose to the donor advantages and disadvantages that could reasonably be expected to influence the decision of the donor to make an agreement with the U. T. Board of Regents. In particular, items subject to variability (such as market value and income payments) should be discussed fully. Donors shall be advised in writing to seek legal and/or tax advice from their own counsel.
3. The U. T. Board of Regents will not knowingly accept a gift that is contrary to the donor's best interests.

B. Acceptance of Gifts

1. All planned gifts meeting the standards established in these guidelines may be submitted as a proposed agenda item directly to the appropriate Executive Vice Chancellor following routine procedures.

2. In order to create a consensus on the appropriate terms and conditions of planned gifts which do not conform to the standards established in these guidelines and related schedules of approved payout rates, a Planned Giving Committee ("PGC") is to be created. The PGC shall consist of designees of the Office of Asset Management ("OAM"), the Office of General Counsel ("OGC"), the Office of Health Affairs ("OHA"), the Office of Academic Affairs ("OAA"), the Office of Business Affairs ("OBA"), the Office of Development and External Relations ("DER"), and a representative of the component institution proposing terms for the planned gift. In the event that a designee is unable to attend a meeting of the PGC, an alternate may be appointed.
3. All planned gifts with terms and conditions which vary in any substantial respect from the format of the sample agreements discussed below, or otherwise vary from the requirements of these guidelines, must be reviewed in advance by the PGC.
4. The PGC should make every effort to reach a decision concerning a component's proposal within two weeks after the component's proposal is received or within the time period requested. The PGC should either make a recommendation or request additional information within two weeks after the component requests a review.
5. Upon review of the terms and conditions of a proposed agreement, the PGC shall make a recommendation for acceptance or amendment of the agreement to the appropriate members of the Executive Staff for final recommendation to the U. T. Board of Regents.

C. Restrictions on Acceptance of Gifts and Donated Assets

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

interest equals the minimum requirements established below in H.2. for accounts that cannot be pooled for investment purposes. The U. T. Board of Regents should not be asked to serve as trustee of trusts which allow income beneficiaries to invade the principal of the trust at the discretion of the trustee because of the potential for conflicts of interest and the constitutional provision referred to in C.2. above.

4. The U. T. Board of Regents is willing to serve as trustee of a charitable remainder trust with multiple charitable remainder beneficiaries only if: (1) the U. T. System component institution will receive at least 51% of the remainder; (2) the value of the U. T. System component institution's interest will be at least the minimum trust gift levels established below in H.2.; and (3) the other charities agree to provisions deemed appropriate by OGC.
5. Because of the current tax laws and the potential for conflicts of interest, the U. T. Board of Regents will accept charitable lead trusts as a beneficiary, but should not be asked to serve as trustee of charitable lead trusts. Upon request, information may be provided the donor on institutions in his/her locale having the legal authority to act as a trustee.
6. Section 116 of the Texas Probate Code prohibits the U. T. Board of Regents from accepting a gift which would require the U. T. Board of Regents to serve as a guardian of the person or estate.
7. A planned gift that creates unrelated business income tax problems for a charitable remainder trust should not be proposed for acceptance because of potential adverse tax consequences that result to the trust and the income beneficiary. (In any year in which a charitable remainder trust has any unrelated business income, the trust loses its tax exempt status for the entire year.)
8. Stock in a Subchapter-S corporation is not to be proposed for acceptance without the written consent of all other shareholders to forfeit the corporation's Subchapter-S status.

D. Donated Assets Requiring Review

1. Planned gift assets other than cash or marketable securities must be reviewed by the OAM. Reviews to determine whether a planned gift asset should be recommended for acceptance shall include consideration of any required cash expenses, liabilities, contingent liabilities, unrelated business income taxes, donor requirements which may result in risk of loss, as well as any other source of funds available to cover such expenses and liabilities. The OAM shall determine whether the economic risks are appropriate prior to recommending acceptance of the gift to the Chancellor and appropriate Executive Vice Chancellor. The PGC may offer advisory opinions to the OAM concerning this decision. A decision or a request for additional information should be made within two weeks after the component requests a review.

2. All planned gifts of real estate must be reviewed by the OAM and are subject to the provisions of the U. T. System Trust Fund Real Estate Policy Statement and the Environmental Review Policy for Acquisitions of Real Estate.
3. Bequests and/or bargain sales involving assets creating unrelated business income tax should be reviewed by the OAM and the OBA for economic implications and by the OGC for legal implications.
4. Bequests of general partnerships, limited partnerships, and working interests may be accepted, subject to a thorough legal and financial analysis by the OGC, the OAM and the OBA. Interests in general partnerships, limited partnerships, and working interests will not be accepted as assets in a charitable remainder trust. Ownership of these assets could create unrelated business income tax problems and liability for the trust. (See C.7.)

E. Gifts of Real Property with Retained Life Estates

1. Gifts of real estate with retained life estates shall be reviewed and approved by the OAM, in consultation with the OGC, prior to recommendation for acceptance of the gift to the Chancellor and appropriate Executive Vice Chancellor. Acceptance of such gifts must also be in accordance with the guidelines for acceptance of outright gifts of real property as set forth in the U. T. System Trust Fund Real Estate Policy Statement and the Environmental Review Policy for Acquisitions of Real Estate.
2. Such gifts shall be proposed to the U. T. Board of Regents for acceptance only if adequate provision is made by the donor for any expense in connection with ownership, including payment of mortgages, taxes, insurance and utilities, unless a source of funds to cover such expenses has been identified by the component institution for whose benefit the gift is being made.

F. Wills and Bequests

1. Sample language approved by the OGC may be provided to an individual inquiring about naming the U. T. System or a component institution as a beneficiary.
2. If an individual provides a copy of his or her will naming the U. T. System or a component institution as a beneficiary, a copy of the will shall be sent to the Office of Endowment Management and Administration ("OEMA") for review. The OEMA shall furnish copies to the OGC, the DER, and the component institution development office for further review. Any person to whom an individual's will is furnished must protect the confidentiality of its contents taking all possible precautions to protect the donor's right to privacy.
3. The U. T. Board of Regents should not be requested to serve as executor or administrator of an estate because of the potential for conflicts of interest and the scope of the required duties.

4. U. T. System and component institution employees who agree to serve as executor or administrator of a donor's estate which benefits a U. T. System component institution are immediately to notify the OEMA of their appointment. Upon notification, the employee will be furnished a statement advising of the potential for conflicts of interest and directing that all communications pertaining to the estate between the employee and any office of the U. T. System or the component institutions shall be in writing.
5. U. T. System and component institution employees will not knowingly act as witnesses to wills in which the U. T. System or a component institution is named as a beneficiary because their doing so may jeopardize the receipt of the bequest.

G. Life Insurance

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

H. Charitable Trusts

1. Because of the potential for conflicts of interest, U. T. System and component institution employees who agree to serve as trustee of a trust benefitting a U. T. System component institution are immediately to notify the OEMA of their appointment. Upon notification, the employee will be furnished with a statement advising of the potential for conflicts of interest and directing that all communications pertaining to the trust between the employee and any office of the U. T. System or the component institutions shall be in writing.
2. Recommendations for acceptance of charitable remainder trusts of which the U. T. Board of Regents is proposed to be the trustee may be made to the U. T. Board of Regents only if the trust: (1) meets all of the criteria outlined in these guidelines and related schedules of payout rates or (2) has been reviewed and recommended by the PGC and the Executive Staff.

A life charitable remainder trust of which the U. T. Board of Regents is proposed to be trustee should have no more than two income beneficiaries, the youngest of which is at least 55 years of age. A term charitable remainder trust may have income beneficiaries of any age.

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

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

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

I. Pooled Income Fund

1. Gifts to a Pooled Income Fund may be proposed for acceptance only for beneficiaries over the age of 55 if there are no more than two income beneficiaries for each account established in a Pooled Income Fund by a donor. The minimum gift needed to enter a Pooled Income Fund is \$10,000, or a contribution of \$5,000 with a pledge that additional contributions will be made to bring the total dollar share in the Fund to \$10,000 within five years.
2. The Pooled Income Fund charter requires that all gifts must be made in cash or readily marketable securities.

J. Management and Investments

1. Multiple pooled funds for unitrusts and annuity trusts, allowing the generation of diverse yields through the selection of a growth or yield investment emphasis, are essential.
2. The OAM shall have primary responsibility for policies on the deposit, investment, custody and reporting of charitable trust funds and pooled income funds and for the negotiation and approval of agreements governing the provision of such services by outside parties.
3. The U. T. Board of Regents will not authorize the OAM to administer and manage charitable trusts of which the U. T. Board of Regents is not trustee.
4. Costs associated with the U. T. System staff's management of planned gifts will be borne by the U. T. System. However, the U. T. System may request reimbursement from the trust for any third party charges incurred by the trust. Such charges may include, but are not limited to, bank custodial fees, real estate expenses such as appraisals, surveys, environmental assessments, maintenance and repairs, and

extraordinary legal fees. In circumstances where it is deemed inappropriate for the affected trusts to bear such expenses, reimbursements may be requested from the component institution for whose benefit the trust is administered.

K. Use of Legal Counsel

1. A representative of the U. T. System or a component institution shall seek the advice of designated attorneys in the OGC or outside counsel, upon specific referral by the OGC, in all matters pertaining to the U. T. System planned giving program which may have adverse legal consequences to the U. T. System.
2. Negotiation, execution, and acceptance of any planned gift shall follow procedures outlined in Section L. of this policy including review of any planned gift agreement by the OGC as to legal consequences. All agreements shall conform to the sample agreements approved by the OGC unless otherwise approved in accordance with the procedures set forth in these guidelines.
3. Each potential donor shall be advised to seek counsel from his/her own lawyer or accountant where applicable in matters relating to planned gifts, tax and estate planning.

L. Negotiation and Execution of Documents

1. The chief administrative officer of each U. T. System component institution shall designate in writing the staff members who are authorized to enter into negotiations concerning planned gift agreements with potential donors. All negotiations shall be conducted in accordance with these guidelines and the format of the sample agreements approved by the OGC.
2. It is the responsibility of each U. T. System or component institution representative to keep detailed written notes to supplement written correspondence as evidence of ethical practices in negotiations with each donor.
3. The representative working with a donor who desires to make a planned gift which deviates from these guidelines, the sample agreements, or the schedule of approved payout rates, shall contact the OAM as soon as possible which will contact the OGC and/or the PGC as appropriate. A current list of the names of designated representatives of these offices shall be furnished to the component institution and U. T. System development offices.
4. The OAM shall furnish a regular schedule of approved payout rates to all U. T. System staff members authorized to enter into negotiations concerning planned gift agreements to assist them during discussions with donors.
5. Donors should be informed that approved payout rates may be adjusted if market conditions change significantly before an agreement is finalized. Requested payout rates for charitable trusts are to be approved immediately prior to finalization of the trust by the Vice Chancellor for Asset Management or his/her designee(s). Any request to deviate from

the schedule of approved payout rates established by the OAM shall be considered in the same manner as outlined above in Section B. for gifts that deviate from the standard criteria.

6. If the donor requests or requires that the donative instrument be signed by a representative of the U. T. Board of Regents, the document may be signed only after acceptance of the gift by the U. T. Board of Regents.
7. The Chancellor and the Vice Chancellor for Asset Management or his/her designee(s) are each authorized to execute a donative instrument for a planned gift that has been accepted by the U. T. Board of Regents.

M. Administrative Policy

1. Component institution business offices and development offices, the DER, the OAM, and the OGC should operate in a cooperative manner to insure prompt transmission of information on proposed planned gifts. Prompt internal notification of potential bequests and life insurance claims must occur to allow the U. T. System offices to monitor these situations.
2. All planned giving agreements will be deemed confidential to the extent permitted by law. However, a donor may authorize public announcement of any feature of an agreement. All files will be made available to agents of the Internal Revenue Service (IRS). All other requests for information will be honored only if the donor approves the release of information or if current law requires release of the information.
3. Any advertisement or planned giving brochure to be mailed or otherwise furnished to potential donors shall be sent to the OAA or the OHA, as appropriate, for administrative approval and coordinated review for compliance with policy statements by that office and the DER, the OAM, and the OGC, before distribution to donors. Every attempt should be made to complete the reviews and provide a definitive response within two weeks of receipt of the materials.

Appendix

Glossary of Terms

1. **Planned Giving**: A planned gift is a transfer of assets to charity, given outright or deferred, in forms such as charitable remainder trusts, charitable lead trusts, pooled income funds, bargain sales, gift annuities, gifts with retained life estates and bequests.
2. **Charitable Remainder Trust**: A charitable remainder trust is a type of trust arrangement whereby non-charitable entities or individuals are usually the income beneficiaries for a specified term of years ("**term charitable remainder trust**") or for a person's or persons' life-time(s) ("**life charitable remainder trust**"). At the end of the applicable time period, the trust assets remaining (the "**remainder**") are transferred to a qualified charity. Two types of charitable remainder trusts allowed by the IRS are the charitable remainder unitrust and the charitable remainder annuity trust.
 - a. **Charitable remainder unitrust**: A charitable remainder unitrust is a charitable remainder trust from which the trustee is required to pay to the income beneficiaries a fixed percentage of the trust's fair market value each year. The amount paid to the income beneficiary may, or may not, be limited by the income earned by the trust.
 - b. **Charitable remainder annuity trust**: A charitable remainder annuity trust is a charitable remainder trust from which the trustee is required to pay to the income beneficiaries a fixed dollar amount each year.
3. **Charitable Lead Trust**: A charitable lead trust is a trust whereby a charity is the income beneficiary for a specified term or for a person's lifetime. At the end of the applicable time period, the remaining trust assets are transferred to non-charitable entities or individuals.
4. **Pooled Income Fund**: A pooled income fund is a trust:
 - a. To which each donor transfers property, contributing an irrevocable remainder in the property to the charity that manages the fund;
 - b. In which the property transferred by each donor is commingled with property contributed by other donors; and
 - c. From which each beneficiary of an income percentage receives a pro rata share of the income each year.
5. **Gift Annuity**: A gift annuity is an agreement whereby a donor gives property to a charity in exchange for the charity's promise to pay a guaranteed annual income for a person's lifetime. The promise to make the payments is usually considered to be a general obligation of the charity and is backed by all the assets of the organization.

6. **Deferred Gift Annuity**: A deferred gift annuity is essentially the same as a gift annuity with the exception that the donor picks a date in the future for payments to begin.
7. **Bargain Sale**: A bargain sale is a sale of an asset to a charity for less than its fair market value. The difference between the fair market value and the purchase price is treated as an outright gift for income tax purposes.
8. **Gift of Real Property with Retained Life Estate**: A gift of real property with a retained life estate is a gift of real property in which the donor reserves the right to use the property for a person's lifetime.

3. U. T. Board of Regents - Regents' Rules and Regulations, Part Two: Amendments to Chapter III, Section 3 (Deposits with the State Treasurer) and Section 4, Subsection 4.1 (Local Institutional Funds.--The Board, upon recommendation of the Asset Management Committee, amended the Regents' Rules and Regulations, Part Two, Chapter III as set forth below:

- a. Section 3 was amended to read as follows:

Sec. 3. Deposits with the State Treasurer.

3.1 The statutes and the current Appropriations Act require that all cash receipts accruing to component institutions be deposited in the State Treasury, with the exception of those funds named in Section 51.008 of the Texas Education Code, including those funds from auxiliary enterprises, noninstructional services, agency, designated and restricted funds, endowment funds, trust funds, other gift funds, student loan funds, funds retained under Chapter 145 of the Texas Education Code, and Constitutional College Building Amendment Funds.

3.2 Cash receipts that are required to be deposited in the State Treasury shall be so deposited in the manner prescribed in the statutes and the current Appropriations Act.

3.3 Component institutions of the System are authorized by the current Appropriations Act to establish Revolving Funds under certain prescribed procedures to facilitate the payment of nominal expenses and to pay bills within cash discount periods, as well as for regular monthly payrolls, weekly, and special payrolls. Such Revolving Funds are authorized, subject to approval of the Director of the Office of Budget and Fiscal Policy.

- b. Subsection 4.1 of Section 4 was amended to read as follows:

Sec. 4. Institutional Funds.

4.1 All institutional funds not required to be deposited in the State Treasury must be deposited in official depository banks for safekeeping or invested as specified by law and by the applicable Rules and Regulations, Business Procedure Memoranda and Investment Policy Statements.

4.11 Funds held in demand deposits, time deposits, or non-negotiable certificates of deposit shall be deposited or invested only in banks with which the Board has a depository agreement. Depository and custody agreements may be negotiated and executed by the Vice Chancellor for Asset Management when such depository agreements are in substantially the same form as a standard depository agreement approved by the Board or, for other agreements, in a form approved by the Office of General Counsel and are with banks meeting the then current policies of the Board. Each chief administrative officer and chief business officer of a

component institution or the Executive Vice Chancellor for Business Affairs may negotiate and execute contracts for banking services with banks which have entered into a depository agreement with the Board if the contract has been approved by the Office of General Counsel and the Office of Business Affairs.

- 4.12 Requests for documentation specifying staff authorized to sign checks or initiate funds movements, or changes thereto, for all bank accounts, bank common trust funds, or money market funds shall be approved by each institutional chief administrative officer and chief business officer with copies of the changes and/or authorization sent to the Director of the Office of Budget and Fiscal Policy.
- 4.13 Operating funds, as defined by The University of Texas System Operating Funds Investment Policy, shall be invested in compliance with that investment policy statement. Operating funds held in bank common trust funds or money market funds shall be invested in funds approved by the Vice Chancellor for Asset Management based on, at a minimum, the criteria specified in The University of Texas System Operating Funds Investment Policy. The Vice Chancellor for Asset Management shall administer pooled investment funds for the investment of operating funds as authorized by the Board. The chief business officer of any component institution may add or withdraw operating funds of the component to or from (i) demand deposits, time deposits, or non-negotiable certificates of deposit as set forth in Subsection 4.11 of this Section, (ii) any common trust fund or money market fund approved by the Vice Chancellor for Asset Management or (iii) any investment pool administered by the Office of Asset Management for the investment of such operating funds on any established addition or withdrawal date of the pool.

These amendments to the Regents' Rules and Regulations acknowledge that various types of funds are defined by Section 51.009 of the Texas Education Code as institutional funds and that various Regents' Rules and Regulations apply to the depositing, custody, and investing of each of these types of funds. The amendments reference a definition of "operating funds" set out in an amendment to The University of Texas System Operating Funds Investment Policy which defines "operating funds" to be a subset of institutional funds, which excludes the following funds:

- a. Endowment funds and funds functioning as endowments, trust funds, and agency funds administered by the Office of Asset Management
- b. Medical Liability Self-Insurance Fund authorized by Chapter 59 of the Texas Education Code administered by the Office of Asset Management

- c. Investment income related to endowment funds and funds functioning as endowments, trust funds, agency funds and the self-insurance fund in b. above as long as such income remains administered by the Office of Asset Management.

The amendments also describe the appropriate investment options for operating funds and conform the Regents' Rules and Regulations with the standard bank depository agreement by authorizing specified officers of components and The University of Texas System to execute contracts for banking services.

4. U. T. System: Approval of Amendments to The University of Texas System Institutional Funds Short/Intermediate Term Fund Information Memorandum.--Upon recommendation of the Asset Management Committee, the Board amended The University of Texas System Institutional Funds Short/Intermediate Term Fund Information Memorandum as follows:
 - a. The word "operating" was substituted for the word "institutional" throughout the Information Memorandum
 - b. The Performance Benchmark section of the Information Memorandum was amended as set forth on Page 147.

The University of Texas System Operating Funds Short/Intermediate Term Fund Information Memorandum, as amended through August 12, 1993, is set forth below in its entirety:

THE UNIVERSITY OF TEXAS SYSTEM
OPERATING FUNDS SHORT/INTERMEDIATE TERM FUND
INFORMATION MEMORANDUM

This Information Memorandum sets forth the terms governing the operation of the Fund.

PURPOSE

The purpose of the Fund is to provide a short/intermediate term pooled investment fund for operating funds currently held by U. T. System component institutions and System Administration.

BENEFITS

The Fund will provide convenient access to the yields and economies of scale generally associated with a pooled investment fund. Participation in the Fund by unitholders is expected to eliminate the investing, administrative and accounting burdens commonly incurred with direct ownership of securities. The benefits to unitholders are: (a) concentration of investment decisions with a single investment professional, (b) reduction in System-wide overhead costs associated with maintaining numerous investment managers at the component level, (c) elimination or reduction of fees for an external money market fund, (d) reduced minimum liquidity balances System-wide, (e) reduced overall administrative costs,

(f) improved integration of component institution cash management systems with investment operations, (g) increased investment income through reverse repurchase agreements, and (h) improved interest rate risk management.

INVESTMENT GUIDELINES

The Fund shall be invested in accordance with The University of Texas System Operating Funds Investment Policy.

INVESTMENT OBJECTIVES

The Fund seeks primarily to provide a high rate of income through investment in high grade fixed income obligations. In addition, the Fund shall seek capital appreciation when consistent with this primary objective, the reasonable preservation of capital and the maintenance of adequate Fund liquidity. In seeking to achieve its investment objectives the Fund shall attempt to minimize the probability of a negative total return over a 1-year period.

PERFORMANCE BENCHMARK

Attainment of Fund investment objectives shall be defined as the achievement over an interest rate cycle (i.e. 5 years) of a total return in excess of the Fund's performance benchmark.

No single index represents the Fund's portfolio composition as permitted under the Operating Funds Investment Policy or the Fund's liquidity requirements. A combination of indices weighted as follows shall comprise the Fund's normal performance benchmark:

- 10% Merrill Lynch U. S. Treasury 6 month Bill Index
- 10% Merrill Lynch U. S. 91-day Treasury Bill Index
- 30% Merrill Lynch U. S. Treasury 1-3 year Index
- 30% Merrill Lynch Federal Agencies 1-3 year Index
- 10% Merrill Lynch U. S. Treasury 3-5 year Index
- 10% Merrill Lynch Federal Agencies 3-5 year Index

This performance benchmark is believed to represent how the Fund should "normally" look in terms of risk, composition by securities, duration, and other factors governed by the Investment Policy. It also is believed to embody the trade-offs between risk and return or between the total return and yield objectives established for the Fund. The performance benchmark may be revised by the Fund Advisory Board if deemed appropriate. During the estimated 2-year phased buy-in period, the performance benchmark weightings shall be adjusted (with approval by the Fund Advisory Board) to reflect the higher levels of liquidity.

FUND STRUCTURE

Two investment funds shall be available to U. T. System unitholders:

(a) A Money Market Fund - this fund shall provide unitholders with overnight liquidity and shall be valued at a constant unit value. The Goldman Sachs money market fund shall remain in place for an initial six-month period. During this period, the Fund shall be evaluated by the Fund Advisory Board to determine whether it should be managed internally or continue under outside management.

(b) The Short/Intermediate Term Fund - the Fund shall invest in a portfolio of securities with term maturities up to 5 years. It shall accept purchases and redemptions on a weekly basis and on the first business day of each month or on such other dates as determined by the Fund Advisory Board. Fund units shall be valued on a market value basis.

FUND MANAGEMENT

Fund Advisory Board

The Fund shall be governed by a nine-member Advisory Board consisting of representatives from U. T. System component institutions and System Administration. The six standing members of the Advisory Board shall include representatives from U. T. M.D. Anderson Cancer Center, U. T. Medical Branch - Galveston, U. T. Southwestern Medical Center - Dallas, U. T. Austin, U. T. System Office of Business Affairs, and U. T. System Office of Asset Management. The representative from the Office of Asset Management shall be the Vice Chancellor for Asset Management who shall also serve as Chairman. Component institutions without standing representation shall elect three representatives. Initial rotating members shall consist of representatives from U. T. Health Science Center - Houston, U. T. Health Science Center - San Antonio, and U. T. Arlington and shall serve terms of three years, two years and one year, respectively. Rotating members shall serve two-year terms ending August 31 of each applicable year.

The Board shall meet quarterly to review the Fund's operations and shall provide advice to the Fund Administrator. The Advisory Board shall approve Fund investment policy, selection of the Investment Manager and other agents of the Fund, Fund Investment Memorandum and the Fund annual budget. The Advisory Board shall also review and evaluate Investment Manager performance. Approval shall be evidenced by a majority vote of at least five members present at any meeting. As a general rule, the Fund Advisory Board shall approve in advance all items requiring Regental approval.

Fund Administrator

The Fund Administrator shall be responsible for the overall administration of the Fund's operations. Such administrative responsibilities shall include the recommendation of investment policy, negotiation and supervision of the Investment Manager, custodian and Transfer Agent, dividend distribution, investor servicing, accounting and other services provided to the Fund, preparation and distribution of the Fund Investment Memorandum, coordination of and reporting to Advisory Board and the U. T. Board of Regents, preparation of Fund budgets, ongoing review of expenses, verification of Fund collections and disbursements, review of investment legislation, and general supervision of all aspects of the Fund's operations.

The U. T. System Office of Asset Management shall serve as Fund Administrator.

Fund Investment Manager

The Investment Manager shall be responsible for the formulation of portfolio strategy and direction, execution of portfolio transactions, and compliance with investment policy guidelines. The Investment Manager will have complete discretion in the investment and management of the Fund's assets in accordance with the Fund's investment objectives and policies and subject to the general supervision and direction by the Fund Administrator.

The U. T. System Office of Fixed Income Investments shall serve as Fund Investment Manager for an initial five-year period. Extension of this term shall be subject to a performance evaluation by the Fund Advisory Board.

Fund Custodian and Transfer Agent

The Fund Custodian and Transfer Agent shall be a bank. Its responsibilities shall include the following: safekeeping of portfolio cash and securities, processing securities transactions including securities release, receipt and delivery, the collection of income from portfolio securities, payment of fund expenses, income and market value accounting, reconciliation of general ledgers and financial statements, processing unitholder purchase and redemption transactions, pricing of securities and calculation of net asset value per unit, maintenance of unitholder accounts and records, processing payout options, account designations and addresses, monitoring the reinvestment of distributions, and providing periodic account statements to unitholders.

FUND INVESTMENT STRATEGY

The Fund shall employ a hybrid "active" buy and hold strategy in order to achieve its primary objective of a high rate of income and its secondary objective of capital appreciation. Subject to its primary objective of generating a high rate of income, the Fund Investment Manager shall seek to increase expected returns by purchasing or selling securities in anticipation of changes in interest rates or sector spread relationships.

The Fund shall also attempt to control interest rate risk by monitoring the duration of the portfolio and thereby minimize exposure to unexpected changes in interest rates.

FUND PORTFOLIO MATURITY

The Fund's normal dollar weighted average portfolio maturity may range from 1 year to 4 years depending on the Investment Manager's judgement of current or anticipated market conditions. Based on the Investment Manager's assessment of interest rate trends, generally, the average maturity will be shortened when interest rates are expected to rise and lengthened when interest rates are expected to decline.

The range may be extended from 1 day to 5 years in the event of extreme changes in interest rate expectations and only upon the written approval of the Vice Chancellor for Asset Management.

The Fund's investments may include mortgage-backed pass-through securities or Real Estate Mortgage Investment Conduits (REMICs) which are issued by various U. S. Government agencies or instrumentalities. Such securities will have an estimated average life of five years or less as determined by the Investment Manager. Average life estimates will be based upon anticipated prepayment patterns which, in turn, will be based on past prepayment patterns, prevailing interest rates, and other factors. Due to actual prepayment experience, however, the remaining estimated average life of such an investment after purchase by the Fund may increase to more than five years or may decrease at a rate faster than anticipated. The Fund's other securities will have remaining maturities of 5 years or less and repurchase agreements will have remaining maturities of less than one year.

The Fund may purchase securities with variable or floating interest rates. In calculating average portfolio duration or maturity, such securities will generally be treated as having a maturity equal to the time remaining until their interest rate is next reset, unless the Investment Manager believes some other treatment to be more appropriate, for example, because of the market price impact of interest rate caps and floors. In addition, the Fund also may purchase securities that have demand or put features. In calculating average portfolio duration or maturity, these securities generally will be treated as having a maturity equal to the period remaining until the Fund can obtain the principal amount through exercise of such feature.

ACCOUNTING POLICIES AND PROCEDURES

The Fund shall be accounted for using the market value method as prescribed by the NACUBO Financial Accounting and Reporting Manual for Higher Education, Paragraph 402.2 Principles of Accounting for Investment Pools. The procedures adopted shall ensure proper accounting for the unitholder's principal and market changes and the proper crediting of income earned. This shall be accomplished by unitizing the investment pool.

Under this procedure, each unitholder shall receive "units" in the pool when it contributes funds to the Fund. The number of units assigned to the unitholder shall be the dollar value of the funds contributed divided by the market value per unit at the close of the business day next preceding the date of purchase. When funds are withdrawn from the pool, withdrawals shall be valued at the unit market value of the pool at the close of business day preceding withdrawal.

The withdrawal of funds from the Fund by unitholders under the market value method shall create either realized gains or realized losses equal to the unit market value at the time of withdrawal less the unit average cost value. Unitholders shall credit/debit such gains and losses first to an earnings reserve account and secondly to an income account prior to allocating income to the fund groups underlying unitholders' Fund accounts.

INITIAL PURCHASE OF UNITS

In order to minimize the effects of "yield blending," Fund investors may elect to invest proceeds from existing direct investments into the Fund no later than the earlier of the date of sale or maturity of such investments. Purchases of Fund units shall occur at the market unit value of the Fund as of the close of the business day preceding purchase.

REVERSE REPURCHASE AGREEMENTS

As a means of generating additional income and Fund liquidity, the Fund may lend up to 33 1/3% of its assets in reverse repurchase agreements, which are agreements pursuant to which securities are sold to a third party (banks, brokers and dealers) with the understanding that the Fund will repurchase the securities from the third party at a fixed price. The Fund will receive cash in an amount equal to at least 100% of the current value of the securities plus accrued interest. The Fund will continue to receive interest payable on the securities and will receive as income a portion of the interest on the investment of any cash proceeds. The terms of such reverse repurchase agreements will provide for termination at any time. Reverse repurchase agreements involve risks of nonperformance by the purchaser on its commitment to resell the securities back to the Fund.

Reverse repurchase contracts shall be approved by the Fund Advisory Board.

REPORTS TO UNITHOLDERS

Each unitholder shall be provided with transaction information and an individual monthly and annual statement.

FUND EXPENSES

Each unitholder shall be assessed a fee to reimburse the Fund for its operating expenses. Such operating expenses may include investment management, custodian, transfer and dividend disbursing services, preparation and maintenance of books and records of the Fund, outside legal and auditors, charges and expenses of acquiring and disposing of portfolio securities, preparation and furnishing of reports, research and all direct and indirect costs to operate the Fund. Such fee shall be reviewed and approved annually by the Advisory Board to the Fund. Any fees paid to the Fund in excess of actual Fund operating expenses shall be credited at the end of each fiscal year to unitholders in proportion to average units assets held by each unitholder during the year then ended. Such credit, if any, shall be included in the calculation of Fund performance.

5. U. T. System: Authorization to Revoke The University of Texas System Medical/Dental Self-Insurance Fund Investment Policy Statement and to Amend The University of Texas System Institutional Funds Investment Policy.--The Board, upon recommendation of the Asset Management Committee, revoked The University of Texas System Medical/Dental Self-Insurance Fund Investment Policy Statement and amended The University of Texas System Institutional Funds Investment Policy to read as set out below:

THE UNIVERSITY OF TEXAS SYSTEM
OPERATING FUNDS INVESTMENT POLICY STATEMENT
(Adopted on October 13, 1989,
Amended on December 3, 1992, and
Amended on August 12, 1993)

SCOPE

This investment policy statement shall govern the investment of institutional funds, as defined by Sections 51.008 and 51.009 of the Texas Education Code, under the control of The University of Texas System and its component institutions, excluding the following funds:

- a. Endowment funds and funds functioning as endowments, trust funds, and agency funds administered by the Office of Asset Management
- b. Medical Liability Self-Insurance Fund authorized by Chapter 59 of the Texas Education Code administered by the Office of Asset Management

- c. Investment income related to endowment funds and funds functioning as endowments, trust funds, agency funds and the self-insurance fund in b. above as long as such income remains administered by the Office of Asset Management.

Funds governed by this investment policy statement shall hereinafter be referred to as "operating funds." Nothing in this investment policy statement shall be construed to limit the holding, management, or sale of non-cash gifts or bequests by The University of Texas System and its component institutions.

BACKGROUND

The investment of operating funds under the control of component institutions of The University of Texas System is governed by the following statutes:

- a. Section 51.0031 of the Texas Education Code, and
- b. The Public Funds Investment Act of 1987 (Article 842a-2, Texas Revised Civil Statutes Annotated), as amended.

This policy is written in compliance with Section 5 of the Public Funds Investment Act of 1987 which requires that investments be made in accordance with written policies approved by the governing body of an institution of higher education.

INVESTMENT OBJECTIVE

The primary objective of the operating funds investment program is to generate a high rate of income and secondly to produce capital appreciation when consistent with the reasonable preservation of principal and the maintenance of adequate liquidity. Within the exposure limits contained herein, investments shall be diversified among authorized investment categories and issuers in order to minimize portfolio risk for a given level of expected return. Volatility of interest rates is expected and, therefore, periodic maturities of portions of each portfolio afford opportunities to restructure portfolios through yield and maturity adjustment.

INVESTMENT GUIDELINES

Investment restrictions include the following:

1. All investments must be U. S. dollar denominated.
2. No investments may be made in securities of the South African government, government agencies, or firms.
3. Commercial paper must be rated in the two highest quality classes by Moody's Investors Service, Inc. (P1 or P2) or Standard & Poor's Corporation (A1 or A2).
4. Negotiable certificates of deposit must be with a bank that is associated with a holding company meeting the commercial paper rating criteria specified above or that has a certificate of deposit rating of 1 or better by Duff & Phelps.

5. Bankers' Acceptances must be guaranteed by an accepting bank with a minimum certificate of deposit rating of 1 by Duff & Phelps.
6. Repurchase Agreements and Reverse Repurchase Agreements shall conform to the Repurchase Agreement Investment Guidelines as approved by the Operating Fund Advisory Board.
7. All investments in bonds or other evidence of indebtedness shall be issued by or guaranteed by the U. S. government or U. S. government agencies or instrumentalities except for the securities listed in restrictions 3, 4, 5, and 6 above.
8. No preferred or common stocks or other ownership interests or securities convertible into ownership interests may be purchased.
9. No securities may be purchased or held which would jeopardize the Fund's tax exempt status.
10. No securities may be purchased on margin or leverage.
11. No transactions in short sales will be made.
12. Transactions in financial futures and options (other than those received as a part of an investment unit) may occur only as part of a hedging program authorized by the Operating Funds Advisory Board and Asset Management Committee.
13. Any unaffiliated liquid investment fund must be reviewed and approved by the Vice Chancellor for Asset Management and the Fund Advisory Board prior to investment of Fund monies in such liquid investment fund.

BIDS

Investments in bank common trust funds may be made only after oral or written competitive bids have been solicited from at least three banks located within Texas. Investments in bank and S&L certificates of deposits may be made after electronic, oral or written bids have been solicited.

INVESTMENT MANAGEMENT

Overall fiduciary responsibility for the investment of operating funds resides with the U. T. Board of Regents. U. T. System component institutions shall be responsible for the allocation of investments between eligible money market funds, collateralized bank and S&L certificates of deposit and the Operating Funds Short/Intermediate Term Fund ("the Fund") subject to prescribed limits for each U. T. System component institution. The Fund shall be managed per the terms of the Fund Information Memorandum and governed by a nine-member Advisory Board ("Operating Fund Advisory Board") consisting of representatives from U. T. System component institutions and System Administration. The Operating Fund Advisory Board

shall approve investment policy, selection and evaluation of the Fund investment manager and other Fund agents and annual Fund budgets. Fund portfolio management shall be the responsibility of the Office of Fixed Income Investments for an initial period of five years from the creation of the Fund. The Fund shall be administered on a day-to-day basis by the Office of Asset Management.

REPORTING

Component business officers shall be responsible for transmitting all necessary information to the Office of Asset Management in order to permit periodic reporting by System Administration to the Board concerning portfolio balances and yields for individual components and for the U. T. System as a whole.

STANDARD OF CARE

Investments should be made with judgement and care, under circumstances then prevailing, that persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

EFFECTIVE DATE

This policy shall be effective concurrent with the establishment of the Fund and shall remain in effect until amended or revoked by the U. T. Board of Regents.

These amendments to The University of Texas System Operating Funds Investment Policy acknowledge that various types of funds defined by Section 51.009 of the Texas Education Code as institutional funds are not intended to be principally governed, with respect to investment, by this Investment Policy.

Since these definitions of operating funds include the Medical/Dental Self-Insurance Fund, the need for a separate investment policy statement for the Medical/Dental Self-Insurance Fund no longer exists.

The amendments also add a section on investment guidelines and restrictions while deleting a section on authorized investments since the statutes now provide prudent person investing authority for these funds rather than a specific list of authorized investments.

6. U. T. System: Approval to Dissolve the Amortization Income Reserve Quasi-Endowment Fund and to Amend The Charter of The University of Texas System Common Trust Fund Effective September 1, 1993.--At the February 1986 meeting, the U. T. Board of Regents established an Amortization Income Reserve Quasi-Endowment Fund in the Common Trust Fund for the investment of funds recorded as amortization income but not included in "Gross Cash Income" or "Net Cash Income" as defined in Article VI, Item 1, of The Charter of The University of Texas System Common Trust Fund. The funds held in this quasi-endowment would be added to the Income Reserve Quasi-Endowment Fund in the Common Trust Fund.

In an effort to reduce unnecessary administrative action in the Office of Asset Management, the Asset Management Committee recommended and the Board directed that the Amortization Income Reserve Quasi-Endowment Fund be consolidated with the Income Reserve Quasi-Endowment Fund.

Upon further recommendation by the Asset Management Committee, the U. T. Board of Regents approved amendments to The Charter of the Common Trust Fund to clarify the calculation of additions and withdrawals from the Fund and also authorize the investment of funds of the Ima Hogg Foundation, Inc., The Robertson Poth Foundation, and the Winedale Stagecoach Inn Fund to be added to the Common Trust Fund. Other changes reflect the passage of S. B. 709, the Uniform Management of Institutional Funds Act, which now governs the management of endowments rather than the Texas Trust Code.

The Charter of The University of Texas System Common Trust Fund as amended is set forth below in its entirety.

**THE CHARTER OF
THE UNIVERSITY OF TEXAS SYSTEM COMMON TRUST FUND**
(Originally Established as

"Funds Grouped for Investment" on June 27, 1932,
Amended on February 27, 1948, Amended on March 11, 1967,
Amended on December 5, 1985, Amended on February 13, 1986,
Amended on October 9, 1987, Amended on December 3, 1987,
Amended on April 14, 1988, Amended on February 8, 1990,
and Amended on August 12, 1993)

ARTICLE I

Fund Name, Purpose, and Eligibility for Participation

1. The Common Trust Fund as herein established shall be known as "The University of Texas System Common Trust Fund" (originally designated as "Funds Grouped for Investment") and shall be under the control of the Board of Regents of The University of Texas System, as Trustee.
2. The purpose of the Common Trust Fund is to provide for the collective investment of various endowment funds, funds functioning as endowments, and related income accounts held by The University of Texas System or by the Board of Regents of The University of Texas System in a fiduciary capacity.
3. No endowment fund shall be admitted unless it is under the sole control, with full discretion as to investments, of the Board of Regents of The University of Texas System and/or an official or officials of The University of Texas System in their official capacity. The funds of a

foundation, which is structured as a supporting organization described in Section 509(a) of the Internal Revenue Code of 1986 which supports the activities of The University of Texas System and its component institutions, may be invested in the Common Trust Fund provided that:

- (a) the foundation funds are approved for admittance by the Board of Regents,
- (b) all members of the governing board of the foundation are also members of the Board of Regents of The University of Texas System,
- (c) the foundation has the same fiscal year as the Common Trust Fund, and
- (d) a contract exists between the Board of Regents and the foundation authorizing such investment.

However, no such official of The University of Texas System or trustee, board member, or officer of such foundation, other than the Board of Regents, the Chancellor, the Vice Chancellor for Asset Management, or his or her designee, shall have any control over the management of the Common Trust Fund other than to request admittance or withdrawal of any endowment fund or foundation assets. No endowment shall be admitted which contains a specific provision against commingling or whose investment restrictions prohibit purchase of securities as stated in Article II hereof. Any distribution of funds requested by a foundation of an amount differing from that established in Article VII of this Charter shall be executed as an addition or withdrawal of units.

4. The fiscal year for the Common Trust Fund shall be from September 1 through August 31 of the succeeding year.

ARTICLE II

Investments

1. All assets of the Common Trust Fund shall at all times be vested in the Board of Regents of The University of Texas System, and such assets shall be deemed to be held by the Board as a fiduciary regardless of the name in which the securities may be registered.
2. The Common Trust Fund may be invested and reinvested in such securities and investments as are permitted by the laws of the State of Texas as legal investments for funds governed by the Uniform Management of Institutional Funds Act. Where not otherwise in conflict with the provisions of this plan, investment and other powers established by the Uniform Management of Institutional Funds Act (Title 10, Chapter 163, Texas Property Code) shall prevail.
3. The Common Trust Fund shall be further limited to such investments as are eligible under The Common Trust Fund Investment Policy as adopted by the Board of Regents and as amended from time to time.

ARTICLE III

Asset Valuation

1. As of the first valuation date (March 1, 1948) following adoption of the original plans for a common trust fund, units of the Fund were issued for each \$1.00 invested therein, and thereafter additional units were issued and shall be issued from time to time only on the basis of an amount equal to the then per unit value as determined in accordance with Article III, Section 2, hereof. In order to permit complete investment of a given endowment or foundation and to avoid fractional units, any donated amount will be assigned a whole number of units in the Fund based on the appropriate per unit value of the Fund. Any amount of the endowment or foundation which exceeds the market value of the units assigned will be transferred to the Common Trust Fund, but no unit shall be issued. Each endowment or foundation whose monies are invested in the Common Trust Fund shall have an undivided interest in such Fund in the proportion that the number of units invested therein bears to the total number of all units comprising the Common Trust Fund.
2. On or as of the last business day occurring in November, February, May, and August in each fiscal year (the quarterly evaluation date), the net market value of all assets held for the Common Trust Fund and the per unit value of the Fund shall be determined. Valuations shall be given no effect on the general ledger and supporting ledgers of the University but shall be memorandum accounts only. Such valuations shall be determined in accordance with an Asset Valuation Policy approved by the Vice Chancellor for Asset Management and consistent with prevailing industry standards.

The net market value of the assets comprising such Fund shall be determined as provided above including all related receivables and payables of the Fund on the valuation date; and the value of each unit thereof shall be its proportionate part of such net value. Such valuation shall be final and conclusive.

ARTICLE IV

Admissions and Withdrawals

1. Admission to the Common Trust Fund may be made on any quarterly entrance date (September 1, December 1, March 1, and June 1 of each fiscal year or the first working day subsequent thereto) prior to approval of the Board of Regents upon deposit to the Common Trust Fund of cash or securities eligible under The Common Trust Fund Investment Policy, valued according to the method described in Article III hereof other than the exceptions noted in Section 3 of this Article. Securities ineligible under The Common Trust Fund Investment Policy require prior approval of the Board of Regents for deposit to the Common Trust Fund.
2. All admissions made prior to approval of the Board of Regents shall be reported at the first subsequent meeting for ratification by the Board of Regents through the Regents' Asset Management Committee.
3. Any withdrawals from the Fund require prior approval of the Board of Regents except withdrawals from the Income Reserve Account established in Article VI, withdrawals necessary to correct recording errors, and withdrawals

requested by a foundation. Additions and withdrawals from the reserve account and to correct errors shall be accounted for prior to the establishment of the per unit value of the Fund. Additions and withdrawals related to the reserve account do not involve the assignment of units. Additions and withdrawals to correct errors shall be executed at the per unit value at the time the error occurred, if determinable. If it is not practical to determine the time the error occurred, additions and withdrawals to correct errors shall be executed at the average purchase price per unit of all units held by the endowment requiring the withdrawal. From time to time endowments are established for the purpose of providing matching funds for other endowments, referred to herein as "matching-fund endowments." Withdrawals from the matching-fund endowment and additions to the receiving endowment shall be executed at the average purchase price per unit of all units held by the matching-fund endowment. All other withdrawals shall be valued at the market value of the assigned units on the quarterly evaluation date following the approval by the Board of Regents. Withdrawals shall be paid in cash as soon as practicable after such valuation.

ARTICLE V

Segregation of Investments

1. If any investment contained in the Common Trust Fund shall be subsequently determined by the Board of Regents to be an ineligible investment, such investment may, prior to any further admissions to or withdrawals from such Fund, at the discretion of the Vice Chancellor for Asset Management, be sold or segregated and set apart in a liquidating account solely for the benefit of those endowments or trusts participating in the Common Trust Fund at the time of such segregation.
2. Each such liquidating account shall be administered in such manner and the proceeds thereof distributed at such time or times as the Vice Chancellor for Asset Management deems to be for the best interests of the participants in the Common Trust Fund.

ARTICLE VI

Fund Accounting

1. Gross cash income shall consist of actual cash received as income payments on assets held in the Fund, adjusted for amortization. Net cash income shall be gross cash income less investment expenses and fees as well as administrative processing and custodial fees.
2. Market value of the Fund shall be established as stated in Article III and shall be maintained on an accrual basis in compliance with Financial Accounting Standards Board Statements, Government Accounting Standards Board Statements, or industry guidelines, whichever is applicable.
3. Asset write-offs or write-downs shall be determined by the Vice Chancellor for Asset Management.
4. Any net cash income for a quarter which exceeds the distribution amount for the quarter shall be retained in the Income Reserve Account of the Fund.

ARTICLE VII

Distribution of Income

Distribution shall be made quarterly as soon as practicable after the last calendar day of November, February, May, and August of each fiscal year to the endowment and foundation funds participating in the Fund during the respective quarter. The distribution amount shall be the lesser of:

- (a) one-fourth of an annual guideline amount per unit established by the Board of Regents and as redetermined from time to time by the Board of Regents; or
- (b) the net cash income for the quarter plus the Income Reserve Account of the Fund.

ARTICLE VIII

Management of Fund

Unless in conflict with specific provisions hereof, the management and investment of the Common Trust Fund shall be under the Vice Chancellor for Asset Management, such management and investment thereof to be in accordance with the provisions of the Uniform Management of Institutional Funds Act and The Common Trust Fund Investment Policy approved by the Board of Regents.

ARTICLE IX

Amendment or Termination of Plan

The Board of Regents reserves the right to amend or terminate the Common Trust Fund as it deems necessary or advisable.

7. U. T. Board of Regents - Regents' Rules and Regulations, Part Two: Amendments to Chapter II, Section 1, Subsection 1.5, Subdivision 1.53 (Retirement of Indebtedness Funds) and Chapter IX (Matters Relating to Investments, Trusts, and Lands).--Upon recommendation of the Asset Management Committee, the Board:
- a. Amended Chapter II, Section 1, Subsection 1.5, Subdivision 1.53 (Retirement of Indebtedness Funds) to read as set forth below:
 - 1.53 Retirement of Indebtedness Funds.--Funds specified by the Board or by external sources to be set aside to meet debt service charges and the retirement of indebtedness on institutional plant assets.
 - b. Amended Chapter IX (Matters Relating to Investments, Trusts, and Lands) to read as set forth below:

CHAPTER IX

MATTERS RELATING TO INVESTMENTS, TRUSTS, AND LANDS

Sec. 1. Authority Regarding Assets.

- 1.1 Subject to the more specific provisions of other sections of the Regents' Rules and Regulations or specific Regental policies, the authority to manage and invest assets of or held by the U. T. System shall be as set forth below.
- 1.2 All assets, regardless of the nature of the asset, received through a bequest or through a distribution from an account held in trust by others shall be managed by the Office of Asset Management until appropriate distribution may be made to the beneficiary institution or to an endowment fund, a fund functioning as an endowment, or a life income or annuity fund.
- 1.3 All assets of the Permanent University Fund, excluding the real property of the Permanent University Fund, shall be managed by the Office of Asset Management. Real property of the Permanent University Fund shall be managed by the Office of Business Affairs.
- 1.4 All assets, regardless of the nature of the asset, received for or held in an endowment fund (other than the Permanent University Fund), a fund functioning as an endowment, or a life income or annuity fund shall be managed by the Office of Asset Management until such funds terminate.
- 1.5 All assets of Retirement of Indebtedness Funds, Bond Proceeds, Unemployment Compensation Funds, Workers' Compensation Funds, the Medical/Dental Self-Insurance Fund, the Vision

Services Fund, and the Medical Liability Self-Insurance Fund ("consolidated System funds") shall be managed with respect to investment of such funds as set forth below:

- 1.51 The Office of Business Affairs shall invest the Retirement of Indebtedness Funds, Bond Proceeds, Unemployment Compensation Funds, Workers' Compensation Funds, the Medical/Dental Self-Insurance Fund, and the Vision Services Fund in the same manner that chief business officers may invest the operating funds of each component institution.
- 1.52 The Office of Asset Management shall invest the Medical Liability Self-Insurance Fund as set out in this Chapter.

1.6 Except as provided in Subsection 1.2 of this Section, assets which are not a part of the Permanent University Fund, an endowment fund, a fund functioning as an endowment, or a life income or annuity fund or consolidated System funds shall be managed as set forth below:

- 1.61 Real property used for campus lands shall be managed by the chief administrative officer of the component institution subject to review by the Office of Business Affairs prior to requesting Board approval to acquire the property. Otherwise, real property and notes secured by a deed of trust shall be managed by the Office of Asset Management.
- 1.62 Tangible personal property shall be managed by the chief administrative officer of the component institution.
- 1.63 Intangible personal property consisting of securities, interests in businesses, and equity interests in technology transfer firms as set out in the Regents' Intellectual Property Policy shall be managed by the Office of Asset Management. Other intangible personal property shall be managed by the chief administrative officer of the component institution.

Sec. 2. Authorizations Regarding Sales, Assignments, Conveyances, Receipt of Property, and Proxies.

- 2.1 Authority to Purchase, Exchange, and Sell Securities for and on Behalf of the Permanent University Fund (hereinafter sometimes referred to as "PUF") and the Board.--The Chancellor, or his or her delegate, the Vice Chancellor for Asset Management, the Executive Director for Fixed Income Investments, and the Portfolio Managers are authorized to purchase, exchange, and sell any and all securities of any description whatever and from any source, including gifts and bequests, for and on behalf of the PUF or the Board. In addition, external investment managers appointed by the Board of Regents may purchase, sell, or exchange securities, pursuant to written agreement with the Board of Regents.

- 2.2 Authority to Transact Through Investment Dealers.--Sales, purchases, and exchanges shall be effected through investment dealers or brokers in accordance with the applicable Investment Policy Statement.
- 2.3 Authority to Assign and Transfer Securities Owned by the PUF and the Board.--The Chancellor, or his or her delegate, the Vice Chancellor for Asset Management, the Executive Director for Endowment Management and Administration, and the Director of the Office of Budget and Fiscal Policy may each assign and transfer any and all securities of any description whatever and from any source, including gifts and bequests, and execute any and all documents necessary to the consummation of any sale, assignment, or transfer of any securities registered in the name of the PUF or the Board, or in any other form of registration of such securities held for the account of the PUF or the Board in whatever manner, including all fiduciary capacities and including those registered in the names of trusts or foundations managed and controlled by said Board. In addition, custodian banks appointed by the Vice Chancellor for Asset Management may assign and transfer securities and execute any and all documents necessary to the consummation of any sale, assignment, or transfer of any security owned by the Board.
- 2.4 Authority to Execute Instruments Relating to Land and Mineral Interests.--The authority 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 is hereby authorized as follows:
- (i) Real Estate or Mineral Interests held as part of the PUF or campus lands:
 - The Chancellor or his or her delegate
 - The Executive Vice Chancellor for Business Affairs
 - (ii) Real Estate or Mineral Interests held as part of any endowment, trust, or other fund excluding the PUF and campus lands:
 - The Chancellor or his or her delegate
 - The Vice Chancellor for Asset Management
 - The Executive Director for Endowment Real Estate.

- 2.5 Authority to Receive and Collect Money and/or Property.--The Chancellor, the Vice Chancellor for Asset Management, the Executive Director for Endowment Management and Administration, and the Manager of Estates and Trusts are each authorized and empowered to ask, demand, collect, recover, and receive any and all sums of money, debts, dues, rights, property, effects, or demands, whatever, due, payable, or belonging, or that may become due, payable, or belonging to the PUF or the Board from investment transactions and bequests, from any person or persons, whatever, and to execute any and all necessary or proper receipts, releases, and discharges therefor and any other instruments as may be necessary or appropriate from time to time, relating to the handling, management, and control and disposition of any bequest.
- 2.6 Authority to Execute Proxies and Consent to Modifications in Bond Indentures.--The Chancellor, or his or her delegate, the Vice Chancellor for Asset Management, the Executive Director for Fixed Income Investments, the Executive Director for Endowment Management and Administration, and the Portfolio Managers are each authorized to consent to modifications in bond indentures and to execute proxies within the approved investment policies.
- 2.7 Authority to Deliver and Maintain Securities in Book-Entry Form.--Securities owned by the PUF or the Board may be delivered and maintained by a custodian bank or a member bank of the Federal Reserve System in book-entry form subject to applicable law.

Sec. 3. Policy for Investment and Management of the PUF.

- 3.1 The policies for the investment of funds for the Permanent University Fund shall be those outlined in The Permanent University Fund Investment Policy Statement.
- 3.2 Reports Regarding Asset Management.
 - 3.21 All purchases, sales, and exchanges of investments shall be reported for ratification by the Board via the Docket.
 - 3.22 The investment performance of the PUF, as measured by an unaffiliated organization, shall be reported to the Regents' Asset Management Committee at least annually.
 - 3.23 The nature and extent of any investments in or business transacted with any firm with which a member of The University of Texas System investment staff is affiliated will be reported to the Regents' Asset Management Committee annually.

- 3.24 The PUF's investment in U. S. companies with substantive investments or operations in South Africa will be reported to the Regents' Asset Management Committee semiannually in combination with the status review of these firms' effective compliance with the spirit of the six key elements of the Sullivan Principles.
- 3.25 All proxy votes on the social issue of investment and corporate conduct in South Africa will be reported to the Regents' Asset Management Committee.
- 3.3 The Chancellor, the Vice Chancellor for Asset Management, or the Executive Director for Fixed Income Investments are each authorized to take any and all steps as may be considered necessary or advisable to protect the interest of the PUF in event of default or any other significant changes occurring with respect to any investment.
- 3.4 Policies with Respect to Stock Rights, Fractional Shares, and Proxies.
- 3.41 Exercise of or sale of stock rights and warrants is to be made at the discretion of the Chancellor, the Vice Chancellor for Asset Management, the Executive Director for Fixed Income Investments, or the Portfolio Managers. Stock rights or warrants which arise in connection with funds under control of an unaffiliated investment manager shall be handled by that manager at its discretion.
- 3.42 Fractional shares which arise in connection with funds under control of an unaffiliated investment manager or the System investment staff shall be handled by that manager or the staff at its discretion.
- 3.43 As a general rule, voting stocks held are to be voted by returning proxies to present management. When the Portfolio Managers or the Executive Director for Endowment Management and Administration determines that a vote with management would not be in the shareholder's best financial interest, or when a proposal under consideration is of a social nature, the matter will be referred to the Chancellor or the Vice Chancellor for Asset Management, or, in the event both of them are absent, to the Chairman of the Asset Management Committee. Voting on the issue of investments and corporate conduct in South

Africa shall correspond to the Regents' Policy Statement on South African Issues adopted by the Board at its February 1986 meeting.

- 3.5 Exchange of Bonds.--The Chancellor, the Vice Chancellor for Asset Management, the Executive Director for Investments, and the Investment Officers are each authorized to exchange bonds owned, from time to time, on a par for par basis (with such cash adjustments as may be required) for other eligible bonds or obligations. In any such exchange the cost of the bonds exchanged out (plus or minus the cash adjustments involved) shall be carried forward as the cost of the bonds or obligations acquired, even though the sale and purchase may be effected through different brokers. Such sales and purchases may be considered as exchanges provided there has been an improvement in book yield.

Sec. 4. Policy for Investment and Management of Other U. T. Investment Pools.

- 4.1 The policies for the investment of funds for U. T. investment pools shall be those outlined in the applicable Investment Policy Statement.
- 4.2 The provisions of Sections 3.2, 3.3, and 3.4, with respect to the investment and management of the PUF, shall likewise apply to other U. T. investment pools.
- 4.3 The Common Trust Fund shall be administered in a manner consistent with all provisions of the U. T. System Common Trust Fund Charter.
- 4.4 The Operating Funds Short/Intermediate Term Fund shall be administered in a manner consistent with all provisions of The University of Texas System Operating Funds Short/Intermediate Term Fund Information Memorandum.
- 4.5 The Medical Liability Self-Insurance Fund shall be administered in a manner consistent with all provisions of the Plan for Professional Medical Liability Self-Insurance.
- 4.6 Each pooled income fund established by U. T. shall be administered according to its trust indenture and applicable law.

Sec. 5. Policy for Investment and Management of Endowment and Trust Funds Invested Through or Separate From U. T. Investment Pools.

- 5.1 Endowment funds and funds functioning as endowments will be managed in a manner consistent with the U. T. System Endowment Policy Guidelines, prudent person investment standards, and the Uniform

Management of Institutional Funds Act (Title 10, Chapter 163, Texas Property Code). These funds will be managed separately and not commingled with the Common Trust Fund if the terms of the instrument by which the fund was created or documents and instructions from the donor preclude investment through the Common Trust Fund. In addition, nonmarketable securities held by an endowment fund may be recorded as separately invested. All other endowment funds and funds functioning as endowments will be invested through the Common Trust Fund.

- 5.2 Trust funds and other life income accounts will be invested and administered consistent with the U. T. System Planned Giving Policy Guidelines, prudent person investment standards, and the Texas Trust Code (Title 9, Subtitle B, Texas Property Code).
- 5.3 The provisions of Sections 3.2, 3.3, and 3.4 with respect to the investment and management of the PUF, shall likewise apply to endowment and trust funds except that Subsection 3.22 shall be applied only when such funds are invested through a U. T. investment pool.

Sec. 6. Investment Advisory Committee.--The Chancellor and the Vice Chancellor for Asset Management shall seek the advice and counsel of the Investment Advisory Committee at its regular quarterly meetings and at other times as appropriate on all of the major matters involving investments. The Investment Advisory Committee is and has been established in order to assist and advise the Chancellor and the Vice Chancellor for Asset Management with respect to matters relating to the management of investments. The following rules shall apply to such Committee:

- 6.1 Membership.--Seven members of the Committee shall be selected because of their particular qualifications and experience in the field of investments, including experience in bond and corporate stock investments.
- 6.2 Selection Procedure.--Appointments to such Committee shall be made by the Board after recommendation by the Chancellor.
- 6.3 Term of Office.--Each member shall serve a three-year term, with the terms of two (or three as applicable) members expiring each August 31. A member is eligible for reappointment to a consecutive three-year term but may not be reappointed thereafter without a three-year break in service.
- 6.4 Meetings.--Meetings shall be held quarterly and at such other dates as may be considered advisable by the Chancellor and the Vice Chancellor for Asset Management.

The amendment to Part Two, Chapter II, Section 1, Subsection 1.5, Subdivision 1.53 reflects the reassignment of the Office of Finance from the Office of Asset Management to the Office of Business Affairs.

The amendments to Part Two, Chapter IX address the assignment of management authority with respect to all assets, changes in titles and reporting relationships and the passage of S. B. 709 applying the Uniform Management of Institutional Funds Act to endowments of public higher education institutions.

RECONVENE.--At 10:55 a.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. System: Report of Resignation of Mr. Monroe M. Luther, Houston, Texas, from the Investment Advisory Committee.--It is herewith reported for the record that Mr. Monroe M. Luther, Houston, Texas, who was appointed to a three-year term on The University of Texas System Investment Advisory Committee in August 1992, resigned from that position effective March 17, 1993. Mr. Luther is an executive with Eagle Management & Trust Company, Houston, Texas, and since that firm has been retained as a manager for the Permanent University Fund, his resignation is to avoid any possible conflict of interest.

2. U. T. System: Report on Opportunity for General Academic Institutions to Participate in the National Student Exchange (NSE) Program.--The 73rd Texas Legislature passed Senate Bill 846 by Senator Gonzalo Barrientos authorizing general academic teaching institutions in Texas to participate in the National Student Exchange (NSE) program. The bill became effective on May 20, 1993, when it was signed by Governor Ann Richards.

NSE is a not-for-profit educational association with headquarters in Fort Wayne, Indiana, and functions as a consortium of more than 100 member colleges and universities in 46 states and three United States territories.

NSE facilitates exchange opportunities for undergraduate students among its member institutions and has placed over 36,000 students in its 25-year history. The program permits students to experience differences in geography and culture in the United States and allows for utilization of academic resources of other colleges and universities in the consortium.

The NSE program is voluntary and at the discretion of the institutions who become members of the association. Students participating in the program pay tuition and fees at applicable rates at their home institution or the in-state fees of their host institution.

Enabling legislation in Texas was necessary to allow tuition and fee reciprocity. In addition, the new statute (Texas Education Code, Section 51.929) exempts a nonresident from the requirement to take the Texas Academic Skills Program (TASP) test unless the student transfers to a Texas university at the end of the exchange period. The Texas Higher Education Coordinating Board is authorized to establish rules for participation by Texas universities. Rules are expected primarily to address safeguards against having an imbalance of nonresident students coming to Texas with its relatively low tuition and fees.

The University of Texas System component institutions which have expressed an initial interest in the NSE program include U. T. Arlington, U. T. Austin, U. T. El Paso, U. T. Pan American, and U. T. San Antonio. The U. T. System Administration will review initial agreements between participating U. T. component institutions and NSE and, upon administrative approval, the agreements will be submitted for Regental approval via the institutional Docket.

REPORT OF BOARD FOR LEASE OF UNIVERSITY LANDS

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

Report

The Board for Lease met in Midland, Texas, on June 23, 1993, for its 83rd Oil and Gas Lease Sale. This sale included Frontier acreage as well as acreage nominated by the various oil and gas companies. There were 61,856 acres of Permanent University Fund lands nominated by the oil and gas industry and bids were received on 23,325 acres. The bonuses paid for this acreage were \$1,920,958.

There were 582,000 acres available for leasing under the terms of the Frontier Sale and bids were received on 50,173 acres. Bonuses paid for this acreage were \$749,356.

The total bonuses received from the 83rd Oil and Gas Lease Sale were \$2,670,314.

Regent Rapoport noted that there had been a meeting of this Board earlier this date (August 12, 1993) to discuss a December 1993 oil and gas lease sale. He stated that the Board for Lease is staffed by most competent individuals and commended the Board for its diligent efforts in promoting these lease sales and pursuing avenues to increase the royalties from the West Texas lands.

In summary, Executive Vice Chancellor for Business Affairs Burck reported that the Board for Lease, at its meeting earlier this date, had scheduled an oil and gas lease sale for December 14, 1993, and that subsequent lease sales will be held on the first Tuesday in May and November in order to provide fixed dates for the industry. Mr. Burck noted that the staff in West Texas has been very creative and responsive to the oil and gas market conditions and has generated some income from those lands which otherwise may not have occurred.

REPORT OF SPECIAL COMMITTEES

U. T. Board of Regents - Report from Santa Rita Award Committee: Authorization to Present 1994 Santa Rita Award to Mr. Jack S. Blanton, Houston, Texas.--Regent Cruikshank presented the following report of the Santa Rita Award Committee (composed of Regents Cruikshank, Loeffler, and Ramirez):

Report

On behalf of the Santa Rita Award Committee, composed of Regents Loeffler, Ramirez, and myself, I am pleased to recommend a recipient for the 1994 Santa Rita Award.

At the outset of this report, may I remind the Board that this award is the highest that is bestowed by the Board of Regents, is presented on an occasional rather than a regular basis, and is subject to very specific criteria and guidelines. Since the first Santa Rita Award was made in 1968, only thirteen individuals have been deemed worthy of this exceptional recognition. The last award was made in 1991 to Mr. Jess Hay of Dallas.

The criteria for selection include such factors as a demonstrated concern for the principles of higher education generally, a deep commitment to the furtherance of the purposes and objectives of The University of Texas System, a record of valuable contributions to the System's private-fund developmental efforts, and a demonstrated record of participation in the affairs of the System which serves as a high example of selfless and public-spirited service.

Your committee believes that the remarkable record of service to the components of the U. T. System by Mr. Jack S. Blanton of Houston more than meets the criteria for this recognition, and we recommend that he be recognized as the 1994 recipient of the Santa Rita Award. We recommend also that the award be bestowed upon Mr. Blanton at an appropriate ceremony to be held in Houston as a part of our February 1994 Board meeting at which we may acknowledge the scope and depth of Jack's contributions to many, many aspects of the growth and development of the U. T. System.

Upon motion of Regent Cruikshank, seconded by Vice-Chairmen Temple and Lebermann, the Board unanimously endorsed the recommendation of the Santa Rita Award Committee.

FOUNDATION MATTERS

As set forth in the Regents' Rules and Regulations, Part One, Chapter VII, Section 5, there are three Trust Foundations created by testamentary or inter vivos trust instruments which are controlled by the members of the Board of Regents acting in their capacities as Trustees for these Foundations.

1. Ima Hogg Foundation: Approval of Minutes of Meeting Held on April 1, 1993; Receipt of Report from Vice Chancellor for Asset Management that Funds of Foundation will be Invested in the Common Trust Fund Effective September 1, 1993; Approval of Renegotiated Farming Lease Covering 396.13 Acres in the Thomas Todd and Juan Garcia Surveys, San Patricio County, Texas, with Mr. Douglas O. Hart; and Authorization for Office of Endowment Real Estate to Sell the Foundation's Undivided Interest in Surface Real Estate Described as Lots 1-4, 7-9 W. H. Bailey Subdivision, James Strange Survey, Abstract 695, Harris County, Texas.--The U. T. Board of Regents recessed its meeting to meet independently in its capacity as the Board of Trustees for the Ima Hogg Foundation. The Trustees:

- a. Approved the Minutes of the meeting held on April 1, 1993, as set forth on Page 173
- b. Received a report from The University of Texas System Vice Chancellor for Asset Management as set forth on Page 174 that pursuant to the terms of the revised Investment Agency Agreement approved at the April 1993 meeting of the Trustees of the Ima Hogg Foundation, the funds of the Foundation will be invested in the U. T. System Common Trust Fund as of September 1, 1993
- c. Approved a renegotiated farming lease covering 396.13 acres in the Thomas Todd and Juan Garcia Surveys, San Patricio County, Texas, with Mr. Douglas O. Hart, as set forth on Pages 175 - 183

The new lease provides for fixed payments of \$25,000 per year rather than a percentage of gross farm proceeds, including crop relief payments from the Federal Government, which was a term of the previous lease.

- d. Authorized the U. T. System Office of Endowment Real Estate to offer at a sealed bid sale substantially on the terms as set forth on Pages 184 - 195 the Foundation's undivided interest in surface real estate described as Lots 1-4, 7-9 W. H. Bailey Subdivision, James Strange Survey, Abstract 695, Harris County, Texas.

Title to this property is clouded. Approximately \$8,000 has been spent to date on environmental assessments on the property due to the old landfill located on the tract along with inactive oil wells. The other owners have been unwilling to take action to resolve the problems that exist with the tract. At least two of the adjacent owners have expressed interest in purchasing this tract. It is anticipated that the total value of the Foundation and U. T.'s interest may be \$2,000. Results of the sale will be reported at a future date.

IMA HOGG FOUNDATION

Minutes of the Trustees

April 1, 1993

The members of the Board of Regents of The University of Texas System who serve as Trustees of the Ima Hogg Foundation met on April 1, 1993, in Room 1.220, Nursing School Building, U. T. Health Science Center - San Antonio, San Antonio, Texas, with all Trustees present.

On motions duly made and seconded and by unanimous vote of the Trustees, the following actions were taken:

1. Minutes of the meeting held on October 11, 1991 were approved.
2. The Chairman of the Board of Regents, Bernard Rapoport, was elected President of the Board of Trustees; the Vice-Chairman of the Board of Regents, Ellen Clarke Temple, was elected Vice-President of the Board of Trustees; the President of the Office of the Hogg Foundation for Mental Health, Wayne H. Holtzman, was elected Secretary of the Board of Trustees; and the Executive Vice Chancellor for Business Affairs, R. D. Burck, was elected Treasurer of the Board of Trustees. (Mr. Holtzman will be succeeded by the Executive Director of the Office of the 'Hogg Foundation for Mental Health effective September 1, 1993.)
3. Approved the revised Investment Agency Agreement between the Ima Hogg Foundation, Inc. and the U. T. Board of Regents.
4. Authorized the Secretary of the Ima Hogg Foundation, Inc. to execute such agreement for the Foundation.
5. Authorized the dissolution of the Ima Hogg Foundation, Inc. as soon as is reasonably practical and, upon dissolution and court approval, authorized holding the various corporate assets as the Ima Hogg Endowment to be invested in the U. T. System Common Trust Fund for purposes in conformance with the donor's expressed wishes.
6. Authorized the President of the Ima Hogg Foundation, Inc. to take action as necessary to implement dissolution, working with U. T. System Administration Executive Officers and U. T. Austin Administration.

Wayne H. Holtzman
Secretary

Academic Component Institutions:
The University of Texas at Arlington
The University of Texas at Austin
The University of Texas at Dallas
The University of Texas at El Paso
The University of Texas-Pan American
The University of Texas-Pan American at Brownsville
The University of Texas at the Permian Basin
The University of Texas at San Antonio
The University of Texas Institute of Texan Cultures at San Antonio
The University of Texas at Tyler



Health Component Institutions:
The University of Texas Southwestern Medical Center at Dallas
The University of Texas Medical Branch at Galveston
The University of Texas Health Science Center at Houston
The University of Texas Health Science Center at San Antonio
The University of Texas M.D. Anderson Cancer Center
The University of Texas Health Center at Tyler

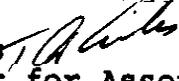
THE UNIVERSITY OF TEXAS SYSTEM

210 WEST SIXTH STREET AUSTIN, TEXAS 78701

Office of Asset Management
(512) 499-4337

MEMORANDUM

TO: Trustees of the Ima Hogg Foundation

FROM: Thomas G. Ricks 
Vice Chancellor for Asset Management

DATE: July 6, 1993

RE: Investment of Foundation Assets

Paragraph 3 of the Investment Agency Agreement approved at the April 1993 meeting of the Trustees delegates to the U.T. Board of Regents discretion to invest the Foundation's assets in accordance with "The Common Trust Fund Investment Policy Statement." Pursuant to that authority, the Foundation's assets will be invested in the U.T. System Common Trust Fund as of the September 1, 1993 buy in date.

FARMING LEASE

THE STATE OF TEXAS §
 § KNOW ALL PERSONS BY THESE PRESENTS:
COUNTY OF SAN PATFUCIO §

This FARMING LEASE (this "Lease) is entered into effective as of October 1, 1993, by and between **IMA** HOGG FOUNDATION ("Lessor") and DOUGLAS O. HART ("Lessee").

W I T N E S E T H

1. **Premises.** Lessor, in consideration of the rental to be paid and the other covenants and agreements to be performed by Lessee and upon the **terms** hereinafter stated, does hereby lease to Lessee and Lessee hereby leases from Lessor that certain real Property (the "Property") containing 396.13 acres of land, more or less, in San **Patricio** County, Texas, being more particularly described in **Exhibit "A"** attached hereto and incorporated herein for all purposes.

2. **Term.** This Lease shall continue in force and effect for one term of five (5) years commencing on the 1st day of October, 1993, and terminating on the 30th day of September, 1998 (the "Primary Term"), unless extended or sooner terminated as hereinafter provided.

3. **Rent.** In consideration of this Lease, Lessee agrees to pay as annual rental on or before October 1 of each year during the Primary Term of this Lease, commencing October 1, 1993, the amount of TWENTY-FIVE THOUSAND and **NO/100** DOLLARS (**\$25,000.00**) at the address specified in Paragraph 15.

4. **Renewal Options.** Lessee shall have and is hereby granted, the option to renew and extend the term of this Lease for five (5) period(s) of one (1) year each, provided Lessee is not in default hereunder at the time each such option is exercised. Each extension term shall begin on the expiration of the then current term of this Lease. All terms, covenants, and provisions of this Lease (except for rent) shall apply to each such extension term. If Lessee shall elect to exercise any such option, Lessee shall do so by written notice to Lessor not later than thirty (30) days prior to the expiration of the then current term of this Lease. The rent for each such extension term shall be equal to the fair rental value of the Property as mutually agreed by Lessor and Lessee, and shall be due and payable upon the commencement of such extension term. In the event Lessor and Lessee fail to agree on the fair rental value of the Property on or before the expiration of the then current term of this Lease, this Lease shall automatically terminate and Lessee's exercise

of such renewal option shall be null and void. Notwithstanding anything to the contrary contained in this Paragraph, in no event shall the rent for any extension term of this Lease be less than the annual rental paid during the Primary Term nor less than the rent that was in effect as of the exercise of the option to extend.

5. **Use.**

(a) Lessee agrees to continuously use and occupy the Property for the purpose of farming crops and for purposes incidental thereto, and for no other purpose; provided, however, that housing on the Property may be used as single family residences. Lessee shall not use the Property for grazing livestock.

(b) Lessee's farming practices shall be consistent with first-class farming and conservation practices and as recommended by the San **Patricio** County Extension Service.

(c) Lessee shall have the right to use and consume water, if any, existing on the Property to water Lessee's **crops on** the Property. Lessee agrees not to drill any water wells on the Property.

(d) During the term of this Lease, Lessee shall be entitled to use any improvements now located on the Property for the purposes specified above.

(e) Lessee shall not use the Property in any way which might cause the taxing authorities in San **Patricio** County, Texas, to change the Property's current agricultural exemption status.

6. **Repair, Maintenance, and Improvements.**

(a) Lessee is fully familiar with the Property, its condition, state of repair and everything connected therewith from Lessee's own investigation of same and accepts the Property in its present "AS IS" condition with no warranties (express or implied) as to the condition, habitability, or fitness for any particular purpose of the Property.

(b) Lessor shall not be required to make any repairs to or improvements on the Property during the term of this Lease. Lessee agrees to keep and maintain the Property, including improvements thereon, in its present condition and state of repair, normal wear and tear and natural deterioration excepted.

(c) Lessee shall not cause any improvements to be installed on the Property without the prior written consent of Lessor. Any improvements installed by Lessee shall be the property of Lessor, shall remain on the Property, and shall be surrendered as part thereof upon termination of this Lease, unless such improvements are removed by Lessee as otherwise expressly permitted herein.

(d) Lessee agrees to remove all refuse, litter and debris from the Property and to maintain the Property in a clean condition; provided, however, that Lessee shall not be required to remove the remains of any improvements currently on the Property. Lessee shall not remove or damage any existing improvements on the Property; commit or permit any waste; or allow any nuisance to exist on the Property.

(e) Lessee shall be entitled, at Lessee's expense, to replace any lock on any gate or building on the Property; provided, however, that in such event Lessee shall immediately provide to Lessor, at Lessor's address set forth in Paragraph 15, a key to any lock installed by Lessee on or about the Property.

(f) Lessee agrees to pay promptly before same is due, all electrical and other utility charges relating to the Property and any improvements thereon used by Lessee or Lessee's subtenants. Lessee shall cause all accounts for utilities to be placed in Lessee's name.

(g) Lessee shall not remove or destroy any vegetation on the Property, including trees of any variety, without the written consent of Lessor, except as otherwise expressly permitted herein. Lessee may remove certain vegetation, including trees with a trunk diameter of less than four (4) inches in connection with planting crops and in connection with maintaining the Property in a clean condition. Lessee shall comply with all ordinances of applicable governmental entities in connection with the removal of all such vegetation.

(h) Lessee agrees to restrict any fires built on the Property to areas that will not pose fire hazards and to take every reasonable precaution to ensure that Lessee will not cause grass fires or other mishaps.

(i) Lessee shall not permit the Property to be used for the conduct of any offensive, noisy, or dangerous activities including any use which violates local, state, or federal environmental laws; and shall not create or maintain a nuisance.

7. **Assignment and Subletting.** Lessee shall not sublet the Property or any part thereof, or assign this Lease or any interest therein for any purpose; provided, however, Lessee may sublet the improvements on the Property and any rentals received therefrom shall belong solely to Lessee. Any sublease of the improvements on the Property shall be (i) to an employee of Lessee only; (ii) in writing; (iii) shall be expressly subject to the terms and conditions of this Lease, and Lessee shall remain primarily liable to Lessor. Lessee shall provide to Lessor a copy of all such subleases within seven (7) days after execution of same.

8. **Access.** Lessor and authorized representatives of Lessor shall have the right to enter upon the Property at any time to (i) inspect same or make repairs or improvements as Lessor may deem necessary, but without any obligation to do so, or (ii) show the Property to prospective tenants, purchasers or lenders.

9. **Holding Over.** In the event Lessee occupies the Property or any part thereof after the expiration of the term hereof or the earlier termination of this Lease, unless otherwise agreed in writing by Lessor, Lessee shall hold the Property as a tenant at will only at a daily rental equal to two (2) multiplied by the rental specified in Paragraph 3 of this Lease calculated on a per diem basis. It is expressly agreed that in no event shall such holding over constitute or be construed as a renewal or extension of this Lease and, that upon the expiration of the term hereof or the earlier termination of this Lease, Lessee shall immediately surrender the Property to Lessor on demand by Lessor.

10. **Indemnity and Insurance.**

(a) Lessor shall not be liable for any damage, loss or injury to any person or property, suffered in, on or about the Property arising from or out of the condition of the Property, the occupancy or use thereof by Lessee or any sublessees, or any other cause whatsoever, including, without limitation, any activity thereon, or the negligence of, Lessee or any of Lessee's agents, subtenants, employees, contractors, guests, or invitees. Lessee shall indemnify, defend and hold harmless Lessor from and against any and all fines, suits, claims, demands, losses, liabilities, actions, and costs including, without limitation, court costs and **attorney's** fees arising in any way from Lessee's use or occupancy of the Property or from any activity thereon by Lessee or Lessee's agents, subtenants, employees, contractors, guests, or invitees, regardless of the negligence of Lessor.

(b) Upon execution of this Lease by Lessor and Lessee, Lessee shall obtain and maintain throughout the term of this Lease general liability insurance and property damage insurance, the combined single limit of such insurance to be in an amount of at least **\$1,000,000.00**, with an insurance carrier and in a form reasonably acceptable to Lessor. Such insurance policy shall name Lessor as an additional insured with regard to the Property. Lessee shall obtain a written obligation on the part of such insurance carrier to notify Lessor at least thirty (30) days' prior to the cancellation or modification of such insurance policy. Lessee assumes all risk of damage or loss from whatever cause to any of Lessee's property or crops on the Property. Lessee waives any claim or cause of action, and further agrees to obtain from its insurance carrier an endorsement to all applicable policies waiving such insurance carrier's rights of recovery, whether in the nature of subrogation or otherwise, against Lessor in connection with any such loss or damage. Lessee agrees to furnish to Lessor certificates of all insurance required by this Lease and evidence of all such endorsement(s).

11. **Condemnation.** In the event the Property, or any part or portion thereof, shall be condemned or threatened with condemnation by any authority having the legal power to condemn real estate for public purposes, Lessor or Lessee shall have the right to terminate this Lease by giving the other party thirty (30) days' written notice of intention to terminate this Lease. It is agreed and expressly provided that Lessor shall have and be entitled to all proceeds resulting from such condemnation, and Lessee hereby assigns its interest in any such proceeds to Lessor.

12. **Remedies.** In the event Lessee fails to perform any of Lessee's obligations under this Lease within ten (10) days after notice from Lessor to Lessee specifying wherein Lessee has failed to perform such obligations, Lessor may enforce the provisions of this Lease in any manner provided herein or by law. At Lessor's option, Lessor may terminate **this** Lease and re-enter upon the Property and expel Lessee without being guilty of any manner of trespass, without liability for any damage or loss occasioned thereby, and without prejudice to any remedies available to Lessor for collection of amounts due, breach of contract, or otherwise. If Lessor terminates this Lease, Lessor shall not be obligated to reimburse Lessee for any prepaid rent. With respect to any amounts due to Lessor hereunder and collected by an attorney after default or through judicial, bankruptcy, or probate proceedings, Lessee agrees to pay all costs of collection, including reasonable attorneys' fees and all court costs.

13. **Matters Affecting the Property.**

(a) This Lease covers -only the surface of the Property and Lessor retains and reserves all oil, gas and mineral interests in the Property and the right and privilege to execute and deliver oil, gas and mineral leases covering all or any part of the Property. This Lease is expressly subject to any existing or future pipeline, road or utility easements and oil, gas or mineral leases covering the Property, and the rights of the parties thereunder. All monies received by Lessor from oil, gas or other minerals shall be the property of Lessor.

(b) Lessee shall not permit any mechanic's or materialman's lien or liens to be placed upon the Property during the term of this Lease or any extension thereof caused by or resulting from any work performed, materials furnished or obligation incurred by or at the request of Lessee, and in the case of the filing of any such lien, Lessee will promptly pay, bond off or obtain the release of same to the satisfaction of Lessor. If Lessee's failure to comply with the provisions of this subparagraph shall continue for (20) days, Lessor shall have the right and privilege, at Lessor's option, of paying the same or any portion thereof without inquiry as to the validity thereof, and any amounts so paid, including expenses and interest, shall be repaid by Lessee to Lessor immediately on rendition to Lessee of a bill therefor.

(c) This Lease is expressly made and accepted subject to any and all valid and subsisting restrictions, covenants, conditions, easements, liens, rights-of-way and mineral leases, if any, affecting the Property, and the rights of the parties thereunder.

(d) Should any changes in the rules and regulations of the United States Department of Agriculture effect the terms of this Lease, Lessor and Lessee shall amend this Lease according to terms agreed upon between the parties.

(e) Any payments provided by the Agricultural Stabilization and Conservation Service in connection with the farming of the Property shall be payable solely to Lessee.

(f) Lessor shall have the right to terminate all or part of this Lease during any extension term hereof by providing Lessee **thirty** (30) days' prior written notice in the event Lessor elects to sell all or a part of the Property; provided, however, that if Lessee has already planted but not yet harvested the year's crops at the time Lessee receives Lessor's notice of termination and Lessee shall notify Lessor in writing within fifteen (15) days after receipt of Lessor's termination notice that crops have been planted and not yet harvested, then this Lease shall terminate when harvest is completed, or, at Lessor's option, this Lease shall terminate as provided in the notice and Lessor shall reimburse Lessee for the estimated value of any planted crops in an amount as the parties may agree, or, in the absence of an agreement, such value shall be computed according to the current yield and price information as may be provided by the Agricultural Stabilization and Conservation Service. If Lessor elects to terminate this Lease as to only a portion of the Property, and Lessee determines that the remainder of the Property is not suitable for Lessee's intended use hereunder, then Lessee may, provided that Lessee is not in default hereunder, elect to terminate this Lease in its entirety by giving Lessor written notice of such election within fifteen (15) days after Lessor's notice of termination is delivered to Lessee. In the event of such total or partial termination, Lessee agrees to vacate that portion of the Property with respect to which the Lease is terminating and to surrender possession of same to Lessor as of the termination date specified in Lessor's notice letter. Lessor shall return to Lessee a prorata portion of any unearned rental accruing to the portion of the Property with respect to which the Lease is terminated.

14. Notices.

(a) All rent and other payments required to be made by Lessee to Lessor hereunder shall be payable to Lessor at the address set forth below.

(b) All notices required by this Lease shall be delivered by hand or sent by United States mail, postage prepaid, certified or registered mail, addressed as follows:

To Lessor: The Board of Regents of The University
 of Texas System
 c/o Office of Endowment Real Estate
 P.O Box 7968
 Austin, Texas 78713
 Attention: M. E. Cook
 Telephone No. (512) 499-4333
 Fax No. (512) 499-4365

With a copy to: The University of Texas System
 c/o **Office** of General Counsel
 201 West 7th Street
 Austin, Texas 78701
 Attention: Pamela S. Bacon
 Telephone No. (512) 499-4462
 Fax No. (512) 4994523

To Lessee: Douglas O. Hart
 P.O. Box 237
 3 17 Reynolds Avenue
 Taft, Texas 78390

or at such other address as any of said parties have theretofore specified by written notice delivered in accordance herewith. Any notice or document (excluding rent and other payment) required to be delivered hereunder shall be deemed to be delivered upon receipt if personally delivered, and whether or not received, when deposited in the United States mail, postage prepaid, certified or registered mail (with or without return receipt requested), addressed as indicated above.

15. **Miscellaneous.**

(a) **Seller's** obligations to perform are conditioned upon final written approval of this Lease by The Board of Trustees of **Ima** Hogg Foundation.

(b) This Lease shall be construed and interpreted in accordance with the laws of the State of Texas.

(c) In case any one or more of the provisions contained in this Lease shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision hereof, and this Lease shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

(d) This Lease constitutes the sole and entire agreement between the parties and shall not be amended except by written instrument signed by all parties.

(e) Lessee shall, at his own cost and expense, obtain any necessary licenses and permits, and shall comply with all governmental laws, ordinances and regulations applicable to the Property and Lessee's use thereof.

(f) This Lease shall be binding upon and shall inure to the benefit of Lessor and Lessee, and their respective heirs, successors, assigns, and legal representatives. This provision does not constitute consent by Lessor to any assignment or subletting by Lessee.

(g) The relationship created hereby shall be Lessor and Lessee and shall not be deemed in any manner to constitute a partnership between the parties hereto, and neither party shall have authority to bind the other, except as expressly provided herein.

(h) Words of any gender used in this Lease shall be held and construed to include any other gender and words in the singular number shall be held to include the plural, unless the context otherwise requires.

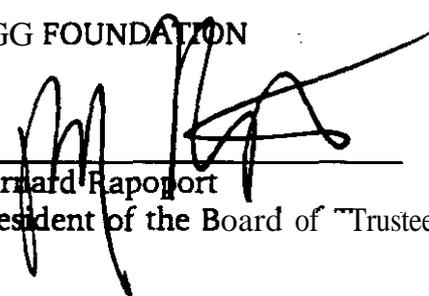
IN WITNESS WHEREOF, the parties have executed this Lease to be effective as of the date first written above.

LESSOR:

IMA HOGG FOUNDATION

Date: AUG. 12, 1993

By:



Bernard Rapoport
President of the Board of Trustees

LESSEE:

Date: AUG. 17, 1993



Douglas O. Hart

EXHIBIT "A"

Farm 2, Taft, being a tract of land out of the **Thos. Todd & Juan Garcia Surveys** in **San Patricio County, Texas**.

Beginning at a concrete post set on the Southern Right-of-Way line of the S. P. Railroad, being also the N.W. corner of  **A9 Taft**.

Thence **S. 30° 07' 45" W.** 3950.3 feet, a concrete post, a corner of a tract in the name of Dalton Green, and at 5270 feet a concrete post for a witness, and at 5272.3 feet an iron pipe for corner.

Thence N. **60° 04' 30" W.** with said Dalton Green Tract at 1417.0 feet a concrete post, and at **1661.75** feet, set a concrete post for a corner of this tract.

Thence N. **30° 05' 10" E.** 5274.9 feet to the said Railroad Right-of-Way and set a concrete post for corner.

Thence with said Right-of-Way **S. 60° E.** 1665.2 feet to the place of beginning and containing 201.39 acres of land, more or less.

Farm 4, Taft, being a tract out of the **Thor. Todd and Juan Garcia Surveys** in **San Patricio County, Texas**.

Beginning at the S.E. corner of **Farm No. 6** whence a concrete post bears **S. 60° 04' 30" E.** 51 feet.

Thence N. **30° 03' E.** 5277.4 feet with said **Farm 6** to the Right-of-Way of the **S. P. Railroad**, a long drift bolt for corner.

Thence with said Right-of-Way **S. 60° E.** 1609.7 feet, to a concrete post the N.W. corner of **Farm 2**.

Thence with said **Farm 2**, **S. 30° 05' 10" W.** 5274.9 feet, to a concrete post, the S.W. corner of said **Farm 2**, for the **S.E. corner** of this tract.

Thence N. **60° 04' 30" W.** 1606.25 feet to the place of beginning and containing 194.74 acres of land, more or less.

BID NO. _____

**SEALED BID SALE
OF
UNIVERSITY PROPERTY**

**An Undivided Interest In Lots One (1) through Four (4)
and Seven (7) through Nine (9) of the
W. H. Bailey Subdivision as Platted in
Volume 169, Page 400 of the Deed Records of
Harris County, Texas**

TUESDAY, SEPTEMBER 7, 1993

12:00 NOON

**Office of Endowment Real Estate
The University of Texas System
Austin, Texas**

NOTICE TO PROSPECTIVE BIDDERS

CAUTION

The Office of Endowment Real Estate maintains a record of the name and address of all parties issued copies of this Invitation for Bids. A nonresponsive bidder may not receive additional bid supplements or future bid invitations.

Any notice required or permitted to be delivered by bidder pursuant to this Invitation for Bids shall be deemed received when sent by United States mail, postage prepaid, certified mail, return receipt requested, addressed to Seller (as defined in the Invitation for Bids), as the case may be. **Bids that are submitted by mail must be sent in the enclosed envelope to ensure confidentiality prior to the bid opening.**

If you are not listed on the attached list of bidders, it is to your benefit to advise the Office of Endowment Real Estate of the address to which any addendum or supplement should be mailed. For this purpose, please complete, detach and mail the form to:

The University of Texas System
Office of Endowment Real Estate
210 W. 6th Street
Austin, Texas 78701

Please send any addenda, supplements, and additional information that may be issued applicable to Invitation for Bids relating to Lots 1-4 and 7-9, W.H. Bailey Subdivision, Harris County, Texas, to:

NAME: _____

ADDRESS: _____

CITY, STATE, ZIP: _____

SEALED BID SALE OF UNIVERSITY PROPERTY

INTRODUCTION

- PROPERTY: An undivided interest in Lots One (1) through Four (4) and Seven (7) through Nine (9), of the W. H. Bailey Subdivision, as platted in Volume 169, Page 400 of the Deed Records of Harris County, Texas. Any interests in the Property currently held by the Board of Regents of The University of Texas System, the Board of Regents of The University of Texas System as Trustee of the Hogg Foundation, or the Ima Hogg Foundation, will be conveyed.
- SELLER: The Board of Regents of The University of Texas System, acting on its own behalf, on behalf of the Ima Hogg Foundation, and as Trustee of the Ima Hogg Foundation.
- PURCHASER: The bidder making the Bid for Purchase of University Property accepted by Seller in accordance with the terms of the Invitation for Bids.

On Wednesday, September 7, at 12:00 noon, local time, the Office of Endowment Real Estate will conduct a sealed bid sale of the Property. The sealed bid sale will be held at the U.T. System Office of Endowment Real Estate, 210 W. 6th Street, Austin, Texas 78701, telephone (512) 499-4333. Bids will be accepted until 12:00 noon, local time, on September 3, 1993. Any bid delivered after 12:00 noon on such date will be considered nonresponsive and may be rejected. All bids will be opened at 10:00 a.m., September 7, and registered on a tabulation sheet.

The description of the Property and any other information provided in the Invitation for Bids with respect to the Property are based on information available to the Office of Endowment Real Estate. Any error or omission, including but not limited to the omission of any information available to Seller, shall not constitute grounds or reason for nonperformance of the contract for sale, or claim by Purchaser for allowance, refund, or deduction from the bid purchase price.

Seller will make available to bidder, upon request, a copy of title reports covering the Property. Seller makes no representation or warranty regarding the completeness or accuracy of any such title reports. Seller reserves the right to charge a reasonable fee for copies of any materials provided to bidder.

Bidders are invited. urged, and cautioned to inspect the Property Drior to submittina a bid. Please call the Office of Endowment Real Estate at (512) 499-4333 for an appointment to inspect the Property. The failure of any bidder to inspect, or to be fully informed as to the condition of all or any Dortion of the Property will not constitute grounds for any claim or demand for adjustment or withdrawal of the bid after it has been tendered.

All bids submitted pursuant to the Invitation for Bids must be in compliance with, and are subject to, the provisions of this Invitation for Bids. **Bids must be submitted by mail and must be sent in the enclosed envelope to ensure confidentiality prior to the bid opening.**

Each bidder must deliver the required bid deposit of \$100 with the completed Invitation for Bids. In addition to the bid deposit of \$100, the successful bidder will be required to deposit 5% of the amount of the bid within 5 days following the successful bidder's receipt of notification of acceptance of his/her bid.

SEAAED BID SALE OF UNIVERSITY PROPERTY
GENERAL TERMS OF SALE

1. "INVITATION FOR BIDS"

The term "Invitation for Bids" refers to the foregoing Introduction; the General Terms of Sale set forth herein; the Instructions to Bidders; and the provisions of the Bid for Purchase of University Property; all as may be modified and supplemented by any addenda that may be issued prior to the time fixed in the Invitation for Bids for the sealed bid sale. "Successful Bidder" is used interchangeably with "Purchaser", and refers to the bidder completing the bid accepted by Seller.

2. THE PROPERTY WILL BE CONVEYED TO PURCHASER WITHOUT WARRANTY OF ANY KIND BY QUITCLAIM DEED IN **THE FORM ATTACHED HERETO AS EXHIBIT =A=.**

The Property is offered for sale and will be sold "AS IS" and "WHERE IS" without any representation or warranty whatsoever, expressed or implied, including without limitation any warranty as to its quantity, quality, character, condition, size, or kind, or that the same is in condition or suitable to be used for any particular purpose. Seller will not consider any claim for an allowance or deduction upon such ground and Purchaser acknowledges that it has not relied on any such representation or warranty. **PURCHASER ACCEPTS, AND AGREES TO INDEMNIFY SELLER AGAINST AND HOLD SELLER HARMLESS FROM, ANY LIABILITIES OR COSTS ARISING IN CONNECTION WITH THE CONDITION OF THE PROPERTY, INCLUDING BUT NOT LIMITED TO ANY COSTS OR LIABILITIES PERTAINING TO ANY ENVIRONMENTAL CONDITIONS ON THE PROPERTY.**

3. BIDS

Seller reserves the right to accept any bid and to reject any and all bids. The bidder making the bid accepted by Seller is hereinafter referred to as the "successful bidder." If no bids are acceptable to Seller, Seller will reject all bids.

4. CONTINUING OFFERS

Each bid received shall be deemed to be a continuing offer unless withdrawn by written notice received prior to the date the bid is accepted or the date all bids are rejected by Seller.

5. TAKES

Purchaser shall be responsible for all taxes and assessments of any nature accruing on and after the date of closing.

6. TERMS

Each bidder shall deliver, together with a completed bid form, a bid deposit in the amount of \$100, in the form of a cashier's check issued by and drawn upon, or certified by, a bank or other financial institution chartered by the United States and acceptable to Seller, payable to the order of the Board of Regents of The University of Texas System. Honey orders and checks issued by a commercial organization engaging in a principal business other than financial services will not be accepted. The bid deposit made by the Successful Bidder shall be applied toward the bid purchase price. In addition to the bid deposit, the Successful Bidder will be required to deposit with Seller five percent (5%) of the amount of his/her bid in the form of a cashiers check within 10 days following receipt of notification of acceptance of his/her bid.

7. RISK OF LOSS

Seller shall bear the risk of all loss or damage to the Property from all causes until the Closing Date. If, prior to the Closing Date, all or part of the Property is damaged by fire or by any other cause of whatsoever nature, Seller shall promptly give Purchaser written notice of such damage. Purchaser shall then have the option to require Seller either to (i) convey the Property on the Closing Date to Purchaser in its damaged condition and to assign Purchaser all of Seller's right, title and interest in and to claims Seller may have under any insurance policies covering the Property, if any, or (ii) terminate this contract of sale by written notice delivered to Seller within ten (10) days after receipt of notice from Seller.

8. REVOCATION OF BID AND DEFAULT

In the event Purchaser withdraws its bid after the bid opening but prior to acceptance by Seller, or in the event of failure by Purchaser to timely close the transaction contemplated by the contract for sale, all monies deposited by Purchaser may be forfeited to Seller at the option of Seller, in which event, Purchaser and Seller be relieved from further liability hereunder.

9. SURVEY

Purchaser may, at Purchaser's sole cost and expense, engage a surveyor to survey the Property, such survey to be completed no more than twenty (20) days after acceptance of the bid.

10. NOTICE

Unless otherwise expressly provided herein, any notice required or permitted to be delivered under this contract for sale shall be deemed received when deposited in the United States mail, postage prepaid, certified mail, return receipt requested, addressed to Seller or Purchaser, as the case may be, at the address provided by the bidder in the Bid for Purchase of University Property or to Seller's address below, as appropriate.

The University of Texas System
Office of Endowment Real Estate
210 West 6th Street
Austin, Texas 78701
Attention: _____
(512) 499-4333

11. TENDER OF PAYMENT AND DELIVERY OF INSTRUMENTS OF CONVEYANCE

The Closing Date shall be a date not later than thirty (30) calendar days after acceptance of the bid. At closing, Purchaser shall pay to Seller the bid purchase price less the bid deposits. Payment shall be made by cashier's check. Upon such tender being made by Purchaser, Seller shall deliver to Purchaser a quitclaim deed in the form attached hereto conveying Seller's interest in the Property to Purchaser.

12. CONTRACT

The Invitation for Bids, together with the successful bid, shall constitute a contract for sale between the successful bidder and Seller. Such agreement shall constitute the entire agreement between the parties, unless modified in writing and signed by both parties. The contract for sale, or any interest therein, cannot be transferred or assigned by Purchaser without written consent of Seller and any assignment without such consent shall be void, at the option of Seller.

13. TERMINATION BY SELLER

Seller may terminate this contract for sale at any time prior to closing by returning any monies deposited or paid by Purchaser. Thereafter, the parties shall have no further obligations hereunder.

14. NOTICE TO PURCHASER

Purchaser should have the title report covering the Property examined by an attorney of the Purchaser's selection. By signing the Bid for Purchase of University Property, Purchaser acknowledges receipt of this notice.

SEALED BID SALE OF UNIVERSITY PROPERTY

INSTRUCTIONS TO BIDDERS

1. REGISTRATION OF BIDDERS

Bids will be accepted until 12:00 noon, local time, on September 3, 1993. Any bid delivered after 12:00 noon on such date will be considered nonresponsive and may be rejected. All bids will be opened at 10:00 a.m., September 7, and registered on a tabulation sheet.

2. BID FORE

a. Each bidder at the sealed bid sale must submit with his/her bid deposit a complete and original executed Bid for Purchase of University Property included in this Invitation for Bids, and all information and certifications called for therein must be furnished. Bids submitted in any other manner or which do not include all information or certifications required may be rejected.

b. Bids shall be filled out legibly with all erasures, strikeovers, and corrections initialed by the person signing the bid and the bid must be manually signed.

c. Negligence or error on the part of the bidder in preparing the bid confers no right for withdrawal or modification of the bid.

3. BID EXECUTED ON **BEHALF** OF BIDDER

A bid executed by an attorney or agent on behalf of the bidder shall be accompanied by an authenticated copy of his/her Power of Attorney or other evidence of his/her authority to act on behalf of the bidder.

a. Corporation

If the bidder is a corporation, a Certificate of Corporate Bidder, in the form attached, must be executed by a duly authorized officer of the corporation other than the officer signing the bid. In lieu of the Certificate of Corporate Bidder, there may be attached to the bid so much of the records of the corporation as will show the official character and authority of the officer signing. These records must be true copies and be duly certified by the secretary or assistant secretary of the corporation.

b. Partnership

If the bidder is a partnership, then the names of all general partners in the partnership must be furnished on the certificate

and Seller, in its discretion, may require (i) evidence of the authority of the signer(s) to execute the bid on behalf of the partnership and (ii) a **copy of** the partnership agreement. Seller prefers that all the partners sign the certificate.

4. ADDITIONAL INFORMATION

Seller will, upon request, provide additional copies of the Invitation for Bids and respond to requests for additional available information concerning the Property. The high net bid submitted shall be deemed to have been made with full knowledge of all the terms, conditions, and requirements contained in this Invitation for Bids. The failure of any bidder to inspect, or to be fully informed as to the condition of all or any portion of the property offered will not constitute grounds for any claim or demand for adjustment or withdrawal of a bid.

5. NOTICE OF ACCEPTANCE OR REJECTION

Notice by Seller of acceptance or rejection of a bid shall be deemed to have been sufficiently given when **mailed** to the bidder or his duly authorized representative at the address indicated on the bid documents.

6. WAIVER OF **INFORMALITIES** OR IRREGULARITIES

Seller may, at its election, waive any minor informality or irregularity in bids received.

SEALED BID SALE OF UNIVERSITY PROPERTY
BID FOR PURCHASE OF UNIVERSITY PROPERTY

TO BE COMPLETED ONLY BY THE BIDDER FOR THE SEALED BID SALE

Property: An undivided interest in Lots One (1) through Four (4) and Seven (7) through Nine (9), W. H. Bailey Subdivision as platted in Volume 169, Page 400 of the Deed Records of Harris County, Texas

(DATE)

To: Office of Endowment Real Estate
210 W. 6th Street
Austin, Texas 78701

The undersigned bidder hereby offers and agrees to purchase the property described above, and subject to the **terms** and conditions of the contract for sale, for the bid price entered below, if this bid is accepted within 10 calendar days after date of the bid opening. This offer is subject to the terms and conditions of the Invitation for Bids which includes all terms and conditions found in: (1) the Introduction; (2) the Instruction to Bidders; (3) the General Terms of Sale; (4) the Bid for Purchase of University Property; and (5) the property Description; all of which are incorporated as part of the bid.

AMOUNT OF BID PURCHASE PRICE	AMOUNT OF BID DEPOSIT
\$ _____	\$ _____ \$100 _____

BIDDER REPRESENTS: (Check appropriate space)

That bidder is:

_____ an individual
_____ a general limited partnership consisting of _____
_____ a corporation incorporated in the state of _____
_____ a Trustee acting for _____

Name and Address of Bidder:

NAME: _____
STREET: _____
CITY: _____ COUNTRY: _____
STATE: _____
ZIPCODE: _____ TELEPHONE #: _____

Signature of person authorized to sign **bid**:

Print Name: _____
Title: _____

ACCEPTANCE BY THE UNIVERSITY OF TEXAS SYSTEM

The foregoing bid for purchase is accepted by and on behalf of the Board of Regents of The University of Texas **System**, on its own behalf and on behalf of the **Ima Hogg** Foundation, acting by and through the Executive Director, Office of Endowment Real Estate on this _____ day of _____, 1993.

BOARD OF REGENTS OF **THE**
UNIVERSITY OF TEXAS SYSTEM

By: _____
James S. Wilson
Executive Director
Endowment Real Estate

2. The Robertson Poth Foundation: Approval of Minutes of Meeting Held on April 1, 1993; Receipt of Report from Vice Chancellor for Asset Management that Funds of Foundation will be Invested in the Common Trust Fund Effective September 1, 1993; Approval of Distribution of Funds for Projects at The University of Texas Medical Branch at Galveston; and Recommendation that Legal Action be Taken to Dissolve and Terminate The Robertson Poth Foundation and to Establish a Permanent Endowment.--The U. T. Board of Regents recessed its meeting and Regents Rapoport, Cruikshank, and Ramirez convened to meet independently in their capacity as the Board of Trustees for The Robertson Poth Foundation along with Executive Vice Chancellors Mullins and Burck to consider the four recommendations before the Trustees. The Board of Trustees of The Robertson Poth Foundation:
- a. Approved the Minutes of the meeting held on April 1, 1993, as set forth on Page 197
 - b. Received a report from The University of Texas System Vice Chancellor for Asset Management as set forth on Page 198 that pursuant to the terms of the revised Investment Agency Agreement approved at the April 1993 meeting of the Trustees of The Robertson Poth Foundation, the funds of the Foundation will be invested in the U. T. System Common Trust Fund as of September 1, 1993
 - c. Approved the distribution of funds for projects at The University of Texas Medical Branch at Galveston as set forth on Pages 199 - 200
 - d. Recommended that legal action be taken to dissolve and terminate The Robertson Poth Foundation and establish a permanent endowment for the use and benefit of the U. T. Medical Branch - Galveston as set forth in the Attorney General's letter on Pages 201 - 203.

THE ROBERTSON POTH FOUNDATION

Minutes of the Trustees

April 1, 1993

The Chairman of the Board of Regents of The University of Texas System, the Chairman of the Asset Management Committee, and the Chairman of the Health Affairs Committee as Trustees of The Robertson Poth Foundation met on April 1, 1993, in Room 1.220, Nursing School Building, U. T. Health Science Center - San Antonio, San Antonio, Texas.

On motions duly made and seconded and by unanimous vote of the Trustees, the following actions were taken:

1. Minutes of the meeting held on October 11, 1991 were approved.
2. The Chairman of the Board of Regents, Bernard Rapoport, was elected Chairman of the Board of Trustees; the Chairman of the Health Affairs Committee, Mario E. Ramirez, M.D., was re-elected Vice-Chairman; the Executive Vice Chancellor for Health Affairs, Charles B. Mullins, M.D., was elected Secretary; the Executive Vice Chancellor for Business Affairs, R. D. Burck, was elected Treasurer; and the position of Assistant Secretary-Treasurer was eliminated.
3. Approved the revised Investment Agency Agreement between The Robertson Poth Foundation and the U. T. Board of Regents.
4. Authorized the Secretary of The Robertson Poth Foundation to execute such agreement for the Foundation.

Bernard Rapoport
Chairman

Mario E. Ramirez, M.D.
Vice-Chairman

Charles B. Mullins, M.D.
Secretary

R. D. Burck
Treasurer

Academic Component Institutions:
The University of Texas at Arlington
The University of Texas at Austin
The University of Texas at Dallas
The University of Texas at El Paso
The University of Texas Pan American
The University of Texas-Pan American at Brownsville
The University of Texas at the Permian Basin
The University of Texas at San Antonio
The University of Texas Institute of Texan Cultures at San Antonio
The University of Texas at Tyler



Health Component Institutions:
The University of Texas Southwestern Medical Center at Dallas
The University of Texas Medical Branch at Galveston
The University of Texas Health Science Center at Houston
The University of Texas Health Science Center at San Antonio
The University of Texas M. D. Anderson Cancer Center
The University of Texas Health Center at Tyler

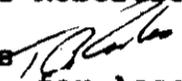
THE UNIVERSITY OF TEXAS SYSTEM

210 WEST SIXTH STREET AUSTIN, TEXAS 78701

Office of Asset Management
(512) 499-4337

MEMORANDUM

TO: Trustees **of The Robertson** Poth Foundation

FROM: Thomas G. **Ricks** 
Vice Chancellor **for Asset Management**

DATE: July 6, 1993

RE: Investment of Foundation Assets

Paragraph 3 of the Investment Agency Agreement approved at the April 1993 meeting of the Trustees delegates to the U.T. Board of Regents discretion to invest the Foundation's assets in accordance with "The Common Trust Fund Investment Policy Statement." Pursuant to that authority, the Foundation's assets will be invested in the U.T. System Common Trust Fund as of the September 1, 1993 buy in date.

The University of Texas Medical Branch at Galveston



School of Medicine
Graduate School of Biomedical Sciences
School of Allied Health Sciences
School of Nursing

Marine Biomedical Institute
Institute for the Medical Humanities
UTMB Hospitals

Thomas N. James, M.D., M.A.C.P.
President

July 1, 1993

Trustees
The Robertson Poth Foundation
601 Colorado Street
Austin, TX 78701

The University of Texas Medical Branch respectfully submits the following recommendations to The Robertson Poth Foundation in support of our request for funding.

	<u>Funds Requested</u>
1) Upgrade the existing endowment supporting the Robertson Poth Professorship in Ophthalmology to \$500,000 in order to create a Robertson Poth Chair	\$274,897.14
Current appointee: Wayne F. March, M.D. Professor and Chairman Department of Ophthalmology	
2) Upgrade the existing endowment supporting the Robertson Poth Professorship in General Surgery to \$500,000 in order to create a Robertson Poth Chair in General Surgery	\$400,000.00
Current appointee: Courtney M Townsend, Jr., M.D. Professor Department of Surgery	

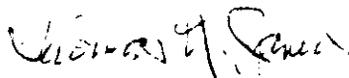
The Robertson Poth Foundation
July 2, 1993
Page Two

	<u>Funds Requested</u>
3) Award the following "grants-in-aid:"	
a) Type of Grant: Small grant	
Investigator: Yan-Shi Guo, MD.	
Title: "Insulin-like growth factor and colon cancer metastasis"	\$ 12,500.00
b) Type of Grant: Student project	
Investigator: Kimberlea Ward (Year II)	
Title: "Wrist Biomechanics/Cadaver Study." Dr. Steve Viegas, Supervisor	\$ 1,545.00
c) Type of Grant: Student project	
Investigator: Jason Laningham (Year II)	
Title: "Mechanics of Clubfoot Deformity." Drs. William Buford and David Yngve, Supervisors.	<u>\$ 1,545.00</u>
 TOTAL FUNDS REQUESTED	 \$690,487.14 *****

Increasing the funding level of the endowed professorships to create endowed chairs will provide a higher yield in earned income that is urgently needed at this time to support the academic endeavors of Dr. March and Dr. Townsend. The grants-in-aid will provide financial support for three very worthwhile research projects.

I appreciate the opportunity to submit this request and I will be happy to provide any additional information that may be needed.

Sincerely,



Thomas N. James, MD.
President

/lc



Office of the Attorney General
State of Texas

DAN MORALES
ATTORNEY GENERAL

May 27, 1992

Mr. Linward Shivers
Senior Attorney
Office of General Counsel
201 west 7th street
Austin, Texas 78701

Re: Robertson Poth Foundation

Dear Mr. Shivers:

You have requested that this office review the Robertson Poth Foundation documents and the Attorney General's letter dated November 17, 1977, in light of additional facts which you have brought to my attention. You have advised me that Edgar J. Poth and Gaynelle Robertson Poth, Grantors of the Robertson **Poth** Foundation, are now deceased and, under the terms of the trust indenture as well as the **two unitrusts** created by Mr. and Mrs. **Poth**, the trust created by the **Poths** is now fully funded in the amount of approximately **\$2,700,000.00**. The initial trust indenture, executed by Mr. and Mrs. Poth on December **22, 1952**, created a foundation to support research and **its** publication in ophthalmology and general surgery. The other purposes of the foundation were to provide loans and housing to medical personnel. **These** two items, however, were deleted due to Internal Revenue service rulings.

In the trust indenture, The University of Texas Medical Branch at Galveston and three other medical schools were named as beneficiaries to receive grants from the foundation. The trust indenture also provided that the grantors could select additional schools to receive grants and gave the **trustees** discretionary authority to select the recipients. The original trustees were the Grantors, **Drs.** Edgar Poth and Gaynelle Robertson Poth, and Harold G. Pile. During their term as trustees, UTMB was the only medical school which received grants.

Mr. Linward Shivars

May 27, 1992

Page 2

At the request of the Grantors, the Board of Regents of The **University** of Texas System, at its meeting of December 8, 1967, authorized the appointment of three of its members in their official capacity to **become** substitute trustees of the Robertson Poth Foundation. **Documents** in the file indicate that it was the Grantors' intent, that **all grants** continue to be made to **UTMB** to the exclusion of the other universities named in the trust indenture. Because the trustees have absolute discretion to make **grants** from the Foundation, they may abide by the wishes of the Grantors if they choose to and to date they have done so. The information furnished to me shows that **UTMB** continues to be the **only** recipient of **grants** from the Robertson Poth Foundation. I believe that this practice is within the terms of the trust instrument and may continue.

Now that the estates of the Grantors have been finalized and the **assets** distributed to the foundation, it is my opinion that, under the terms of the trust instrument, the trust **assets** may be invested under the guidelines established by the Board of Regents for other trust **assets** and endowments **and** commingled with the **assets** of the Common **Trust** Fund. **As** we discussed, the question would be whether the Common Trust Fund could accept private **assets held** for the benefit of UTMB.

You **have also asked whether the** requirement of **annual audits** by an independent accountant must be strictly **adhered to because** of the additional expense to the foundation. Dr. Edgar **Poth**, in a **letter** dated **August 10, 1969**, stated that he and **his wife** agreed that audit by the **"University** and the State Auditor are **certainly adequate and see no reason for obtaining an annual** audit by an **independent** auditor." Unfortunately, Dr. **Poth's** agreement is not **sufficient** to amend the provisions of the **trust**. The instrument **itself** is very explicit about **the requirement of an** outside audit and about the fact that the terms of **the** trust may not be amended by the Grantor. To effect **this** change, as well **as** any other change in the terms of the trust, the **trustees must** secure **court approval**.

The **trustees may wish** to consider a petition to dissolve the foundation and terminate the **trust** based on changed circumstance% asking the court to permit the corpus of the trust to be treated **as** a permanent endowment for the benefit of U.T.M.B. **to** be used for the purposes stated in the **trust** indenture. **This** would simplify administration of the fund **while** continuing to carry out the intent of the grantors.

Mr. Linward Shivers
May 27, 1992
Page 3

Please let me know if you have any additional questions. I will be happy to offer any assistance I can.

Sincerely,

A handwritten signature in cursive script, appearing to read "Rose Ann Reeser".

Rose Ann Reeser
Assistant Attorney General
Chief, Charitable Trusts Section

3. Winedale Stagecoach Inn Fund: Approval of Minutes of Meeting Held on April 1, 1993; and Receipt of Report from Vice Chancellor for Asset Management that Funds of Foundation will be Invested in the Common Trust Fund Effective September 1, 1993.--The U. T. Board of Regents recessed its meeting to meet independently in its capacity as the Board of Trustees for the Winedale Stagecoach Inn Fund. The Trustees took the following actions:
 - a. Approved the Minutes of the meeting held on April 1, 1993, as set forth on Page 205
 - b. Received a report from The University of Texas System Vice Chancellor for Asset Management as set forth on Page 206 that pursuant to the terms of the revised Investment Agency Agreement approved at the April 1993 meeting of the Trustees of the Winedale Stagecoach Inn Fund, the funds of the Fund will be invested in the U. T. System Common Trust Fund as of September 1, 1993.

WINEDALE STAGECOACH INN FUND

Minutes of the Trustees

April 1, 1993

The members of the Board of Regents of The University of Texas System who serve as Trustees of the Winedale Stagecoach Inn Fund met on April 1, 1993, in Room 1.220, Nursing School Building, U. T. Health Science Center - San Antonio, San Antonio, Texas, with all Trustees present.

On motions duly made and seconded and by unanimous vote of the Trustees, the following actions were taken:

1. Minutes of the meeting held on October 11, 1991 were approved.
2. The Chairman of the Board of Regents, Bernard Rapoport, was elected President of the Board of Trustees; the Vice-Chairman of the Board of Regents, Ellen Clarke Temple, was elected Vice-President of the Board of Trustees; the President of The University of Texas at Austin, Robert M. Berdahl, was elected Secretary; the Executive Vice Chancellor for Business Affairs R. D. Burck, was elected Treasurer; and the position of Assistant Secretary-Treasurer was eliminated.
3. Approved the revised Investment Agency Agreement between the Winedale Stagecoach Inn Fund and the U. T. Board of Regents.
4. Authorized the Secretary of the Winedale Stagecoach Inn Fund to execute such agreement for the Fund.

Robert M. Berdahl
Secretary

Academic Component Institutions:
The University of Texas at Arlington
The University of Texas at Austin
The University of Texas at Dallas
The University of Texas at El Paso
The University of Texas-Pan American
The University of Texas-Pan American at Brownsville
The University of Texas of the Permian Basin
The University of Texas at San Antonio
The University of Texas Institute of Texan Cultures at San Antonio
The University of Texas at Tyler



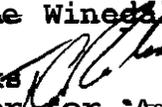
Health Component Institutions:
The University of Texas Southwestern Medical Center at Dallas
The University of Texas Medical Branch at Galveston
The University of Texas Health Science Center at Houston
The University of Texas Health Science Center at San Antonio
The University of Texas M.D. Anderson Cancer Center
The University of Texas Health Center at Tyler

THE UNIVERSITY OF TEXAS SYSTEM
210 WEST SIXTH STREET AUSTIN, TEXAS 78701

Office of Asset Management
(512) 499-4337

MEMORANDUM

TO: Trustees of the Winesdale Stagecoach Inn Fund

FROM: Thomas G. Ricks 
Vice Chancellor for Asset Management

DATE: July 6, 1993

RE: Investment of Fund Assets

Paragraph 3 of the Investment Agency Agreement approved at the April 1993 meeting of the Trustees delegates to the U.T. Board of Regents discretion to invest the Fund's assets in accordance with "The Common Trust Fund Investment Policy Statement." Pursuant to that authority, the Fund's assets will be invested in the U.T. System Common Trust Fund as of the September 1, 1993 buy in date.

RECESS TO EXECUTIVE SESSION.--At 11:05 a.m., the Board recessed 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.

RECONVENE.--At 2:50 p.m., the Board reconvened in open session.

EXECUTIVE SESSION OF THE BOARD OF REGENTS

Chairman Rapoport reported that the Board had met in Executive Session in the Regents' Conference Room on the Ninth Floor of Ashbel Smith Hall 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 Rapoport's inquiry regarding the wishes of the Board, the following actions were taken:

1. U. T. Medical Branch - Galveston, U. T. Southwestern Medical Center - Dallas, and U. T. Health Center - Tyler: Settlements of Medical Liability Litigation/Claim.-- Chairman Rapoport reported that in Executive Session the Board heard presentations from System Administration Officials concerning the four medical liability matters listed in the agenda.

Based on these presentations and upon motion of Regent Ramirez, seconded by Vice-Chairman Temple, the Board authorized the Chancellor and the Office of General Counsel to settle the following medical liability litigation or claim matters in accordance with the individual proposals presented in Executive Session:

- a. On behalf of The University of Texas Medical Branch at Galveston:
 - The medical liability litigation filed by Doris A. Spencer, Individually and as Next Friend for Nadia Dominique Polk
 - The medical liability claim brought by the surviving family of Shelley Kae Stephens, Deceased
- b. On behalf of The University of Texas Southwestern Medical Center at Dallas the medical liability litigation filed by Christopher Bedford, et al.
- c. On behalf of The University of Texas Health Center at Tyler the medical liability litigation filed by Doyle W. Watson, et al.

2. U. T. Board of Regents: Approval of Partial Release of Deed of Trust Covering Certain Parcels of Land in the Texas Research Park Located in Bexar and Medina Counties, Texas, for Consent to the Conveyance of Certain Property Owned by the Texas Research and Technology Trust to the Texas Research and Technology Foundation and Authorization for the Chairman of the U. T. Board of Regents to Execute Appropriate Documents.--Upon motion of Regent Cruikshank, seconded by Regent Holmes, the Board:

- a. Approved a partial release of the lien that it holds on certain land in the Texas Research Park located in Bexar and Medina Counties, Texas, so as to release a designated 254.6 acres of land from that lien, in accordance with the parameters discussed in Executive Session
- b. Consented to the transfer of all land in the Texas Research Park owned by the Texas Research and Technology Trust to the Texas Research and Technology Foundation, also in accordance with the parameters discussed in Executive Session
- c. Authorized the Chairman of the Board of Regents to execute the Partial Release of Lien, the Consent to Transfer, and any other necessary documents after approval by the Office of General Counsel.

3. U. T. System: Approval of Personnel Aspects of the Operating Budgets for the Fiscal Year Ending August 31, 1994, Including Auxiliary Enterprises, Grants and Contracts, Designated Funds, Restricted Current Funds, and Medical and Dental Services, Research and Development Plans and Authorization for the Chancellor to Make Editorial Corrections Therein.--Regent Smiley moved that the personnel aspects of the Operating Budgets for the fiscal year ending August 31, 1994, Including Auxiliary Enterprises, Grants and Contracts, Designated Funds, Restricted Current Funds, and Medical and Dental Services, Research and Development Plans for The University of Texas System be approved.

Regent Smiley further moved that the Chancellor be authorized to make editorial corrections in these budgets and for subsequent adjustments to be ratified by the U. T. Board of Regents through the institutional Dockets.

Regent Ramirez seconded the motions which prevailed by unanimous vote.

See Page 27 for approval of non-personnel aspects of the 1994 Operating Budgets.

OTHER BUSINESS

U. T. Board of Regents: Resignation of Mr. Peter R. Coneway as a Member of the Board Effective Immediately.--Chairman Rapoport reported that Mr. Peter R. Coneway had advised the members of the Board that he would not be able to continue to serve as a Regent and would resign effective upon adjournment of the meeting to avoid and prevent even the slightest appearance of a conflict of interest because of his limited partnership and consulting relationship with Goldman, Sachs & Co., an investment firm with which The University of Texas System conducts business.

Mr. Rapoport expressed regret that the U. T. System will no longer have the benefit of Mr. Coneway's service as a Regent and noted that Mr. Coneway is a person of the highest integrity and ethical standards, and his respect for both the spirit and letter of the law is unassailable. Mr. Rapoport stated that the Board is hopeful that the U. T. System can continue to benefit from Mr. Coneway's wisdom, his business acumen, and his high ethical values in some advisory capacity related to the management of the assets of the U. T. System.

Chairman Rapoport then recognized Mr. Coneway who presented the following prepared statement:

Statement of Peter R. Coneway

It is with deep and sincere regret that I have submitted to Governor Ann Richards my resignation as a member of the Board of Regents of The University of Texas System.

Prior to my appointment to the Board, I had retired as a general partner of Goldman, Sachs & Co., an investment banking firm headquartered in New York City. Although I have not been personally involved in any business transactions with the University of Texas for the past decade while active with Goldman Sachs, the U. T. System and Goldman Sachs have for many years had a continuing and successful business relationship.

Since my retirement as a general partner of Goldman Sachs, I have retained a limited partnership and consulting relationship with the firm which has been fully disclosed. However, a recent Attorney General's Letter Opinion, responding to issues raised by another institution of higher education, brought into question the propriety of initiating new business arrangements with firms in which a regent has even a limited business relationship. Let me emphasize, however, that no new agreements or contracts have been entered into or approved with Goldman Sachs by the U. T. System since I became a member of the Board of Regents.

While in my own mind I am certain that I could have effectively and fairly discharged my fiduciary responsibility as a member of the Board, I believe my resignation is necessary to avoid and prevent even the slightest appearance of a conflict of interest. I have the highest regard for the reputation and character of The University of Texas System and Goldman, Sachs & Co., and I believe in

the highest standards of conduct for public officials; therefore, I have concluded that my resignation would be in the best interests of all concerned.

I want to thank Governor Richards for appointing me to The University of Texas System Board of Regents and allowing me to serve with such a distinguished group of men and women whose dedication, leadership, and vision for The University of Texas System is absolutely critical as we look to the future of higher education in Texas. I regret that I cannot continue to serve with them as a Regent in their vital mission.

Following Mr. Coneway's statement, he received a standing ovation.

SCHEDULED MEETINGS.--Chairman Rapoport announced that the next scheduled meeting of the U. T. Board of Regents would be held on October 8, 1993, at The University of Texas Southwestern Medical Center at Dallas.

It was ordered that the meetings of the Board of Regents for the calendar year 1994 be scheduled as set forth below:

<u>Dates</u>	<u>Locations/Hosts</u>
February 10, 1994	U. T. M.D. Anderson Cancer Center
April 14, 1994	U. T. Health Center - Tyler
June 9, 1994	U. T. Permian Basin
August 11, 1994	No Host - Austin
October 7, 1994	U. T. Dallas
December 1, 1994	U. T. Pan American

ADJOURNMENT.--There being no further business, the meeting was adjourned at 3:00 p.m.

/s/ Arthur H. Dilly
Executive Secretary

August 20, 1993