

Meeting No. 887

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

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August 10, 1995

San Antonio, Texas

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 OF
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MEETING NO. 887

THURSDAY, AUGUST 10, 1995.--The members of the Board of Regents of The University of Texas System convened in regular session at 10:40 a.m. on Thursday, August 10, 1995, in Classroom 1 on the Third Floor of The University of Texas Institute of Texan Cultures at San Antonio, San Antonio, Texas, with the following in attendance:

ATTENDANCE.--

<u>Present</u>	<u>Absent</u>
Chairman Rapoport, presiding	
Vice-Chairman Hicks	
Vice-Chairman Smiley	
Regent Deily	
Regent Evans	
Regent Holmes	
Regent Lebermann	
Regent Loeffler	
Regent Temple	

Executive Secretary Dilly

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

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

RECESS TO BRIEFING AND EXECUTIVE SESSIONS.--Chairman Rapoport announced that the Board would recess to convene a briefing session and Executive Session pursuant to Texas Government Code, Chapter 551, Sections 551.071, 551.072, and 551.074 to consider those matters listed on the Executive Session agenda.

RECONVENE.--At 2:00 p.m., the Board reconvened in open session in the Nellie B. and John B. Connally Conference Center.

WELCOME BY DR. SAMUEL A. KIRKPATRICK, PRESIDENT OF THE UNIVERSITY OF TEXAS AT SAN ANTONIO.--Chairman Rapoport stated that the Board was pleased to be hosted by The University of Texas at San Antonio and expressed appreciation for the opportunity to participate in the official groundbreaking for the Downtown Campus of this important component of The University of Texas System. Mr. Rapoport stated that the Downtown Campus begins a new dimension for U. T. San Antonio and noted that the Board was grateful to the many friends and supporters in San Antonio without whose help and encouragement the new campus would not have become a reality. He then called on Dr. Samuel A. Kirkpatrick, President of U. T. San Antonio, for any welcoming remarks on behalf of the host institution.

On behalf of the faculty, staff, and students of U. T. San Antonio, President Kirkpatrick welcomed the members of the Board and other guests to The University of Texas Institute of Texan Cultures at San Antonio.

U. T. BOARD OF REGENTS: APPROVAL OF MINUTES OF REGULAR MEETING HELD ON MAY 11, 1995, AND SPECIAL MEETING HELD ON MAY 25, 1995.--Upon motion of Vice-Chairman Smiley, seconded by Regent Holmes, the Minutes of the regular meeting of the Board of Regents of The University of Texas System held on May 11, 1995, in Galveston, Texas, were approved as distributed by the Executive Secretary. The official copy of these Minutes is recorded in the Permanent Minutes, Volume XLII, Pages 1870 - 2568.

Upon motion of Regent Loeffler, seconded by Regent Temple, the Minutes of the special meeting of the Board of Regents of The University of Texas System held on May 25, 1995, in Austin, Texas, were approved as distributed by the Executive Secretary. The official copy of these Minutes is recorded in the Permanent Minutes, Volume XLII, Pages 2569-2570.

SPECIAL ITEMS

1. U. T. Board of Regents - Regents' Rules and Regulations, Part One: Approval of Amendments to Chapter I, Section 11 (Ethics Policy) and Chapter III, Section 4 (Code of Ethics).--In order to clarify that the ethics policy governing conduct of employees pertains to members of the U. T. Board of Regents, insofar as same are applicable to non-employees, and to add specific policy and directives concerning sexual harassment and sexual misconduct, the Board amended the Regents' Rules and Regulations, Part One, Chapters I and III as set forth below:

- a. Section 11 to Chapter I concerning the applicability of the ethics policy to members of the U. T. Board of Regents was added to read as follows:

Sec. 11. Ethics Policy.

Each member of the Board of Regents shall perform his or her activities on behalf of The University of Texas System in conformity with the Ethics Policy as set out in Part One, Chapter III, Section 4 of the Regents' Rules and Regulations and other state laws related to standards of conduct and conflict of interest.

- b. Chapter III, Section 4 regarding the Code of Ethics for all U. T. System employees was amended to read as follows:

Sec. 4. Ethics Policy.--Officers, faculty, and employees of the U. T. System may not have a direct or indirect interest, financial or otherwise, of any nature that is in conflict¹ with the proper discharge of

the officer's or employee's duties. Officers, faculty, and employees shall timely furnish such written disclosures as may be required by state and federal authorities or by System requirement.

All officers, faculty, and employees shall adhere to the laws, rules, regulations and policies of applicable governmental and institutional authorities and the following standards of conduct. The failure to do so may be grounds for disciplinary action, up to and including termination of employment.

- 4.1 No employee shall accept or solicit any gift, favor, or service that might reasonably tend to influence the employee in the discharge of his or her official duties or that the employee knows or should know is being offered with the intent to influence his or her official conduct.
- 4.2 No employee shall intentionally or knowingly solicit, accept, or agree to accept any benefit for having exercised his or her official powers or performed his or her official duties in favor of another.
- 4.3 No employee shall accept employment or engage in any business or professional activity which the employee might reasonably expect would require or induce the employee to disclose confidential information acquired by reason of his or her official position.
- 4.4 No employee shall disclose confidential information gained by reason of his or her official position or otherwise use such information for his or her personal gain or benefit.
- 4.5 No employee shall transact any business in his or her official capacity with any business entity of which the employee is an officer, agent, or member, or in which the employee owns a substantial interest.¹
- 4.6 No employee shall make personal investments which could reasonably be expected to create a substantial conflict¹ between the employee's private interest and the public interest.
- 4.7 No employee shall accept other employment or compensation which could reasonably be expected to impair the employee's independence of judgment in the performance of the employee's public duties.

- 4.8 Sexual Harassment and Misconduct:
The educational and working environments of the System and its component institutions should be free from inappropriate conduct of a sexual nature. Sexual misconduct and sexual harassment are unprofessional and unacceptable. The components of the U. T. System shall adopt policies prohibiting sexual harassment and sexual misconduct and procedures for review of complaints. These policies and procedures shall be reviewed by the appropriate Executive Vice Chancellor and shall be published in the Handbook of Operating Procedures of each component.

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

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

In accordance with Section 32 of Article III of the 1996-97 General Appropriations Act, a copy of the ethics policy will be filed with the Texas Higher Education Coordinating Board.

2. U. T. Board of Regents - Regents' Rules and Regulations: Amendments to Part One, Chapters I (Board of Regents) and II (Administration) and Part Two, Chapters I (General) and IX (Matters Relating to Investments, Trusts, and Lands) to Implement Changes in the Processing of Private Gifts.--In December 1994, the U. T. Board of Regents, at the recommendation of The University of Texas System Process Review Committee, chaired by Regent Lebermann, authorized a more effective and efficient procedure to accept and process private gifts to the U. T. System Administration and component institutions. The newly authorized procedures: (a) expand the delegation of authority of the chief administrative officers to accept certain gifts, (b) delegate to the Vice Chancellor for Asset Management authority to accept gifts and approve certain administrative actions related to gifts managed by the Office of Asset Management that conform to policy, and (c) require that all requests for exceptions to policy be considered by the U. T. Board of Regents via the agenda process.

To implement these new procedures, approval was given to amend the Regents' Rules and Regulations, Parts One and Two as set forth on Pages 5 - 14.

The Regents' Rules and Regulations, Part One, were amended as set forth below:

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

7.162 Recommend to the Board policies relating to soliciting and securing gifts for the University's general academic institutions.

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

7.17(10) Recommend to the Board policies relating to soliciting and securing gifts for the University's health-related institutions.

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

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

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

7.192 Recommend to the Board policies relating to acceptance and management of gifts for all of the University's institutions, for gifts that are managed by the Office of Asset Management.

7.193 Make recommendations to the Board with respect to the acceptance of all proposed gifts and approval of other miscellaneous actions related to the administration of gifts managed by the Office of Asset Management, the terms of which do not conform to existing Board policies.

- e. Chapter I, Section 7, Subsection 7.194 (Duties of the Asset Management Committee) was amended and present Subsections 7.194 through 7.196 were renumbered as Subsections 7.195 through 7.197 as follows:

7.194 Periodically report to the Board on gifts managed by the Office of Asset Management.

7.195 Recommend to the Board appointments and dismissals of members of the Investment Advisory Committee and of investment consultants and advisors.

7.196 Periodically report to the Board on the investment operations of The University of Texas System.

7.197 Counsel with the Chancellor and recommend Board action with respect to any recommendations related to the appointment, promotion, and dismissal of such System officers as are responsible for managing the investments of the System or any component thereof.

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

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

8.55 A description of all matters to be considered by the Board or a standing committee of the Board at any meeting shall be mailed or delivered to each member of the Board or to each member of the appropriate standing committee of the Board and to designated officials at least five days in advance of the meeting at which they are to be considered, and insofar as possible, such material shall be mailed or delivered to each member of the Board or to each member of the appropriate standing committee of the Board and the designated officials at least ten days in advance of the meeting. Each such matter shall be accompanied by a summary of the facts pertaining thereto, the need for action thereon, and the recommendations of the Chancellor. Where contractual awards are involved, the summary shall show the method of competition, if any, the names and offers of all interested parties, and generally sufficient information to show the reasons for and fairness of each transaction. The recommendations of the Chancellor shall state whether they are fully concurred in by any Executive Vice Chancellor, Vice Chancellor or chief administrative officer involved, and if not, their views and recommendations shall be included. Any matter not sent to the members of the Board or

the members of a standing committee of the Board, documented as herein provided, at least five days in advance of the meeting at which it is to be considered, shall go over to the next meeting for consideration; provided, however, that if sufficient emergency exists requiring immediate action and it appears that the delay was unavoidable, this requirement may be waived by a two-thirds vote of the Board or a standing committee of the Board.

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

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

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

7.2 Duties and Responsibilities.

The Vice Chancellor for Asset Management has responsibility for the formal acceptance, following review and approval by the appropriate Executive Vice Chancellor, and the management of gifts as assigned, the management of trust and endowment lands and noncampus lands held in the name of the Board of Regents including the investment and management of trusts, trust assets, endowments, the Permanent University Fund and such other funds as may be assigned in such a manner as to maximize the monies available for excellence in all activities of the System. The Vice Chancellor for Asset Management will coordinate and cooperate with the Executive Vice Chancellor for Business Affairs in bringing to the Board recommendations on those policy issues which impact upon the asset management aspects of the Permanent University Fund Lands and shall provide to the Board of Regents through the Executive Vice Chancellor for Business Affairs an independent report and assessment of the System's ability to finance prospective debt issues. In consultation with the Chancellor, the Vice Chancellor for Asset Management shall prepare recommendations and supporting information on his or her responsibilities for consideration by the appropriate standing committees of the Board and the Board of Regents. The Vice Chancellor for Asset Management will coordinate and cooperate with the Office of General Counsel in the development and management of the Intellectual Property resources of the System.

Further, the Regents' Rules and Regulations, Part Two, were amended as set forth below:

- a. Present Chapter I, Section 1 (Gifts to The University of Texas System) was deleted in its entirety and replaced with Section 1 as set forth below:

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

- 1.1 The authority to accept gifts to the System or to any of the component institutions is vested in the Board.
- 1.2 Unless otherwise approved by the Board, all gifts to the System or any component institution shall be made in accordance with the provisions of the U. T. System Gifts Policy Guidelines and approved institutional policies.
- 1.3 The authority to accept the following gifts which conform to the U. T. System Gifts Policy Guidelines ("Gifts Policy Guidelines" or "Guidelines") and approved institutional policies is delegated to the chief administrative officer or a designee specified in writing:
 - (a) unrestricted gifts having a value of less than \$500,000 (in cash or in kind) that are not managed by the Office of Asset Management and
 - (b) restricted gifts having a value of less than \$50,000 (in cash or in kind) that are not managed by the Office of Asset Management.
- 1.4 The authority to accept all gifts of any value (either in cash or in kind) and to approve other administrative actions related to gifts that are managed by the Office of Asset Management (as set out in Part Two, Chapter IX) which conform to the Gifts Policy Guidelines is delegated to the Vice Chancellor for Asset Management or a designee specified in writing.
- 1.5 The acceptance of gifts and approval of other administrative actions related to gifts managed by the Office of Asset Management which conform to the Gifts Policy Guidelines shall be reported to the Board via the Docket or Agenda.
- 1.6 Recommendations regarding the acceptance of gifts or other actions which do not conform to the Guidelines shall be made through the Chancellor to the Board via the Agenda after review by the appropriate offices of the terms of the gifts, the nature of the donated assets and/or the requested action.
- 1.7 Gifts to Establish Endowments.
 - 1.71 Endowments will be established with gifts which have been completed for tax purposes or with a combination of such gifts and pledges at a minimum funding level of \$10,000. Endowments may be established to fund scholarship programs and other educational activities as well as the endowed academic positions specified in Section 3 below.

- 1.72 Should the Board determine at any time that an endowment fund is not of sufficient size and has no foreseeable prospects of growing to sufficient size to justify the continuing costs of maintenance of such fund as a separate fund, then in the Board's discretion the principal of such fund may be expended for or otherwise devoted to the accomplishment, as near as may be possible, of the purposes for which the fund was established.
- 1.8 Except as provided in this Subsection, the preceding Subsections, or approved institutional policies, no member of the staff of any institution has the authority to accept gifts.
- 1.9 Neither the System nor any of its component institutions will administer a gift for the benefit of any designated individual unless the donor is exempt from federal income taxes as defined by the Commissioner of Internal Revenue.
- 1.(10) Acceptance of all gifts of real estate shall be subject to the U. T. System Gifts Policy Guidelines and the Environmental Review Policy for Acquisitions of Real Estate. The Coordinating Board, for purposes of state funding, may review and approve as an addition to an institution's educational and general building and facilities inventory any improved real property acquired by gift or lease-purchase as provided in Section 61.058(d) of the Texas Education Code.
- 1.(11) Conduct Related to Gifts.
- 1.(11)1 The Board will not serve as executor or administrator of an estate because of the potential for conflicts of interest and the scope of the required duties.
- 1.(11)2 U. T. System and component institution employees who agree to serve as executor or administrator of a donor's estate which benefits a U. T. System component institution are immediately to notify the Office of Estates and Trusts of their appointment. Upon notification, the employee will be furnished a statement advising of the potential for conflicts of interest and directing that all communications pertaining to the estate between the employee and any office of the U. T. System or the component institutions shall be in writing.

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

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

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

- c. Present Chapter I, Section 3, Subsection 3.3 (Endowment of Academic Positions) was deleted and present Subsection 3.4 was amended and renumbered as Subsection 3.3 to read as follows:

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

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

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

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

the endowment shall be paid to the institution for further expenditure in accordance with Board policies. The Board must retain the right to appoint all holders of the academic position.

3.34 If an external entity requests that the Board establish a named academic position without the funding of an endowment to support the position, the entity must irrevocably agree to contribute annually, either in perpetuity or for a specified term of years, an amount substantially similar to that distributed from a Board-managed endowment in support of a comparable position. The entity must agree that the funds will be contributed for further expenditure in accordance with Board policies regarding the particular category of academic position being established. The Board must retain the right to appoint all holders of the academic position.

3.35 Distinguished University Chairs, Distinguished Chairs, Chairs, Distinguished Professorships, and Professorships.--The component institution will pay from its funds such amounts as are necessary to set the salary of the holder at a level commensurate with his or her record, experience, and position in the faculty. Distributions from the endowment may be used both for salary supplementation and for other professional support of the holder of the endowed position, including assistance in the holder's research. Endowment distributions also may be used to pay an appropriate part of the salary of the holder of the endowed position commensurate with an authorized reduced faculty work load when required by other duties of the position or when the holder is on part-time or full-time research leave which is otherwise unfunded. It is provided specifically, however, that, in no event, will endowment distributions be used to supplant any other source of funds used to pay the base salary of the holder of the position when the holder is performing his or her regular duties.

3.36 Endowed Fellowships.--Distributions from the endowment may be used to supplement the salary of the holder of the fellowship, who may be a qualified person of any academic rank irrespective of tenure status, and will also be available for other professional support of the holder. The

endowed fellowship will be used to provide temporary support (not to exceed one academic year) of distinguished scholars who are in temporary residence at the component while participating in planned academic programs; visiting scholars who are in temporary residence at the institution for special academic programs or purposes; component faculty who have made unique contributions to academic life or to knowledge in their academic discipline; and component faculty of any academic rank, irrespective of tenure status, who have been selected for teaching excellence through procedures established by the component institution. Grants for endowed visiting professorships and endowed teaching fellowships of at least \$50,000 already under contractual agreement for the future, bequests included in wills made prior to April 14, 1988, and other prior bona fide arrangements for endowed teaching fellowships and endowed visiting professorships are excepted in this regulation. Grants for endowed lectureships of at least \$20,000 already under contractual agreement for the future, bequests in wills made prior to April 14, 1988, and other prior bona fide arrangements for endowed lectureships are excepted from the minimum amount restriction in this regulation.

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

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

5.1 Endowment funds and funds functioning as endowments will be managed in a manner consistent with the U. T. System Gifts Policy Guidelines, prudent person investment standards, and the Uniform Management of Institutional Funds Act (Title 10, Chapter 163, Texas Property Code). These funds will be managed separately and not commingled with

the Long Term Fund if the terms of the instrument by which the fund was created preclude investment through the Long Term Fund. In addition, nonmarketable securities held by an endowment fund may be recorded as separately invested. All other endowment funds and funds functioning as endowments will be invested through the Long Term Fund.

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

See Page 64 related to the adoption of the U. T. System Gifts Policy Guidelines.

RECESS FOR COMMITTEE MEETINGS AND COMMITTEE REPORTS TO THE BOARD.--At 2:05 p.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 (Page 15).--In compliance with Section 7.14 of Chapter I of Part One of the Regents' Rules and Regulations, Chairman Rapoport reported that there were no actions by the Executive Committee since the last meeting for ratification and approval by the U. T. Board of Regents except for Executive Committee Letters 95-14 through 95-22 as noted below:

U. T. System: Approval of Executive Committee Letters 95-14 Through 95-22 Via the Chancellor's Docket Process.--Chairman Rapoport reminded the Board that, at its meeting in December 1994, the Board authorized the approval/ratification of Executive Committee Letters via The University of Texas System Administration Docket effective with the May 1995 meeting of the Board. Consequently, Executive Committee Letters 95-14 through 95-22, which had been distributed since the May 1995 meeting of the Board and which had received the prior approval of the Executive Committee, appear in the U. T. System Administration Docket on Pages ECL 1 - 18 and will be considered for approval or ratification on the agenda of the Business Affairs and Audit Committee as set out on Page 16.

REPORT AND RECOMMENDATIONS OF THE BUSINESS AFFAIRS AND AUDIT COMMITTEE (Pages 16 - 24).--Committee Chairman 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. 82 (Catalog Change).--Upon recommendation of the Business Affairs and Audit Committee, the Board approved Chancellor's Docket No. 82 in the form distributed by the Executive Secretary. It is attached following Page 95 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. System: Approval of Non-Personnel Aspects of the Operating Budgets for the Fiscal Year Ending August 31, 1996, Including Auxiliary Enterprises, Grants and Contracts, Designated Funds, Restricted Current Funds, and Medical and Dental Services, Research and Development Plans and Authorization for the Chancellor to Make Editorial Corrections Therein; and Approval of Permanent University Fund Bond Proceeds Reserve Allocation for Library, Equipment, Repair and Rehabilitation Projects.--Committee Chairman Smiley called on Chancellor Cunningham who, with the aid of transparencies, presented a comprehensive overview of the proposed Operating Budgets for The University of Texas System for the Fiscal Year ending August 31, 1996. A copy of Chancellor 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 U. T. System Operating Budgets as listed below for the Fiscal Year ending August 31, 1996, including Auxiliary Enterprises, Grants and Contracts, Designated Funds, Restricted Current Funds, and Medical and Dental Services, Research and Development Plans and authorized the Chancellor 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 L entitled Annual Budget for 1995-1996.

Further, Permanent University Fund Bond Proceeds in the amount of \$15,000,000 from reserves provided in the Fiscal Year 1996 Capital Improvement Program were appropriated for Library, Equipment, Repair and Rehabilitation Projects. It was noted that the \$10,000,000 amount referenced in the Material Supporting the Agenda was incorrect and the amount should have read \$15,000,000 as set forth in the document titled "The University of Texas System Administration Allocation of Permanent University Fund Bond Proceeds Reserves for Library & Equipment, Repairs & Rehabilitation" which is on file in the Office of the Board of Regents.

In addition, 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 dollar limits. Substitute equipment purchases are to receive prior approval by the Chancellor and appropriate Executive Vice Chancellor and, where required, the U. T. Board of Regents. Transfers by the U. T. System Administration of allocated funds to institutional control or to vendors will coincide with vendor payment requirements. Final approval of specific repair and rehabilitation projects will be in accordance with Board established procedures for construction projects.

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

See Page 91 for approval of the personnel aspects of the Operating Budgets for the Fiscal Year ending August 31, 1996.23

See Page 18 regarding the extension of the six-year Capital Improvement Program and approval of the Capital Budget for Fiscal Years 1996 and 1997.

3. U. T. System: Authorization to Extend the Six-Year Capital Improvement Program (CIP) Through Fiscal Year 2001 and Approval of the Capital Budget for Fiscal Years 1996 and 1997.--At the request of Committee Chairman Smiley, Chancellor Cunningham presented brief remarks on the proposed Capital Improvement Program (CIP) and Capital Budget and then introduced Executive Vice Chancellor for Business Affairs Burck. Mr. Burck, with the aid of transparencies, reviewed the proposed Capital Improvement Program through FY 2001 and the Capital Budget for The University of Texas System for Fiscal Years 1996 and 1997. A copy of Executive Vice Chancellor Burck's [handout](#) is on file in the Office of the Board of Regents.

Upon recommendation of the Business Affairs and Audit Committee, the Board extended the U. T. System Capital Improvement Program through Fiscal Year 2001 and approved the Capital Budget for Fiscal Year 1996 and Fiscal Year 1997. The Capital Improvement Program, including the Capital Budget, was presented in a separate document titled "The University of Texas System Capital Improvement Program 1996-2001 (Including Capital Budget for FY 1996 & FY 1997)" which 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 Program and to bring recommendations to the U. T. Board of Regents in accordance with the revised process for Regental review approved by the U. T. Board of Regents at the December 1994 meeting.

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

See Page 16 related to the Fiscal Year 1996 appropriation of PUF Bond Proceeds from reserves provided in the six-year Capital Improvement Program for Library, Equipment, Repair and Renovation projects.

4. U. T. System: Authorization for an Aggregate Amount of Equipment Financing for Fiscal Year 1996 and Approval for Use of Revenue Financing System Parity Debt, Receipt of Certificate, and Finding of Fact with Regard to Financial Capacity.--The Board, upon recommendation of the Business Affairs and Audit Committee, approved an aggregate financed amount of \$38,100,000 under the Revenue Financing System for equipment to be purchased in Fiscal Year 1996 by the following component institutions of The University of Texas System:

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

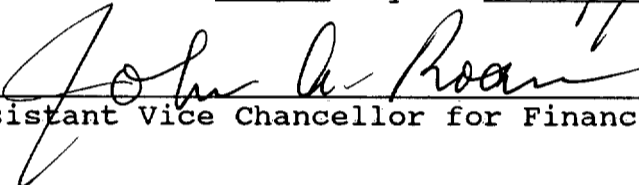
Following a presentation by Ms. Pam Clayton, Director of Finance for The University of Texas System, and in compliance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System, adopted by the U. T. Board of Regents on February 14, 1991, and amended on October 8, 1993 (the "Master Resolution"), and upon delivery of the Certificate of an Authorized Representative as set out on Page 20, the Board resolved that:

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

PARITY DEBT CERTIFICATE OF U. T. SYSTEM REPRESENTATIVE

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

EXECUTED this 10 day of August, 1995



Assistant Vice Chancellor for Finance

5. U. T. System: Approval of Transfer of Funds Between Legislative Appropriation Items During the Biennium Beginning September 1, 1995.--In order to provide for the most effective utilization of the General Revenue Appropriations during the biennium beginning September 1, 1995, the following resolution was adopted by the Board:

RESOLUTION

Pursuant to the appropriate transfer provisions of the General Appropriations Act of the 74th Legislature, it is hereby resolved that the State Comptroller be requested to make necessary transfers within the Legislative Appropriations (and/or Cost Centers) from the General Revenue Fund for each of the following components as authorized by the Chief Financial Officers of The University of Texas System institution concerned:

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

6. U. T. System: Adoption of Rules and Regulations for the Administration of Scholarships Appropriated by the 74th Legislature for the Biennium Beginning September 1, 1995.--In accordance with Section 13 of Article III of the General Appropriations Act of the 74th Legislature, the rules and regulations as set forth on Page 22 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, 1995.

These regulations will be effective beginning with the 1996-97 biennium and will not require future amendment or reenactment unless the language of the rider changes.

Rules and Regulations for
Administration of Scholarships

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

7. U. T. System: Authorization to Maintain an Investment Fee for All Endowments and Trusts and Authorize Use for System Administration Educational Purposes and Support of Endowments and Trusts.--Since 1988, a fee has been assessed all endowments and trusts to build the Quasi-Endowment for Investment Excellence. This fund has now reached the level necessary to provide for supplemental salary support as provided in the Investment Excellence Program. The continuation of the assessment of an investment fee is needed to provide funding for the support of educational programs at The University of Texas System Administration which cannot be funded from the Available University Fund and for the support of administrative costs in the Office of Asset Management directly related to the management of endowments and trusts. The Texas Education Code provides the necessary authority for the assessment of such a fee.

With regard to the endowments and trusts managed by the U. T. System Office of Asset Management, the Board:

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

The total assessment is estimated to be \$1,400,000 based on the current market value of all endowments and trusts managed in the Office of Asset Management.

8. U. T. System Administration and U. T. Austin: Approval to Amend Resolution Regarding the List of Individuals Authorized to Negotiate, Execute, and Administer Classified Government Contracts (Key Management Personnel).--To comply with the Department of Defense Industrial Security Program Operating Manual requirements, approval was given to amend the resolution adopted by the Board in April 1994 to read as set out on Page 24 in order to update the roster of administrative officials of The University of Texas System authorized to negotiate, execute, and administer classified government contracts as shown in item a. and the list of named members of the U. T. Board of Regents as shown in item d.

BE IT RESOLVED:

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

William H. Cunningham, Chancellor, Chief Executive Officer
Arthur H. Dilly, Executive Secretary to the Board of Regents
Robert M. Berdahl, President, U. T. Austin
Marye Anne Fox, Vice President for Research, U. T. Austin
G. Charles Franklin, Vice President for Business Affairs, U. T. Austin
Wayne K. Kuenstler, Director, Office of Sponsored Projects, U. T. Austin; U. T. System a.k.a. U. T. Austin Security Supervisor
Bobby C. McQuiston, Associate Director, Office of Sponsored Projects, U. T. Austin

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

Members of the U. T. Board of Regents:

Bernard Rapoport, Chairman
Thomas O. Hicks, Vice-Chairman
Martha E. Smiley, Vice-Chairman
Linnet F. Deily
Donald L. Evans
Zan W. Holmes, Jr.
Lowell H. Lebermann, Jr.
Tom Loeffler
Ellen Clarke Temple

REPORT AND RECOMMENDATIONS OF THE ACADEMIC AFFAIRS COMMITTEE (Pages 25 - 31).--In the absence of Committee Chairman Lebermann who was excused because of a previous commitment, Regent Temple 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. Austin: Approval to Conduct a Private Fund Development Campaign for the Benefit of the Harry Ransom Humanities Research Center (Regents' Rules and Regulations, Part One, Chapter VII, Section 2, Subsection 2.4, Subdivision 2.44).--Pursuant to the Regents' Rules and Regulations, Part One, Chapter VII, Section 2, Subsection 2.4, Subdivision 2.44, relating to private fund development campaigns, the Board granted approval for The University of Texas at Austin to conduct a Private Fund Development Campaign for the benefit of the Harry Ransom Humanities Research Center.

The primary initiatives of the campaign, which is to be made public in April 1996, are to increase the total endowment and to support capital improvements for the preservation and enhancement of the Center's facility and collections.

The five-year campaign goal is to increase the Center's total endowment to \$10,000,000 which would require securing \$7,000,000 in new gifts to increase existing endowment funds and create new endowments and to raise \$2,000,000 in gifts to support capital improvements.

2. U. T. Austin: Authorization to Establish a Doctor of Philosophy Degree Program in Operations Research and Industrial Engineering and to Submit the Program to the Coordinating Board for Approval (Catalog Change).-- Upon recommendation of the Academic Affairs Committee, the Board authorized the establishment of a Doctor of Philosophy degree in Operations Research and Industrial Engineering at The University of Texas at Austin and submission of the proposal to the Texas Higher Education Coordinating Board for review and appropriate action. The program is consistent with U. T. Austin's mission statement and is within its approved Table of Programs.

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

Operations Research and Industrial Engineering has been offered as a master's level program at U. T. Austin for many years. However, students wishing to pursue work at the doctoral level have had to be officially enrolled in Mechanical Engineering and indicate a specialization in

Operations Research and Industrial Engineering. This proposal will establish the specialization as a separately designated and recognized graduate program and will require no change in either the Department of Mechanical Engineering or the College of Engineering budgets, since no additional resources, staff, or faculty will be required.

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

3. U. T. El Paso: Establishment of Resident Tuition Rates for Students Residing in Counties in New Mexico Adjacent to Texas Effective with the Fall Semester 1995 (Catalog Change).--House Bill 1836 passed by the 74th Texas Legislature includes a provision that governing boards may agree to allow certain nonresident students to pay tuition at the resident tuition rate effective in September 1995. A student who resides in a county or parish of Arkansas, Louisiana, New Mexico, or Oklahoma that is adjacent to Texas is eligible for such a tuition concession provided the adjoining state allows a Texas resident of a county adjoining that state enrolled at a public institution in that state to pay the tuition rate charged for residents of that state.

In accordance therewith, The University of Texas at El Paso was authorized to establish resident tuition rates for students residing in counties in New Mexico that are adjacent to Texas effective with the Fall Semester 1995.

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

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

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

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

4. U. T. El Paso: Authorization to Establish a Master of Science Degree Program in Health Science and to Submit the Proposal to the Coordinating Board for Approval (Catalog Change).--Authorization was given to establish a Master of Science degree in Health Science at The University of Texas at El Paso and to submit the proposal to the Texas Higher Education Coordinating Board for review and appropriate action. The program is consistent with U. T. El Paso's mission statement and is within its approved Table of Programs.

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

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

By redesigning existing courses and adding two additional courses, the curriculum will meet the new standards for programs in health science as required by the Texas Higher Education Coordinating Board. No new faculty will be required and no additional costs will be incurred to implement this program.

U. T. El Paso anticipates 15 to 20 full-time equivalent students to be enrolled in the program within five years.

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

5. U. T. El Paso: Authorization to Establish a Master of Science Degree Program in Kinesiology and Sports Studies and to Submit the Proposal to the Coordinating Board for Approval (Catalog Change).--Upon recommendation of the Academic Affairs Committee, the Board established a Master of Science degree in Kinesiology and Sports Studies at The University of Texas at El Paso and authorized submission of the proposal to the Texas Higher Education Coordinating Board for review and appropriate action. The degree program is consistent with U. T. El Paso's mission statement and is within its approved Table of Programs.

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

The program change was originally submitted to the Coordinating Board in February 1995 as a proposal for a nonsubstantive change. The Coordinating Board staff elected to treat this program as a substantive change because it requires the establishment of two new courses and proposes a curriculum for which the Coordinating Board has established very specific guidelines.

By redesigning existing courses and adding two additional courses, the curriculum will meet the new standards for programs in kinesiology and sports studies. By rescheduling existing courses, no new faculty will be required and no additional costs will be incurred.

U. T. El Paso anticipates 18 to 20 full-time equivalent students to be enrolled in the program.

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

6. U. T. Pan American: Establishment of the Friends of the Library Advisory Council [Regents' Rules and Regulations, Part One, Chapter VII, Section 3 (The Advisory Councils of a Component Institution)].--Pursuant to the Regents' Rules and Regulations, Part One, Chapter VII, Section 3, regarding the Advisory Councils of a Component Institution, approval was given to establish the Friends of the Library Advisory Council at The University of Texas - Pan American.

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

Nominees to membership on the Friends of the Library Advisory Council will be prepared in accordance with the Regents' Rules and Regulations.

7. U. T. Permian Basin: Approval to Establish the John Ben Shepperd Public Leadership Institute Advisory Council [Regents' Rules and Regulations, Part One, Chapter VII, Section 3 (The Advisory Councils of a Component Institution)].--Following comments from President Sorber regarding the creation of the John Ben Shepperd Public Leadership Institute a decade ago, the Academic Affairs Committee recommended and the Board approved the establishment of the John Ben Shepperd Public Leadership Institute Advisory Council at The University of Texas of the Permian Basin, pursuant to the Regents' Rules and Regulations, Part One, Chapter VII, Section 3, regarding the Advisory Councils of a Component Institution.

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

Nominees to membership on the John Ben Shepperd Public Leadership Institute Advisory Council will be prepared in accordance with the Regents' Rules and Regulations.

8. U. T. Tyler: Authorization to Establish a Bachelor of Science Degree Program in Computer Information Systems and to Submit the Proposal to the Coordinating Board for Approval (Catalog Change).--Upon recommendation of the Academic Affairs Committee, authorization was given to establish a Bachelor of Science degree program in Computer Information Systems at The University of Texas at Tyler and to submit the proposal to the Texas Higher Education Coordinating Board for review and appropriate action. The degree program is consistent with U. T. Tyler's mission statement and is within its approved Table of Programs.

The Bachelor of Science degree program in Computer Information Systems will combine the core curriculum for the undergraduate Bachelor of Business Administration degree with courses in the current computer science degree programs which emphasize database design, computer programming, and computer applications to business problems. Twenty-seven (27) semester credit hours of upper-level computer science and 27 semester credit hours of business courses are included in the curriculum.

The Computer Science Department in the School of Sciences and Mathematics currently has six full-time faculty positions, one of which is temporarily vacant. These six full-time faculty members will teach the computer science part of the curriculum, while the business core will be taught by the faculty of the School of Business Administration. The computer science faculty will provide the overall program leadership and administer the program.

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

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

9. U. T. Tyler: Establishment of a Master of Arts Degree Program in Political Science and Authorization to Submit the Proposal to the Coordinating Board for Approval (Catalog Change).--The Board, upon recommendation of the Academic Affairs Committee, established a Master of Arts degree in Political Science at The University of Texas at Tyler and authorized submission of the proposal to the Texas Higher Education Coordinating Board for review and appropriate action.

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

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

Currently, graduate students with an interest in political science take only a few courses as part of a Master of Arts in Interdisciplinary Studies, a Master of Arts in History, or a Master of Public Administration degree. It is expected that four to six of the students currently pursuing the Master of Arts in Interdisciplinary Studies will switch to the M.A. in Political Science. Estimated enrollment for the first year is 7 to 11 students, with an expected enrollment of 16 to 19 by the fifth year.

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

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

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

10. U. T. System: Progress Report on Activities Related to the South Texas/Border Initiative Program.--Regent Temple introduced Dr. Mario J. Gonzalez, Associate Vice Chancellor for South Texas/Border Area Development, for a progress report on the current activities related to The University of Texas System South Texas/Border Initiative (STBI) program.

With the aid of viewgraphs and a report titled "STBI Summary: 9/1/93 - 8/31/95," copies of which were distributed to the members of the Board and are on file in the Office of the Board of Regents, Dr. Gonzalez reviewed highlights of the two-year old STBI program and noted that additional details are contained in the report which was before the Board.

Dr. Gonzalez summarized the status of the academic program and facilities development activities related to the five STBI component institutions (The University of Texas at Brownsville, The University of Texas at El Paso, The University of Texas - Pan American, The University of Texas at San Antonio, and The University of Texas Health Science Center at San Antonio) since the last STBI report to the Board in December 1994.

In closing, Dr. Gonzalez stated that the current activities of the STBI program are moving forward on schedule and noted that the program has changed the climate and attitude and raised the level of expectations on the five campuses. The STBI program has been fundamental in expanding the academic missions of these Border institutions to better serve a population which for many reasons has been "place-bound."

On behalf of the Board, Chairman Rapoport commended Dr. Gonzalez for the success of this program and thanked him for his very informative report.

REPORT AND RECOMMENDATIONS OF THE HEALTH AFFAIRS COMMITTEE (Pages 32 - 35).--Committee Chairman Loeffler 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. Health Science Center - San Antonio (U. T. Allied Health Sciences School - San Antonio): Authorization to Offer a Master of Science Degree Program in Clinical Laboratory Sciences and to Submit the Proposal to the Coordinating Board for Approval (Catalog Change).--Upon recommendation of the Health Affairs Committee, the Board granted approval for the U. T. Allied Health Sciences School - San Antonio at The University of Texas Health Science Center at San Antonio to offer a Master of Science degree in Clinical Laboratory Sciences and authorized submission of the proposal to the Texas Higher Education Coordinating Board for approval. The program is consistent with the U. T. Health Science Center - San Antonio Strategic Plan and Role and Scope Statement.

The program will be the only master's degree in Clinical Laboratory Sciences in Texas and is designed to accommodate laboratory practitioners who want to enroll on a part-time basis. The degree, which is a 40 semester credit hour program in the Department of Clinical Laboratory Sciences, is a two-track program designed to educate individuals at the post-baccalaureate level to function as laboratory specialists in Analytical/Forensic Toxicology or Immunohematology. It is anticipated that the first students will be accepted in the Fall of 1996.

The curriculum is a combination of didactic work at the U. T. Health Science Center - San Antonio and practicums at multiple sites in the community. The core courses (13.5 semester credit hours) consist of existing courses in the U. T. Graduate School of Biomedical Sciences - San Antonio and a research project. The remaining 26.5 semester credit hours are unique to the two tracks: Immunohematology and Analytical/Forensic Toxicology. Four to six students are expected to enroll each year for the first five years.

Increased costs for the program are expected to be approximately \$66,000 in years one and two, \$88,000 in year three, and \$171,000 in years four and five. Reallocation of existing funds by the U. T. Health Science Center - San Antonio will cover the first three years of operation. Funding for years four and five will be covered through reallocation of existing funds and state appropriations.

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

2. U. T. System: Report on Actions Taken by Coordinating Board Related to Doctoral Programs in Nursing.--Committee Chairman Loeffler called on Chancellor Cunningham to report briefly on the actions taken at the July 1995 meeting of the Texas Higher Education Coordinating Board related to doctoral programs in nursing at The University of Texas at Arlington School of Nursing, The University of Texas School of Nursing at Galveston, and The University of Texas School of Nursing at Houston. Chancellor Cunningham reported the following:
- a. At the request of U. T. Arlington, the doctoral program in nursing was withdrawn since the decision was made to develop a nursing option under the current Ph.D. program in Urban and Public Administration
 - b. The Doctor of Philosophy degree with major in Nursing was not approved at the U. T. Nursing School - Galveston
 - c. The Doctor of Science in Nursing degree with major in Nursing was approved at the U. T. Nursing School - Houston.

3. U. T. M.D. Anderson Cancer Center: Acknowledgement of American Medical Association's Distinguished Service Award to Charles A. LeMaistre, M.D., and Announcement of His Retirement as President Effective August 31, 1996.--At the conclusion of the Health Affairs Committee meeting, Committee Chairman Loeffler recognized Executive Vice Chancellor for Health Affairs Mullins who announced that Charles A. LeMaistre, M.D., President of The University of Texas M.D. Anderson Cancer Center, had received the Distinguished Service Award from the American Medical Association at the House of Delegates meeting in Chicago, Illinois, on June 18, 1995, in recognition of his meritorious contributions to the science and art of medicine over a 40-year career.

Dr. Mullins noted that Robert E. McAfee, M.D., President of the American Medical Association, stated that "During a remarkable 40-year career, Dr. LeMaistre has distinguished himself through major accomplishments in medicine, higher education, and public policy. He is an outstanding physician, teacher, health advocate, and champion of public policy supporting health care and higher education. In each capacity, he has become a recognized national leader through his contributions."

Following Executive Vice Chancellor Mullins' comments, Regent Loeffler presented the statement that follows.

Statement by Regent Loeffler

While we're on the subject of Mickey LeMaistre, I wish to add how great it was to read in U. S. News & World Report that our beloved M.D. Anderson is once again ranked as one of the 10 best hospitals in the nation. That kind of accolade is a testament to the superb group who works there and it says volumes about Mickey's inspired leadership over the last 17 years.

To many of us, Mickey LeMaistre is M.D. Anderson -- especially all of us who have been there as patients -- or have called him to help a friend or member of our family -- or seen him work so tirelessly to advance the cause of this remarkable center of hope and healing. His is the "Voice of Assurance" for literally thousands of callers, myself included, seeking out the last, best hope for life.

However, we must remind ourselves that all his years at M.D. Anderson account for only about half of this man's service to the University. He was a faculty member and a dean at Southwestern. He has served the System in many capacities -- including, of course, seven years as Chancellor during a time of great expansion, turmoil, and change -- before he returned to medicine and the presidency of one of our jewels.

Incidentally, he is now the longest tenured of all the institutional heads. But, I regret, this will not be so for long.

Dr. LeMaistre has informed the Board of his plans to retire on August 31, 1996, and no amount of pressure will dissuade him -- despite his vigor and even his own admission that a lot remains to be done to make M.D. Anderson as perfect as he wants it to be. Reluctantly, we have accepted his decision and must move ahead with finding his successor.

That will not be easy. Mickey is an incisive administrator, but a man of great compassion and kindness, as well. That blend is so important for anyone asked to run an institution whose calling is cancer.

His interests are scholarly, but he has led M.D. Anderson through profound operational and financial change. That is another rare blend in the academic environment.

And he supports his faculty thoroughly, but also understands what the community expects of higher education. Those expectations, as you know, are not always congruent, but Mickey is often a superb bridge between them.

Finally, with all of its meaning, he's a good person!

In other words, Dr. LeMaistre will be a very tough act to follow.

M.D. Anderson has made tremendous strides in the last few years in changing and adapting to a radically different health-care environment. Their cost-cutting and new ideas and increasing self-sufficiency are models that others will follow. Mickey has told me that much more needs to be done and that's how he intends to spend his final year -- fittingly, focusing on the future, as he always has done.

Mickey, we look forward to helping you achieve those goals in the year ahead, all the while knowing how quickly that year will draw to a close. Without doubt, it will be your Banner Year!

Following Regent Loeffler's statement, Dr. Cunningham noted that Dr. LeMaistre epitomizes excellence in the leadership of academic medicine. As a scientist and an administrator of immense skill and resourcefulness, he stands as a model for all who seek to further the cause of higher education and of enhanced patient care and medical research. He has been an unwavering force in support of broadening the benefits of medical science and building a society that extends health and hope to all of its members. In closing, Chancellor Cunningham expressed appreciation to Dr. LeMaistre for his wise counsel and support over the years.

On behalf of the Board, Chairman Rapoport commented that M.D. Anderson and the U. T. System have been greatly blessed by Dr. LeMaistre's extraordinary leadership and noted the Board cannot adequately express its gratitude for the contributions that Dr. LeMaistre has made to a healthier and more enlightened state, nation, and world.

In tribute to Dr. LeMaistre, Chairman Rapoport then read the following quotation from Walter Lippman:

THIS IS THE WAY OF GREATNESS

This is the way of greatness. In the supreme moments of history, terms like duty, truth, justice and mercy -- which in our torpid hours are tired words -- become the measure of decision. We, unhappily, are acting as if we had forgotten them. We seem to be ashamed to utter them, in part because we tremble at the gibes of the Philistines, but in the main because they are remote from our habitual feeling... We are trying to be too shrewd, too clever, too calculating when what the anxious and suffering peoples cry out to us for is that we practice the elemental virtues and adhere to the eternal verities. They alone can guide us through the complications of our days. The straight and righteous path is the surest.

Following these accolades, Dr. LeMaistre received a round of applause and a standing ovation.

REPORT AND RECOMMENDATIONS OF THE FACILITIES PLANNING AND CONSTRUCTION COMMITTEE (Pages 36 - 45).--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:

1. U. T. Arlington - Maverick Stadium - Addition of Athletic Offices (Project No. 301-804): Authorization to Waive the Regents' Rules and Regulations, Part One, Chapter VIII, Section 1, Subsection 1.1 (Naming of Buildings) and to Name the Athletic Offices Addition the C. R. Gilstrap Athletic Center.--The Facilities Planning and Construction Committee recommended and the Board waived the Regents' Rules and Regulations, Part One, Chapter VIII, Section 1, Subsection 1.1, which requires that persons to be honored with the naming of a building "shall have been deceased at least five years," and named the Athletic Offices Addition associated with Maverick Stadium at The University of Texas at Arlington the C. R. Gilstrap Athletic Center in honor of Mr. C. R. (Chena) Gilstrap.

Mr. Gilstrap came to U. T. Arlington (formerly Arlington State College) in 1953 as Associate Professor, Athletic Director, and Head Football Coach and was one of the founding forces of the Southland Conference. The naming of this facility as the C. R. Gilstrap Athletic Center is most appropriate in recognition of Coach Gilstrap's numerous contributions to the institution.

2. U. T. Austin - Expansion of the Animal Resources Center (Project No. 102-707): Approval of Plaque Inscription.--Approval was given to the inscription set out below for a plaque to be placed on the Animal Resources Center expansion building at The University of Texas at Austin in accordance with the standard pattern approved by the U. T. Board of Regents in June 1979.

EXPANSION OF THE ANIMAL RESOURCES CENTER
1994

BOARD OF REGENTS

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

3. U. T. Austin - Parking Facility No. 3 [Formerly Phase One] (Project No. 102-826): Authorization to Increase Total Project Cost; Approval of Preliminary Plans; Authorization to Prepare Final Plans and Specifications; Submission of the Project to the Coordinating Board; Authorization to Advertise for Bids and for the Executive Committee to Award Contracts; Appropriation Therefor; and Approval of Use of Revenue Financing System Parity Debt, Receipt of Certificate, and Finding of Fact with Regard to Financial Capacity.--Following opening remarks by President Berdahl, Mr. Alan Y. Taniguchi, representing the Project Architect, Alan Y. Taniguchi Architect & Associates Inc., Austin, Texas, presented the preliminary plans and specifications for Parking Facility No. 3 at The University of Texas at Austin to the Facilities Planning and Construction Committee.

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

- a. Authorized an increase in the total project cost for a single phase Parking Facility No. 3 (formerly Phase One) at U. T. Austin from \$6,000,000 to \$11,000,000 with the increase funded from Revenue Financing System Bond Proceeds
- b. Approved preliminary plans and specifications at the revised total project cost
- c. Authorized preparation of final plans and specifications
- d. Authorized submission of the project to the Texas Higher Education Coordinating Board
- e. Authorized the Office of Facilities Planning and Construction to advertise for bids upon completion of final review and the Executive Committee to award all contracts associated with this project within the authorized total project cost
- f. Appropriated an additional \$10,850,000 to be funded by \$9,500,000 in Revenue Financing System Bond Proceeds, and \$1,350,000 in Auxiliary Enterprise Balances. This amount, combined with previous appropriations of \$150,000 from Auxiliary Enterprise Balances, will fund the total project cost of \$11,000,000.

Following a presentation by Ms. Pam Clayton, 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 Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System, adopted by the U. T. Board of Regents on February 14, 1991, and amended on October 8, 1993, and upon delivery of the Certificate of an Authorized Representative as set out on Page 39, 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. Austin, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its Direct Obligation as defined in the Master Resolution relating to the issuance by the U. T. Board of Regents of tax-exempt Parity Debt in the amount of \$9,500,000
- d. This resolution satisfies the official intent requirements set forth in Section 1.150-2 of the U. S. Treasury Regulations.

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

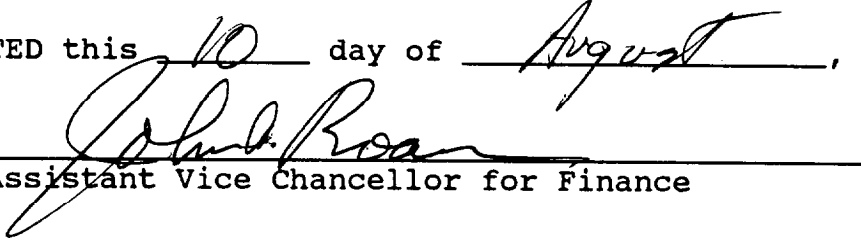
Following project authorization, the Project Architect and the Ad Hoc Project Committee worked closely with the Campus Master Plan consultant to address the issues of size, function, location, and aesthetics for the parking facility. As a result of these efforts, some of the initial assumptions were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

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

PARITY DEBT CERTIFICATE OF U. T. SYSTEM REPRESENTATIVE

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

EXECUTED this 10 day of August, 1995


Assistant Vice Chancellor for Finance

4. U. T. Austin - Women's Softball Field - Stage Two Grandstand and Related Facilities (Project No. 102-840): Authorization to Increase Total Project Cost; Approval of Preliminary Plans; Authorization to Prepare Final Plans and Specifications for Stage Two; Submission of the Stage Two Project to the Coordinating Board; Authorization to Advertise for Bids and for the Executive Committee to Award Contracts; and Additional Appropriation Therefor.--Following a brief overview by President Berdahl, the preliminary plans and specifications for the Women's Softball Field project at The University of Texas at Austin were presented to the Facilities Planning and Construction Committee by Mr. Richard Keeler, representing the Project Architect/Engineer, Marmon Mok, San Antonio, Texas.

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

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

At the October 1994 meeting, the U. T. Board of Regents authorized a project for a Women's Softball Field at U. T. Austin. At that time, a speculative cost estimate of \$2,000,000 was used, with the understanding that the Project Architect/Engineer would prepare a more detailed total project cost estimate to be presented to the U. T. Board of Regents at a later date. Subsequently, at the May 1995 meeting, the U. T. Board of Regents approved the preliminary plans for the Stage One Playing Field at an estimated total project cost of \$600,000.

The grandstand will seat approximately 1,200 and provide rest rooms, team dugouts, locker and shower rooms, maintenance equipment storage, ticket, concession, and related facilities. Provision for future expansion has been made.

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

5. U. T. Permian Basin - Repair and Rehabilitation Projects - Mesa Deck Repair (Project No. 501-831): Approval of Additional Appropriation and Approval of Use of Revenue Financing System Parity Debt, Receipt of Certificate, and Finding of Fact with Regard to Financial Capacity.--Approval was given to increase the funding for the Repair and Rehabilitation Projects - Mesa Deck Repair at The University of Texas of the Permian Basin from \$1,270,000 to \$2,200,000, with total project funding being \$1,060,000 from FY 1994 and FY 1995 Permanent University Fund Bond Proceeds Reserves, \$840,000 from Permanent University Fund Bond Proceeds, and \$300,000 from Revenue Financing System Bond Proceeds.

In compliance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System, adopted by the U. T. Board of Regents on February 14, 1991, and amended on October 8, 1993, and upon delivery of the Certificate of an Authorized Representative as set out on Page 42, the Board resolved that:

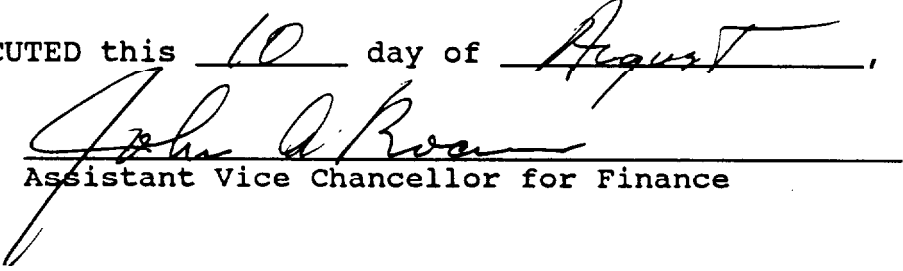
- a. Parity Debt shall be issued to pay the project's cost including any project costs paid prior to the issuance of such Parity Debt
- b. Sufficient funds will be available to meet the financial obligations of the U. T. System including sufficient Pledged Revenues as defined in the Master Resolution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

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

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

PARITY DEBT CERTIFICATE OF U. T. SYSTEM REPRESENTATIVE

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

EXECUTED this 10 day of August, 1995

Assistant Vice Chancellor for Finance

6. U. T. Health Science Center - Houston - Renovation of the Speech and Hearing Institute Building for the Institute of Molecular Medicine (Project No. 701-834): Authorization of a Change in Project Scope to Accommodate the Institute of Molecular Medicine with the Finish-Out of Lease Space in the Texas A&M University Institute of Biotechnology Building; Authorization to Prepare Final Plans; Submission of the Project to the Coordinating Board; Advertisement for Bids; and Executive Committee to Award Contracts.--Following brief remarks by President Low and upon recommendation of the Facilities Planning and Construction Committee, the Board:
- a. Authorized a change in project scope by accommodating The University of Texas Health Science Center at Houston Institute of Molecular Medicine with the finish-out of lease space in the Texas A&M University Institute of Biotechnology Building, in lieu of Renovation of the Speech and Hearing Institute Building
 - b. Authorized the Project Architect to prepare final plans, specifications, and a detailed cost estimate for the project as modified within the previously approved total project cost of \$5,390,000
 - c. Authorized submission of the modified project to the Texas Higher Education Coordinating Board as required
 - d. Upon completion of final review, and subject to approval of the lease agreement, 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.

At the April 1994 meeting, the U. T. Board of Regents authorized a project for the Renovation of the Speech and Hearing Institute Building for the Institute of Molecular Medicine (IMM) at the U. T. Health Science Center - Houston at an estimated total project cost of \$2,500,000 to be funded from Permanent University Fund Bond Proceeds in accordance with the March 9, 1994, Memorandum of Understanding. At the October 1994 meeting, the authorized total project cost was increased to \$5,390,000 with additional funding from Gifts and Grants.

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

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

7. U. T. M.D. Anderson Cancer Center - Phase I Renovation of Gimbel and Anderson Center Core - Dock and Service Corridor Improvements (Project No. 703-794): Approval of Preliminary Plans and Specifications; Authorization to Prepare Final Plans and Specifications; Submission of the Project to the Coordinating Board; Advertisement for Bids and Executive Committee Award of Contracts; and Additional Appropriation Therefor.--Upon recommendation of the Facilities Planning and Construction Committee, the Board:
- a. Approved the preliminary plans and specifications for the Phase I Renovation of Gimbel and Anderson Center Core - Dock and Service Corridor Improvements at The University of Texas M.D. Anderson Cancer Center at an estimated total project cost of \$16,500,000
 - b. Authorized preparation of final plans and specifications
 - c. Authorized submission of the project to the Texas Higher Education Coordinating Board
 - d. Authorized the Office of Facilities Planning and Construction to advertise for bids upon completion of final review and the Executive Committee to award all contracts associated with this project within the authorized total project cost
 - e. Appropriated an additional \$15,000,000 from the U. T. M.D. Anderson Cancer Center Educational and General Funds to be provided by patient-care revenues to complete total project funding. Previous appropriations had been \$1,500,000 from the same source.

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

8. U. T. M.D. Anderson Cancer Center - Basic Research Building: Approval to Name the Building the Percy and Ruth Legett Jones Research Building [Regents' Rules and Regulations, Part One, Chapter VIII, Section 1, Subsection 1.1 (Naming of Buildings)] (No Publicity).--In accordance with the Regents' Rules and Regulations, Part One, Chapter VIII, Section 1, Subsection 1.1 (Naming of Buildings), the Basic Research Building at The University of Texas M.D. Anderson Cancer Center was named the Percy and Ruth Legett Jones Research Building in memory of Mr. and Mrs. Percy Jones who were generous supporters of the institution.

Mrs. Jones was an active benefactor of the U. T. M.D. Anderson Cancer Center and served on the University Cancer Foundation Board of Visitors from 1962 to 1978. Prior to her death in 1980, Mrs. Jones contributed over \$1.0 million to the institution.

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

9. U. T. M.D. Anderson Cancer Center - Additional Out-patient Clinic Facility East Wing: Approval to Waive the Regents' Rules and Regulations, Part One, Chapter VIII, Section 1, Subsection 1.1 (Naming of Buildings) and to Name the Building the Margaret and Ben Love Clinic (No Publicity).--The Board, upon recommendation of the Facilities Planning and Construction Committee, waived the Regents' Rules and Regulations, Part One, Chapter VIII, Section 1, Subsection 1.1, which requires that persons to be honored with the naming of a building "shall have been deceased at least five years," and named the Additional Outpatient Clinic Facility East Wing at The University of Texas M.D. Anderson Cancer Center as the Margaret and Ben Love Clinic.

The naming of the facility is a fitting tribute to Mr. and Mrs. Love whose contributions to the State of Texas, the City of Houston, and the U. T. M.D. Anderson Cancer Center are unparalleled.

Mr. and Mrs. Love have been very generous in their personal financial support of the U. T. M.D. Anderson Cancer Center. Their most recent gift of \$1.1 million will fund the construction of a 26-bed inpatient wing in the new Albert B. and Margaret M. Alkek Hospital and the lobby entrance to the new Clinic Services Facility. Prior to this gift, they had funded an endowed professorship at the U. T. M.D. Anderson Cancer Center.

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

* * * * *

At the conclusion of the Facilities Planning and Construction Committee meeting, Committee Chairman Temple reported that at today's (August 10) meeting the Board had approved a recommendation from the Executive Committee to award six (6) general construction contracts which included a 30.8% participation by Historically Underutilized Businesses, 20.7% by women-owned firms and 10.1% by minority-owned firms.

REPORT AND RECOMMENDATIONS OF THE ASSET MANAGEMENT COMMITTEE (Pages 46 - 83).--In the absence of Committee Chairman Hicks who was excused because of a previous commitment, Regent Loeffler 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.

Regent Loeffler also reported that under procedures approved by the Board at the December 1994 meeting gifts and bequests conforming to Regental gift policy were submitted on Pages G & B 1 - 30 of The University of Texas System Administration Docket and accepted via the Business Affairs and Audit Committee agenda. Ninety-four (94) gifts and bequests recommending acceptance of \$5 million in gifts and \$457,000 in matching contributions from the Regents' Endowment Matching Program were approved for this meeting.

Regent Loeffler noted that gifts and bequests to establish endowments and trusts (including matching funds) accepted by the Board during this fiscal year totaled \$27.6 million, which is significantly below acceptances of \$50 million and \$61 million during the two preceding fiscal years.

I. PERMANENT UNIVERSITY FUND

Summary Investment Report at May 31, 1995.--Regent Loeffler reviewed the Report on Permanent University Fund Investments and Income at May 31, 1995, as prepared by the Office of Asset Management and as set forth below:

PERMANENT UNIVERSITY **FUND**¹
SUMMARY REPORT
(\$ millions)

	FY93-94	FY94-95			Year-to-date
	Full Year	1st Otr	2nd Otr	3rd Otr	
Beginning Market Value	4,468.7	4,428.0	4,272.3	4,461.0	4,428.0
PUF Lands Receipts ²	59.6	15.8	12.7	15.5	44.0
Investment Income	242.3	64.7	59.0	64.1	187.8
Investment Income Distributed	(242.3)	(64.7)	(59.0)	(64.1)	(187.8)
Realized Gains (Losses)	108.6	11.0	23.9	17.5	52.4
Change in Unrealized Gains (Losses)	<u>(208.9)</u>	<u>(182.5)</u>	<u>152.1</u>	<u>273.2</u>	<u>242.8</u>
Ending Market Value	4,428.0	4,272.3	4,461.0	4,767.2	4,767.2
AUF Income					
Investment Income	242.33	64.7	59.0	64.1	187.8
Surface Income	4.3	0.4	1.2	0.3	1.9
Other Income	<u>0.2</u>	<u>0.1</u>	<u>0.0</u>	<u>0.1</u>	<u>0.2</u>
Total	246.8	65.2	60.2	64.5	189.9

¹**Excludes** PUF Lands mineral and surface interests with estimated values of \$391.6 million and \$105 million, respectively.

²**As** of May 31, 1995: 778,651 acres under lease, 519,281 producing acres, 2,582 active leases and 2,060 producing leases.

³Amended to exclude fees previously reflected as offset to income.

II. LONG TERM FUND

Summary Investment Report at May 31, 1995.--Regent Loeffler reviewed the Report on Long Term Fund Investments and Income at May 31, 1995, as prepared by the Office of Asset Management and as set forth below:

LONG TERM FUND
SUMMARY REPORT
(\$ millions)

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

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

III. TRUST AND SPECIAL FUNDS

Gifts, Bequests and Estates

U. T. Brownsville: Approval to Grant Exceptions to the U. T. System Gifts Policy Guidelines and to Accept Gift and Pledge from Mr. and Mrs. Matt F. Gorges, Harlingen, Texas, to Establish the Patty Gorges President's Scholar Endowment for the School of Health Sciences.--Upon recommendation of the Asset Management Committee, the Board granted exceptions to The University of Texas System Gifts Policy Guidelines and accepted a \$5,000 gift and a \$55,000 pledge, payable in eleven equal annual installments by December 31, 2006, from Mr. and Mrs. Matt F. Gorges, Harlingen, Texas, for a total of \$60,000 to establish the Patty Gorges President's Scholar Endowment for the School of Health Sciences at The University of Texas at Brownsville.

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

Although the terms of this gift are exceptions to Section V.B. of the U. T. System Gifts Policy Guidelines set forth on Pages 64 - 83, these terms were approved in order to foster and support the development of gifts for endowments at U. T. Brownsville.

IV. INTELLECTUAL PROPERTY MATTERS

U. T. El Paso: Approval of a Patent License Agreement with Geomeia Research and Development, El Paso, Texas, and Authorization for Dr. Soheil Nazarian and Mr. Kevin Crain, Both in the Department of Civil Engineering, to Serve as Owners of and Partners in Geomeia Research and Development.--The Asset Management Committee recommended and the Board:

- a. Approved the Patent License Agreement set out on Pages 51 - 63 between the U. T. Board of Regents, for and on behalf of The University of Texas at El Paso, and Geomeia Research and Development, El Paso, Texas
- b. Approved the ownership of and service as partners in Geomeia Research and Development by Dr. Soheil Nazarian, Associate Professor, and Mr. Kevin Crain, Research Engineer/Scientist Associate III, both in the Department of Civil Engineering at U. T. El Paso.

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

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

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

PATENT LICENSE AGREEMENT

THIS Agreement is made between the Board of Regents ("Board") of The University of Texas System ("System"), an agency of the State of Texas, whose address is 201 West 7th Street, Austin, Texas 78701, and Geomedia Research and Development, a partnership under the laws of the State of Texas, having as partners Soheil Nazarian, Ph.D., Mark R. Baker, D.Sc., and Kevin Crain ("Partners"), and having a place of business located at 6040 S. Strahan, El Paso, Texas 79932 (collectively, Licensee).

RECITALS

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

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

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

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

1. EFFECTIVE DATE

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

2. DEFINITIONS

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

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

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

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

2.4 "Licensed Territory shall mean the world.

2.5 "Net Sales" shall mean the gross revenues received by licensee from the Sale of Licensed Products less sales and/or use taxes actually paid, import and/or export duties actually paid, outbound transportation prepaid or allowed and amounts allowed or credited due to returns (not to exceed the original billing or invoice amount). "Net Sales Price" shall mean Licensee's (or a sublicensee's) retail list price.

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

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

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

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

3. WARRANTY: SUPERIOR-RIGHTS

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

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

4. LICENSE

4.1 Board hereby grants to Licensee a royalty-bearing, exclusive license under Licensed Subject Matter to manufacture, have manufactured, and/or sell Licensed Products within Licensed Territory for use within Licensed Field. This grant shall be

subject to the payment by Licensee to Board of all consideration as provided in this **Agreement**, and shall be further subject to rights retained by Board to :

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

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

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

4.4 Board shall have the right at any time after two (2) years from the date of this Agreement, to terminate the exclusivity of the license granted herein in any national political jurisdiction within Licensed Territory if **Licensee**, within ninety (90) days after written notice from Board as to such intended termination of exclusivity, fails to provide written evidence that it has commercialized or is actively attempting to commercialize an invention licensed hereunder within such jurisdiction. Board agrees to negotiate in good faith with Licensee for adjusting terms under such a non-exclusive arrangement. Board shall have the right at any time after three (3) years from the date of this Agreement to terminate the license completely in any national political

jurisdiction if Licensee, within ninety (90) days after written notice from Board of such intended termination, fails to provide written evidence that it has commercialized or is actively attempting to commercialize an invention licensed hereunder within such jurisdiction. Evidence provided by Licensee that it has an ongoing and active research, development, manufacturing, marketing or licensing program as appropriate, directed toward production and sale of Licensed Products within such jurisdiction shall be deemed satisfactory evidence.

5. PAYMENTS AND REPORTS

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

- a. A non-refundable license documentation fee in the amount of **\$11,919.00** for reimbursement of past patent expenses pursuant to Section 5.6, which shall be due and payable within two years of the date this Agreement is executed by Licensee; this license documentation fee shall be paid at the rate of \$1,000 per unit of licensed product sold, leased, or placed into **service** with the balance due paid in full at the end of the two year period;
- b. A running royalty equal to one and one-half percent (1 .S%) of Net Sales for Licensed Products;
- c. A running royalty equal to one and one-half percent (1 .S%) of Net Sale Price for units leased, or placed in service by the licensee, rather than sold; and
- d. One half of the gross revenues received by Licensee from any sublicensee.

5.2 During the Term of this Agreement and for one (1) year thereafter, Licensee shall keep complete and accurate records of its and its sublicensees' Sales and Net Sales of Licensed Products under the license granted in this Agreement in sufficient detail to enable the royalties payable hereunder to be determined. Licensee shall permit Board or its representatives, at Board's expense, to periodically examine its books, ledgers, and records during regular business hours for the purpose of and to the extent necessary to verify any report required under this Agreement. In the event that the amounts due to Board are determined to have been underpaid, Licensee shall pay the cost of such examination, and accrued interest at the highest allowable rate.

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

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

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

5.6 Licensee shall reimburse Board for all its out-of-pocket expenses thus far incurred in filing, prosecuting, enforcing and maintaining Patent Rights exclusively licensed hereunder, under the schedule described in Paragraph 5.1 a, and promptly shall pay all such future expenses so long as and in such countries as its license remains exclusive.

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

6. TERM AND TERMINATION

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

6.2 This Agreement will earlier terminate:

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

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

(c) under the provision of Paragraph 4.4 if invoked.

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

6.4 Upon and effective as of the date of termination of this Agreement pursuant to Paragraph 4.4 above, Licensee grants to Board a non-exclusive license with the right to sublicense others with respect to improvements made by Licensee in the Licensed Subject Matter.

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

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

7. INFRINGEMENT BY THIRD PARTIES

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

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

8. ASSIGNMENT

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

9. PATENT MARKING

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

10. INDEMNIFICATION

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

11. USE OF BOARD AND COMPONENT'S NAME

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

12. CONFIDENTIAL INFORMATION

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

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

13 PATENTS AND INVENTIONS

13.1 If after consultation with Licensee it is agreed by Board and Licensee **that a** patent application should be filed for Licensed Subject Matter, Board will **prepare** and file appropriate patent applications, and Licensee will promptly pay the cost of searching, preparing, filing, prosecuting and maintaining same. If Licensee notifies Board that it **does** not intend to pay the cost of an application, or if Licensee does not respond or make an effort to agree with Board on the disposition of rights in the subject invention, then Board may file such application at its own expense and Licensee shall have no rights to such invention. Board shall provide Licensee with a copy of any patent application for which Licensee has paid the cost of filing, as well as copies of any documents received or **filed** during prosecution thereof.

1 4. GENERAL

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

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

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

or in the case of Licensee to :

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

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

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

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

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

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

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

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

BOARD OF REGENTS OF THE
UNIVERSITY OF TEXAS SYSTEM

GEOMEDIA RESEARCH
AND DEVELOPMENT

By _____
Ray Farabee
Vice Chancellor and General Counsel

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

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

By: Kevin Crain
Kevin Crain
Partner

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

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

APPROVED AS TO FORM:

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

V. OTHER MATTERS

U. T. System: Rescission of the U. T. System Endowment Policy Guidelines, the U. T. System Planned Giving Policy Guidelines, and the Trust Fund Real Estate Policy Statement Relating to Gifts and Adoption of the U. T. System Gifts Policy Guidelines.--In order to streamline the acceptance of gifts processed via The University of Texas System Office of Asset Management and to address both policy and automation issues, the Board, upon recommendation of the Asset Management Committee:

- a. Rescinded the U. T. System Endowment Policy Guidelines, the U. T. System Planned Giving Policy Guidelines, and the Trust Fund Real Estate Policy Statement in full
- b. Adopted the U. T. System Gifts Policy Guidelines as set forth below.

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

See Page 4 for amendments to the Regents' Rules and Regulations related to the processing of private gifts.

U. T. SYSTEM GIFTS POLICY GUIDELINES

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

Section I. Responsibility to Donors

- A. In all gift matters, U. T. System and component institution staff must be aware of and sensitive to the potential donor's financial needs and concerns.

- B. All representatives of the U. T. System and the component institutions shall use their best judgment to help donors make appropriate gifts. Each representative should be knowledgeable about gifts and should disclose to the donor advantages and disadvantages that could reasonably be expected to influence the decision of the donor to make a gift to the U. T. System and/or the component institutions. In particular, planned gift items subject to variability (such as market value and income payments) should be discussed fully. All prospective donors shall be advised in writing to seek legal and/or tax advice from their own counsel.
- C. The Board will not knowingly accept a gift that is contrary to the donor's best interests.
- D. The U. T. System will not under any circumstances (a) furnish property appraisals or valuations to donors for tax purposes or (b) knowingly participate in a transaction in which the value of a gift is inflated above its true fair market value to obtain a tax advantage for a donor.
- E. In accordance with the provisions of the Internal Revenue Code and related regulations, proper records will be kept and required tax returns filed by the Office of Asset Management ("OAM") for all gifts processed by the OAM. The Vice Chancellor for Asset Management or his/her designee(s) shall execute IRS Forms 8283 and 8282 that relate to gifts processed by the OAM. Forms 8283 and 8282 will otherwise be executed by appropriately designated component officer(s) at each institution.
- F. All donative instruments will be deemed confidential to the extent permitted by law. However, a donor may authorize public announcement of any feature of an agreement. All files will be made available upon request to agents of the Internal Revenue Service. All other requests for information will be honored only if the donor approves the release of information or if current law requires release of the information.

Section II. Review and Acceptance of Proposed Gifts

- A. The chief administrative officers of the component institutions should develop and implement Handbook of Operating Procedures policies consistent with these policy guidelines for the review and acceptance of gifts which are delegated by the Regents' Rules and Regulations to the chief administrative officers.
- B. The Regents' Rules and Regulations provide that the Vice Chancellor for Asset Management, or his/her designee(s), is delegated the authority to formally accept, following review and approval by the appropriate Executive Vice Chancellor, all gifts to be managed by the OAM (as set out in Regents' Rules and Regulations, Part Two, Chapter IX) which comply with the provisions of these Policy Guidelines. Accordingly, all gifts conforming to these guidelines shall be submitted directly to the Vice Chancellor for Asset Management following the routine procedures outlined below.

- C. Any proposed gifts which do not conform to these guidelines shall be referred to the Board for approval via the Agenda following a review of the terms of the proposed gift and a recommendation for a waiver of policy by the Chancellor.

Section III. Gift Processing

- A. Component institution business offices and development offices, the Office of Academic Affairs ("OAA"), the Office of Health Affairs ("OHA"), the Office of Development and External Relations ("DER"), the OAM, and the Office of General Counsel ("OGC") should operate in a cooperative manner to insure prompt transmission of information on proposed gifts. Gifts of cash, marketable securities, and real estate should be transmitted, in the prescribed manner, to the OAM as soon as practicable.
- B. In order to facilitate the gift acceptance process, requests for acceptance of proposed gifts by the Vice Chancellor for Asset Management, or his/her designee(s), shall be transmitted to the OAM via an automated gift acceptance processing system (GAPs).

Section IV. Donated Assets Requiring Prior Review

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

Section V. Gifts to Establish Endowments

A. Administrative Policy

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

1. a statement that these funds shall never become a part of the Permanent University Fund or the general funds,
2. a statement providing that additions to the endowment from any other person or entity, unless prohibited, are made subject to the provisions of the donative instrument, and
3. a statement that if, in the opinion of the Board, future circumstances change so that the purposes for which the endowment is established become illegal, impractical or no longer able to be carried out to meet the needs of the component institution, the Board may designate an alternative use for the endowment payout to further the objectives and purposes of the component institution, giving consideration to the donor's special interest as evidenced by the original purpose of the endowment.

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

B. Pledge Policy

1. Pledges from donors that follow these guidelines may be accepted to fund endowments of any level recognized by the Regents' Rules and Regulations.
2. At least 20% of the donor's total proposed funding must be received before the endowment will be accepted.
3. The pledge for payment of the remaining funds shall not extend beyond five years from the date of execution of the donative instrument.
4. All funds that are otherwise distributable from the endowment will be reinvested as a permanent addition to principal until the endowment is funded with the then required minimum funding level for an endowment or is dissolved as provided in 5. below.

5. In the event that the donor is unable to fulfill the pledge by the end of the five-year period, the endowment will either be dissolved or redesignated as follows:
 - a. If endowment funds are less than the minimum endowment funding level, the endowment may be dissolved and the chief administrative officer of the beneficiary component shall have the discretion to designate an existing endowment to which to transfer the funds, taking into consideration the donor's original intent.
 - b. If endowment funds are in excess of the minimum endowment funding level, but are less than the level prescribed for the type of endowment originally approved by the Board, the endowment may be redesignated to the highest level possible based upon the funds held and the donor's intent.

C. Designation of Endowment Purpose

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

D. Selection Criteria for Scholarship and Fellowship Recipients

1. The U. T. System prefers that donors of endowed scholarships and fellowships set only minimal restrictions or criteria for selecting students who may receive awards in order to allow flexibility to award the scholarship on a consistent basis.
2. The donor may wish to set certain parameters for the award of scholarships and fellowships. If such is the case, the following considerations are outlined:
 - a. A donor may designate a scholarship or fellowship for component-wide use.
 - b. A donor may prefer that the scholarship or fellowship recipient be registered in a particular college, school or department within the component. Or, the recipient may be limited to students studying in a specific academic major or a certain area of study or concentration.
 - c. A donor may designate that the scholarship or fellowship recipient have a specified class standing, or have completed a specified number of semester hours of college work.

- d. A donor may designate that consideration of recipients be tied to academic performance.
 - e. A donor may elect to tie the award to the consideration of financial need.
 - f. A donor may indicate a preference associated with the renewal of the award.
 - g. A donor may designate that recipients be students from a particular geographic area (city, school district, county, or state). The population of U. T. students from the named geographic area should be large enough to allow for consistent use of the scholarship and to avoid an argument that the funds were "targeted" to a particular individual or individuals.
 - h. A donor may designate that the funds be awarded to a citizen or permanent resident of the United States. Any gift to be designated for U. S. citizens must also include permanent residents.
3. Based on the U. T. System's extensive experience with the awarding of student scholarships and fellowships, and in compliance with the Regents' Rules and Regulations, Department of Education regulations, Office of Civil Rights recommendations, and interpretations of the Texas Higher Education Coordinating Board, certain other criteria should, if critical to the donor, be noted as a preference for recipient selection rather than included as a restriction.

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

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

4. The language which establishes an endowment for a scholarship or fellowship should not include language which requires a specific dollar amount of an annual award. Any reference to the size of an award should be tied to the "funds distributed" with an indication that the size and number of awards will be determined by the appropriate component College/School/Unit/Department scholarship committees or under the scholarship program applicable to the endowment. Specified amounts may also be referred to in more general terms such as "tuition and required fees."

5. It must be made clear that the donor may not participate in the final selection of scholarship recipients, name a non-U. T. employee to any final selection committee, or structure the criteria so narrowly as to limit selection to a small population comprised solely or primarily of individuals related to the donor or that the donor would choose without this restriction. The Internal Revenue Service will not recognize the contribution for charitable tax deduction purposes if the donor retains any control over the gift funds or how they are used.

E. Quasi-endowments

1. Quasi-endowment funds (funds functioning as endowment) are funds which the Board, rather than a donor or other outside agency, has determined are to be retained and invested as endowments. Requests to establish quasi-endowments should be submitted only when it is expected that the endowment will be maintained permanently. Because of the resulting investment considerations, requests to establish temporary quasi-endowments must be reviewed and approved by the OAM.
2. At the time a request is made to establish an endowment, the source(s) and amount(s) of funds used to create the endowment will be reviewed by the OAM to determine whether a single permanent endowment, a single quasi-endowment, or separate but related permanent and quasi-endowments will be established in accordance with the following guidelines.
3. When mixed sources of funds are used to establish an endowment, separate permanent and quasi-endowments will be created when each endowment account will be funded with at least the minimum endowment funding level of \$10,000. (i.e., There would need to be at least \$20,000 total to establish separate endowment accounts.) If the endowment is initially funded with less than \$20,000 from mixed sources, the entire endowment will be classified as a permanent endowment.
4. If only one endowment account exists at the time of an additional contribution of any amount to an existing endowment fund, the source(s) of funds will be reviewed to determine if a related quasi- or permanent endowment account, as appropriate, should be established.
5. If separate permanent and quasi-endowment accounts exist at the time of an additional contribution of any amount, the source(s) of funds will be determined so that the contribution may be allocated between the accounts accordingly.
6. The total of a donor's pledge at the time the pledge is made, rather than the amounts of the payments when received, will be used to determine whether separate endowment accounts should be established.
7. Any reinvestment of endowment income will be classified in the same manner as any other transfer of institutional funds.

8. Notwithstanding any of the above, any institutional funds contributed to the endowment at the time it is established, or as a later addition, that are subject to a donor's condition that the funds be retained as a permanent addition to the endowment will be classified as permanent endowment funds.
9. If the strict application of this policy would materially distort the classification of the endowment as a whole, a review of the source(s) and amount(s) of total contributions to the endowment will be made to determine if any reclassifications are advisable.

F. Investment Policy

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

G. Payout and Reinvestment Policy

1. A donative instrument shall not include terms regarding endowment payout that conflict with either the payout policies established by the Board or the payout provisions of the Texas Uniform Management of Institutional Funds Act, as amended.
2. In order to ensure that the Board has the ability to manage payout and reinvestment policies, the donative instrument should specifically allow the following:
 - a. funds distributed during a year to be retained by the component and expended for the purposes of the endowment in subsequent years, and
 - b. the reinvestment of some portion of the payout as a permanent addition to the principal of the endowment at the discretion of the Board or component institution staff.
3. All payout from endowments supporting unfilled academic positions shall be reinvested except for amounts necessary to fund costs relating to recruitment activities specific to the endowment or to cover the cost of programs and positions in direct support of the endowment purpose as authorized by the donative instrument. Any exceptions require, at a minimum, the approval of the appropriate Executive Vice Chancellor.

Section VI. Planned Gifts

A. Restrictions on Acceptance of Planned Gifts and Donated Assets

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

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

B. Gifts of Real Property with Retained Life Estates

1. Gifts of real estate with retained life estates shall be reviewed and approved by the OAM prior to acceptance of the gift. Acceptance of such gifts must also be in accordance with the guidelines for acceptance of outright gifts of real property as set forth below.

2. Such gifts shall be accepted only if adequate provision is made by the donor for any expense in connection with ownership, including payment of mortgages, taxes, insurance and utilities, unless a source of funds to cover such expenses has been identified by the component institution for whose benefit the gift is being made.

C. Wills and Bequests

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

7. The OAM will provide instructions regarding the disposition of estate assets. All estate distributions other than tangible personal property will be sent directly to the OET. Any tangible personal property not liquidated by the Executor should be shipped directly to the component institution. Unless otherwise requested by the component institution, any bequests designated for use as current restricted funds will be promptly transmitted to the institution.

D. Life Insurance

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

E. Gifts of Interests in "Family" Limited Partnerships

1. Gifts of interests in family limited partnerships may be accepted, subject to a thorough analysis by the OAM, the OGC, and the DER of all available information. At a minimum, the U. T. System should receive copies of the limited partnership agreement, the proposed assignment of interest, and financial documentation sufficient to describe the assets of the partnership and their valuation.
2. In analyzing a proposed gift of an interest in a family limited partnership, the intent is to confirm that there is a real benefit to be derived by the component institution that is commensurate with any potential risks associated with the gift. Among the factors that will be considered are the following:
 - a. What is the donor's relationship to the component institution designated to benefit from the gift? Is there a history of demonstrable charitable intent? Is this merely a tax accommodation for the donor?
 - b. Is there a presently calculable guaranteed minimum amount intended to be distributed to the U. T. System during the existence of the limited partnership?
 - c. What administrative obligations would be assumed by the U. T. System? For example, would any of the activities of the partnership require U. T. to track for additional unrelated business income tax reporting?

- d. Will the U. T. System receive a guaranteed annual income from the partnership interest sufficient to defray administrative costs? In lieu of an annual income payment, is there a cumulative payment made in the form of a preferred return before distributions to other partners at the termination of the partnership?
 - e. Does the partnership agreement provide for a defined distribution/termination event or date?
 - f. Does the U. T. System have any obligation to make capital contributions to the partnership?
 - g. Can the U. T. System be held liable for debts of the partnership?
 - h. Does the partnership appear to be adequately capitalized in light of its activities? Does it maintain liability insurance?
- 3. The U. T. System cannot agree to be bound by any confidentiality requirements at variance with the Texas Open Records Act.
 - 4. The U. T. System should receive a full accounting for the partnership annually.

F. Charitable Trusts

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

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

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

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

G. Pooled Income Fund

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

H. Management and Investments

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

I. Solicitation, Negotiation and Execution of Documents

1. Any advertisement or planned giving brochure to be mailed or otherwise furnished to potential donors shall be sent to the OAA or the OHA, as appropriate, for administrative approval following coordinated review for compliance with policy statements by that office and the DER, the OAM, and the OGC, before distribution to donors. Every attempt should be made to complete the reviews and provide a definitive response within two weeks of receipt of the materials.
2. Negotiation, execution, and acceptance of any planned gift shall follow procedures outlined in these guidelines. All agreements shall conform to the sample agreements approved by the OGC unless otherwise approved in accordance with the procedures set forth in these guidelines.

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

Section VII. Gifts of Securities

A. Authorized Persons

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

B. Gifts of Closely-Held Stock

1. A cooperative effort should be made to obtain repurchase provisions in the donative instrument when securities are donated for which the donor or related parties are the primary market.
2. As applicable, the following criteria, in addition to those outlined in Section IV above, must be met in order for the U. T. System to approve and/or accept gifts of closely-held stock:
 - a. There must be a written donative instrument indicating the donor's intention to make the gift and its purpose.
 - b. The donor must provide financial/valuation information on the stock, including appraisals and/or statements of value.
 - c. Copies of any shareholder agreements/buy-sell agreements that the Board would be subject to as shareholders should be provided, especially those that include any restrictions on the transfer of the stock, i.e., rights of first refusal, formulas for determining stock price.
 - d. The donor must provide a written copy of any related offer to purchase the stock, including the purchase price per share.
 - e. The ownership of the stock must be properly assigned by the donor to the Board.

Section VIII. Gifts of Real Estate

A. Real Estate Defined

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

B. Acceptance

1. A proposed gift of real estate to the U. T. System or its component institutions will be evaluated for its potential for immediate or future sale or retention. Such gift will be accepted if proceeds can be realized in a timely manner relative to the expenses and efforts required to hold, maintain and manage the property until disposition or there exists an effective direct use of the real estate by a component institution.
 - a. All gifts and bequests of real estate must be evaluated and inspected by an authorized representative of the U. T. System Office of Endowment Real Estate ("OERE") prior to acceptance.

- b. An evaluation of the return expected from a gift of real estate shall include but not be limited to such factors as income potential, development characteristics, type of property interest, holding costs, management requirements, holding period and location. (See Section VIII. C. 2. a. - 1. and 3. a. - 1.)
 - (1) Gifts of surface interests which are expected to net less than \$25,000 upon sale will not be accepted; and
 - (2) Gifts of mineral interests other than working interests will be accepted if they are expected to generate a minimum net income of \$2,500 per year.
 - (3) Combined gifts of surface and mineral interests will be accepted if each individual interest meets at least the minimum acceptance criteria noted in (1) or (2) above.
- c. Gifts of real estate will be accepted if adequate provision is made by the donor or the component institution for any expenses of management until disposition. Whenever possible, the donor should be encouraged to contribute funds for the management of the property until disposition occurs. Any unreimbursed costs of management or sale of the property including disposal will be charged either against income earned by the property or proceeds from the sale of the property as appropriate.
- d. Gifts of real estate may be considered for retention as investments when either:
 - (1) the return exceeds that which can be expected when the net sale proceeds are invested in the U. T. System Long Term Fund, or
 - (2) there is a prospect for direct use by an approved program of a component institution.
- e. The authority to accept gifts and bequests of real estate is vested in the Board for the benefit of the designated component or fund. Therefore, title to each property shall be held in the name of the Board, not in the name of any component institution, department or individual within the U. T. System. (See Section VIII. C. 1. - 5.)
- f. It shall be the policy of the Board to accept interests in real estate if such ownership will result in 100% interest in the property. Lesser interests in real estate will be accepted when a clear benefit to the U. T. System can be demonstrated. Minority interests in minerals, other than working interests, will be accepted if the gift or bequest meets the requirements outlined in B.1.b. above.

2. Gifts of real estate will not be accepted if donor restrictions place undue limitations on the U. T. System's ability to own, manage, and dispose of the property.
3. Gifts of mortgaged or encumbered property will not be accepted unless:
 - a. a clear potential for gain can be demonstrated,
 - b. a source of funds to meet all requirements is dedicated to that purpose, and
 - c. acceptable terms of the mortgage or the encumbrance exist.
4. The Board will not subordinate its fee simple interest in any holding of real estate absent extraordinary circumstances.

C. Procedures for Acceptance of Gifts of Real Estate

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

- k. A written statement from donor identifying any known waste disposal sites or spills of hazardous waste material on the property or a statement to the contrary
 - l. Written statement from donor outlining purpose of gift.
- 3. Prior to acceptance of a proposed mineral gift, the following should normally be provided by the donor:
 - a. Map, plat or survey of the property
 - b. Legal description of the property
 - c. Proof of ownership (deed or assignment)
 - d. Copies of current oil and gas leases, if any
 - e. Division orders
 - f. List of all encumbrances including any liens and copies of the corresponding documentation
 - g. Abstracts of title or title opinions
 - h. Geological or geophysical records
 - i. Lease ratifications and lease assignments
 - j. Copies of appraisals or reserve studies
 - k. Copies of documents relating to past or present litigation directly affecting the mineral gift or bequest
 - l. Copies of insurance coverage carried by the well operator relative to environmental damage.
- 4. Testing for hazardous substances shall be performed in accordance with the U. T. System Environmental Review Policy for Acquisitions of Real Estate.
- 5. Following review of the information provided by the donor a decision to accept or reject the proposed gift will be based on the potential of the property to produce an acceptable return or to contribute directly to approved programs of the component institution in light of:
 - a. Holding costs of every type
 - b. Holding period
 - c. Donor restrictions
 - d. Property valuation
 - e. Management requirements
 - f. Type of property interest
 - g. Ability to meet the requirements of the U. T. System Environmental Review Policy for Acquisitions of Real Estate.

D. Management of Real Estate

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

E. Conflict of Interest

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

RECONVENE.--At 3:20 p.m., the Board reconvened as a committee of the whole to consider those items remaining on the agenda.

ITEMS FOR THE RECORD

1. U. T. System: Amendment to Minute Order of May 11, 1995, to Reflect Renegotiated Premium Rates for the Vision Plan to be Effective September 1, 1995.--It is reported for the record that the monthly premium rates for the vision plan to be effective September 1, 1995, and approved for employees and retirees of The University of Texas System at the May 1995 meeting of the U. T. Board of Regents were renegotiated with Vision Service Plan Insurance Company, Rancho Cordova, California, and the new reduced premium rates are as follows:

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

2. U. T. El Paso: Report for the Record on Changes in the Freshman Admission Policy Effective with the Fall Semester 1995 (Catalog Change).--At the May 1995 meeting of the U. T. Board of Regents, the Executive Vice Chancellor for Academic Affairs advised the Board of changes in The University of Texas at El Paso Freshman Admission Policy to be effective with the Fall Semester 1995. Set forth below is a Report for the Record of those changes based on administrative approval of changes in the 1993-1995 Undergraduate Catalog and Regental approval via the docket at the May 1995 meeting. The primary features of the new policy include the following:
 - a. Applicants who have graduated from United States high schools within the past five years and ranked in the top half of the graduating class may be admitted without regard to grade point average or admission test scores
 - b. Applicants in the lower half of the graduating class may be admitted based on a minimum score of 920 on the Scholastic Assessment Test (SAT) or a 20 composite on the American College Test (ACT)

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

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

* or passage of appropriate proficiency measures

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

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

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

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

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

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

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

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

3. U. T. El Paso: Report on Revised Role and Mission Statement for Self-Study Process Leading to Reaffirmation of Accreditation by the Southern Association of Colleges and Schools.--The U. T. Board of Regents, at the October 1994 meeting, received a report on Role and Mission Statements and Tables of Programs for The University of Texas System general academic institutions. The Texas Higher Education Coordinating Board approved the Tables of Programs at its April 1994 meeting and the Role and Mission Statements at its October 1994 meeting.

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

A copy of the revised mission statement, which will be forwarded to the Coordinating Board for approval, is set out on Page 87.

The University of Texas at El Paso

Role and Mission Statement

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

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

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

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

4. U. T. Permian Basin: Report on Revised Provisions of Ground Lease Agreement for Construction and Operation of On-Campus Housing with Odessa Housing Finance Corporation, a Texas Nonprofit Corporation, Odessa, Texas.--
At its February 1995 meeting, the U. T. Board of Regents authorized the Executive Vice Chancellor for Academic Affairs, following completion of negotiations, to execute a Ground Lease Agreement with the Odessa Housing Finance Corporation, a Texas nonprofit corporation, Odessa, Texas, to allow the Corporation to construct and operate on-campus housing at The University of Texas of the Permian Basin.

Negotiations have resulted in a change in several key provisions outlined in the draft Ground Lease Agreement presented to the U. T. Board of Regents in February 1995. After initial construction is finished and completely financed by the Corporation, the Corporation will have no financial liability for the project in excess of the amount of Net Cash Flow and Reserve Amounts for the housing project. For example, responsibility for demolition of the improvements, if necessary, will be negotiated between the parties rather than being the sole responsibility of the Corporation. Revision of these key provisions was critical to the Corporation's agreement to the Lease which is deemed to be very beneficial to U. T. Permian Basin. The revised provisions allow the parties to negotiate a leaseback or a transfer of title to U. T. Permian Basin as an alternative to termination of the Lease and demolition of the project in the event the project is not successful.

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

EXECUTIVE SESSION OF THE BOARD OF REGENTS

Chairman Rapoport reported that the Board had met in Executive Session in Classroom 1 at the U. T. Institute of Texan Cultures - San Antonio to discuss matters in accordance with Texas Government Code, Chapter 551, Sections 551.071, 551.072, and 551.074. In response to Chairman Rapoport's inquiry regarding the wishes of the Board, the following actions were taken:

1. U. T. Southwestern Medical Center - Dallas: Authorization to Negotiate the Purchase of Approximately 19 Acres of Land Including Three Office Buildings Located at 6263, 6303 and 6333 Harry Hines Boulevard, Dallas, Dallas County, Texas; Authorization to Submit the Transaction to the Coordinating Board for Approval; Authorization for Executive Vice Chancellor for Business Affairs to Execute All Documents Pertaining to the Purchase; and Approval of Use of Revenue Financing System Parity Debt, Receipt of Certificate, and Finding of Fact with Regard to Financial Capacity.--Upon motion of Regent Holmes, seconded by Regent Loeffler, the Board:
 - a. Authorized The University of Texas Southwestern Medical Center at Dallas to negotiate the purchase of approximately 19 acres of land including three office buildings located at 6263, 6303 and 6333 Harry Hines Boulevard, Dallas, Dallas County, Texas, in accordance with the parameters outlined in Executive Session
 - b. Authorized U. T. Southwestern Medical Center - Dallas to submit the transaction to the Texas Higher Education Coordinating Board for approval
 - c. Authorized the Executive Vice Chancellor for Business Affairs to execute all documents pertaining to the purchase following approval by the Office of General Counsel.

In compliance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System, adopted by the U. T. Board of Regents on February 14, 1991, and amended on October 8, 1993 (the "Master Resolution"), and upon delivery of the Certificate of an Authorized Representative as set out on Page 90, the Board resolved that:

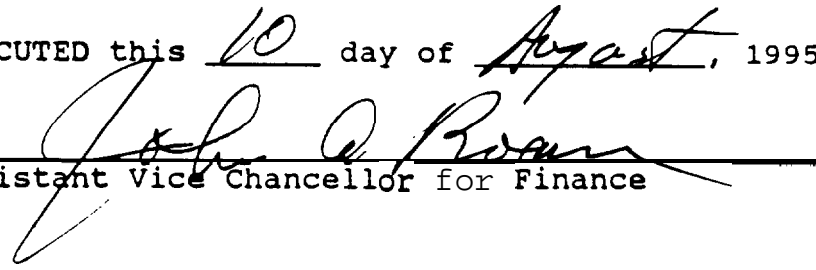
- a. Parity Debt shall be issued to pay the project's cost paid prior to the issuance of such Parity Debt
- b. Sufficient funds will be available to meet the financial obligations of the U. T. System including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System and to meet all financial obligations of the Board relating to the Financing System

- c. U. T. Southwestern Medical Center •
Dallas, 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 aggregate
amount of **\$7,300,000** for the purchase of
the three buildings
- d. This resolution satisfies the official
intent requirements set forth in Sec-
tion 1.150-2 of the U. S. Treasury Regu-
lations.

PARITY DEBT CERTIFICATE OF U. T. SYSTEM REPRESENTATIVE

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

EXECUTED this 10 day of August, 1995


Assistant Vice Chancellor for Finance

2. U. T. Health Science Center - Houston: Request to Negotiate the Purchase of Approximately 3.9448 Acres of Land and Improvements Located at 7000 Fannin Street, Being the Southwest Corner of Fannin and Galen Drive, Houston, Harris County, Texas (Withdrawn).--Chairman Rapoport reported that the item related to the proposed purchase of approximately 3.9448 acres of land and improvements located at 7000 Fannin Street, being the southwest corner of Fannin and Galen Drive, Houston, Harris County, Texas, for the benefit of The University of Texas Health Science Center at Houston was withdrawn.

3. U. T. Health Science Center - Houston: Authorization for the Executive Vice President to Negotiate a Long-Term Ground Lease on Approximately 6 Acres of Land Located West of Cambridge Street and South of Old Spanish Trail in Houston, Harris County, Texas, and Approval to Accept an Exchange of Property of Approximately 6 Acres of Land Located on the Northwest Corner of El Paseo and Cambridge Street in Houston, Harris County, Texas.--Upon motion of Regent Temple, duly seconded, the Board authorized the Executive Vice President of The University of Texas Health Science Center at Houston or his delegate to take all steps necessary to negotiate and enter into a long-term ground lease of approximately 6 acres of land on the west side of Cambridge Street and south of Old Spanish Trail and to accept an exchange of property of approximately 6 acres of land located on the northwest corner of El Paseo and Cambridge Street in Houston, Harris County, Texas, according to the parameters outlined in Executive Session following approval of the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and the Office of General Counsel.

4. U. T. System: Approval of Personnel Aspects of the Operating Budgets for the Fiscal Year Ending August 31, 1996, Including Auxiliary Enterprises, Grants and Contracts, Designated Funds, Restricted Current Funds, and Medical and Dental Services, Research and Development Plans and Authorization for the Chancellor to Make Editorial Corrections Therein.--Vice-Chairman Smiley moved that the personnel aspects of the Operating Budgets for The University of Texas System for the Fiscal Year ending August 31, 1996, Including Auxiliary Enterprises, Grants and Contracts, Designated Funds, Restricted Current Funds, and Medical and Dental Services, Research and Development Plans be approved.

Vice-Chairman 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 Loeffler seconded the motions which prevailed without objection.

See Page 16 for approval of non-personnel aspects of the Fiscal Year 1996 Operating Budgets.

REPORT OF BOARD FOR LEASE OF UNIVERSITY LANDS

Regents Rapoport and Lebermann, as members of the Board for Lease of University Lands, submitted the following report on behalf of that Board:

Report

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

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

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

Following is a report on the general business meeting:

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

- h. Approved the recommended terms of the 88th Oil and Gas Lease Sale and the Frontier Oil and Gas Lease Sale 88-A, subject to the addition to the lease forms of a horizontal severance provision
- i. Approved all high bids received for acreage offered in the 87th Oil and Gas Lease Sale.

REPORT OF SPECIAL COMMITTEES

U. T. Board of Regents - Special Committee on Minorities and Women: Report by Committee Chairman Holmes.--Chairman Rapoport reported that he had asked Regent Holmes to chair a Special Committee on Minorities and Women which will have a defined responsibility to advance The University of Texas System initiatives in these two important areas. Chairman Rapoport then called on Regent Holmes who presented the following report:

Report

The Special Committee on Minorities and Women held its second briefing on Thursday, July 6, 1995, at The University of Texas System offices in Austin. Regents Evans, Smiley, and I were present, with Regent Temple, Chairman Rapoport, Chancellor Cunningham, and Executive Vice Chancellor Burck also attending. Also present were members of the System Administration who serve as resource persons to the Committee, including Mrs. Shirley Bird Perry, Mrs. Francie A. Frederick, Mrs. Gwen W. Grigsby, Mr. Trennis L. Jones, Dr. Homer J. Pena, and Mr. Lewis W. Wright.

The first item of discussion was a report of the U. T. System work group which was asked to recommend an on-going plan to collect, compile, and update data on the number of minorities and women in faculty and senior administrative positions at U. T. components. Vice Chancellor Perry noted that a group of key persons with expertise and/or responsibility for collecting and compiling statistical data had studied the matter and has recommended that the reports requested by the Regents be developed from information provided by the U. T. System Human Resource Information System. This is a recently initiated report which provides summary data on all employees associated with the U. T. System.

It was noted that the reporting format for this System-wide report has already been established and that all components have completed the programming necessary to provide the report on a regular basis. Further, there are no significant additional implementation costs required, and reports can be

developed without the necessity of additional contacts with the 15 component institutions. It is anticipated that the reporting process will be operational in early September 1995 and that reports can be generated for review by the Special Committee at its next meeting. Several sample reports which can be generated based on various configurations of data were distributed and reviewed.

In addition, the work group recommended that the chief administrative officer of each component should be asked to develop a narrative summary of environmental conditions which will accompany statistical data regarding the advancement of minorities and women. The summary might focus on the nature of the institution, on the strategies for recruiting faculty and administrative/professional staff, on the availability of personnel in the geographical area, etc. Further, the work group recommended that the statistical data regarding senior executive, administrative, and managerial staff should be accompanied by explanatory notes and a list of positions held by minorities and women. Such an inventory will be helpful in determining the nature of senior administrative positions at the 15 components. The Special Committee agreed with the recommendations of the work group and will review the first report at its October meeting.

The Committee then heard an update regarding the work of the Committee on the Advancement of Women which was appointed by Chancellor Cunningham. The Committee Chair, Ms. Patricia Ohlendorf, Vice Provost at The University of Texas at Austin, outlined the organizational structure and approach taken by the committee and the areas under review and consideration. It was agreed that Ms. Ohlendorf will provide another update at the October session, with a final report forwarded to the Chancellor in late fall. It is anticipated that a discussion of the report and the Chancellor's response will be shared with the full Board at its February 1996 meeting.

Dr. Clifford Houston of The University of Texas Medical Branch at Galveston and the Chair of the Committee on the Advancement of Minorities then briefed the Special Committee. Dr. Houston distributed a preliminary copy of the Committee's report, providing highlights and directing members' attention to selected sections of the document. He indicated that the final report (with appropriate appendices and reference materials) will be presented officially to Chancellor Cunningham in August 1995. In turn, Chancellor Cunningham will share the final report with the U. T. System Executive Officers and the chief administrative

officers of the component institutions, requesting comments and reactions. The Special Committee will discuss the report and accompanying comments at its October briefing. In addition, it was agreed that Chancellor Cunningham will invite several provosts of component institutions to the session, thereby providing an opportunity for key academic officers to discuss issues and concerns associated with the recruitment, hiring, and retention of minority faculty and staff members. It is anticipated that the Committee report and responses will be discussed at the November Regents' meeting.

A very fruitful discussion with Dr. Houston ensued, and members of the Board expressed sincere appreciation for the work of the Committee and emphasized their commitment to the careful review of the final report and to Dr. Cunningham's response.

I conclude this report by underscoring that the Special Committee on Minorities and Women is enormously impressed by the work of the System Administration and the committees which Chancellor Cunningham has appointed on the Advancement of Minorities and Women. It is clear they are dedicated to the fundamental concepts of equality and fairness, fundamental concepts which are shared by the entire Board of Regents.

The Special Committee's next briefing session will be held on October 2 in Austin. While we recognize that you have busy schedules, all members of the Board are cordially invited to join us.

SCHEDULED MEETING.--Chairman Rapoport announced that the next scheduled meeting of the U. T. Board of Regents would be held on November 9, 1995, at The University of Texas at Arlington.

ADJOURNMENT.--There being no further business, the meeting was adjourned at 3:35 p.m.

/s/ Arthur H. Dilly
Executive Secretary

August 18, 1995