

Meeting No. 866

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

Pages 1 - 147

December 3, 1992

Austin, Texas

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 OF  
 THE UNIVERSITY OF TEXAS SYSTEM  
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 AUSTIN, TEXAS

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MEETING NO. 866

THURSDAY, DECEMBER 3, 1992.--The members of the Board of Regents of The University of Texas System convened in regular session at 10:00 a.m. on Thursday, December 3, 1992, in the Regents' Meeting Room on the ninth floor of Ashbel Smith Hall in Austin, Texas, with the following in attendance:

ATTENDANCE.--

<u>Present</u>	<u>Absent</u>
Chairman Beecherl, presiding	
Vice-Chairman Ramirez	
Vice-Chairman Cruikshank	
Regent Barshop	
Regent Holmes	
Regent Loeffler	
Regent Moncrief	
Regent Rapoport	
Regent Temple	

Executive Secretary Dilly

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

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

U. T. BOARD OF REGENTS: APPROVAL OF MINUTES OF REGULAR MEETING HELD ON OCTOBER 9, 1992, AND SPECIAL MEETING HELD ON NOVEMBER 4-6, 1992.--Upon motion of Regent Barshop, seconded by Vice-Chairman Cruikshank, the Minutes of the regular meeting of the Board of Regents of The University of Texas System held on October 9, 1992, in Richardson, Texas, were approved as distributed by the Executive Secretary. The official copy of these Minutes is recorded in the Permanent Minutes, Volume XL, Pages 1 - 514.

Upon motion of Regent Moncrief, seconded by Vice-Chairman Cruikshank, the Minutes of the special meeting of the Board of Regents of The University of Texas System held on November 4-6, 1992, in Grapevine, Texas, were approved as distributed by the Executive Secretary. The official copy of these Minutes is recorded in the Permanent Minutes, Volume XL, Pages 515 - 518.

SPECIAL ITEMS

1. U. T. Board of Regents - Regents' Rules and Regulations, Part One: Amendments to Chapter I, Section 8, Subsection 8.5, Subdivision 8.52 (Communications by and to the Board).--Chairman Beecherl called on Vice Chancellor and General Counsel Farabee to comment on the proposed amendments to the Regents' Rules and Regulations, Part One, Chapter I, Section 8 relating to the requirements for those who wish to appear before the Board.

Vice Chancellor Farabee reported that several months ago Regent Holmes requested The University of Texas System Administration to study state agencies and systems of higher education both in the State of Texas and nationally to determine their practice related to public comment periods. Mr. Farabee noted that he undertook that review and found that city councils and school boards frequently have public comment periods and that some state agencies, such as the Texas Department of Human Services and Texas Department of Health, have set aside time for public comments in their meetings. He pointed out that the Texas Department of Human Services limited these presentations to 3 - 5 minutes depending on the number of persons and time available and the Texas Department of Health limit was 5 - 10 minutes.

Mr. Farabee stated that he contacted several major university systems in the State of Texas (Texas A&M University, University of Houston, Texas State University, Lamar University, University of North Texas, and Texas Tech) as well as several of the larger state university systems in the United States (University of California, University of Wisconsin, University of North Carolina, and State University of New York) and was informed that none of those systems had public comment times specifically set aside at their Board meetings. He emphasized that Texas Southern University has a comment period of fifteen minutes at the end of each of its Board meetings but limited it to members of the university family, i.e., students and faculty.

It was pointed out by Mr. Farabee that the proposed amendments before the Board are intended to clarify the procedures for public presentations or comments upon matters on the agenda for consideration by the Board and make the request procedures more flexible by allowing requests to speak to be made six days before the meeting rather than ten days in advance as currently required. In addition, he noted that the proposed amendments require the potential speaker to identify the subject of his/her remarks, which must be directly related to a matter on the Board's agenda, recite the well established authority of the Board to regulate the time, place and manner of speech, and authorize potential sanctions for speakers violating the time, place or manner regulations.

Mr. Farabee emphasized that the proposed amendments do not, in any way, diminish the authority of the Chairman to grant permission for speakers to appear before the Board without adhering to the requirements or the ability of other members of the Board to request through the Chairman that an individual be permitted to appear before the Board.

In accordance therewith, the Board amended the Regents' Rules and Regulations, Part One, Chapter I, Section 8, Subsection 8.5, Subdivision 8.52 regarding communications by and to the Board to read as set forth below:

8.5 Communications by and to the Board.

8.52 Except upon invitation of the Board, the Chairman of the Board, the Chancellor, or the appropriate Executive Vice Chancellor, no person shall appear before the Board or any committee thereof unless that person files with the Executive Secretary to the Board a written request explaining the purpose of such appearance at least six days before the date of such appearance and unless the Chairman of the Board, or a majority of the whole Board, shall approve the request. It is understood, however, that the chief administrative officer, or his or her delegate, and/or the president of the students' association, or his or her delegate, may appear without prior notice or request before the Board or any committee whenever the matter under consideration directly affects the component institution represented by such person. Persons requesting to appear must identify the subject of their remarks, which must be directly related to a matter on the Agenda for consideration by the Board. Whenever time and other circumstances permit, the person making the request shall first consult with the chief administrative officer, or his or her delegate, of such institution regarding the purpose of the appearance prior to the meeting of the Board or committee. Insofar as possible, any person who appears before the Board shall provide a written statement of the substance of such person's presentation to the Board, and such written statement shall be delivered to the Executive Secretary to the Board in sufficient time for copies to be distributed to the Regents prior to the meeting. Any person appearing before the Board or a committee shall be subject to restrictions on time, place and manner as may be prescribed by the Chairman or a majority of the Board or by the Chairman or a majority of a committee. The Chairman or a majority of the Board may prescribe sanctions against any person exceeding established time, place or manner limits; disrupting a meeting of the Board or a committee of the Board; or violating any provision of the Regents' Rules and Regulations. Sanctions may include the refusal to allow such person to speak again to the Board or committees of the Board for up to one year.

2. U. T. Board of Regents - Regents' Rules and Regulations, Part One: Approval of Amendments to Chapter II, Section 4 (Executive Vice Chancellor for Academic Affairs) and Section 13 (Chief Administrative Officers of Component Institutions).--Approval was given to amend the Regents' Rules and Regulations, Part One, Chapter II, Section 4 regarding the Executive Vice Chancellor for Academic Affairs and Section 13 regarding chief administrative officers of component institutions as follows:

a. Subsection 4.2 of Section 4 was amended to read as set forth below:

4.2 Duties and Responsibilities.

The Executive Vice Chancellor for Academic Affairs shall have as a prime responsibility the maintenance of high academic quality in the general academic components of the System. Through the chief administrative officers of the component institutions, he or she shall have responsibility for the budgets, academic planning and programs, facilities planning and construction, and personnel (both academic and nonacademic) of those components. In consultation with the Chancellor, the Executive Vice Chancellor for Academic Affairs shall prepare recommendations and supporting information on such matters for consideration by the appropriate standing committees of the Board and the Board of Regents. The Board through its policies, procedures, and Rules and Regulations maintains its governance responsibilities and acknowledges the importance of maintaining accreditation for the general components and academic programs, as appropriate. Because of the complexity and diversity of the System, the Executive Vice Chancellor for Academic Affairs is delegated the responsibility for ensuring the governance requirements for accreditation not specifically covered elsewhere in these policies, procedures, and Rules and Regulations are met. The Executive Vice Chancellor for Academic Affairs will report the accreditation status to the Board on a periodic basis.

b. Subsection 13.31(12) of Section 13 was amended to read as follows:

13.31(12) Develop and implement plans and policies to ensure that the institution remains in compliance with any accreditation requirements appropriate to the component or its programs, including, for the health components and those academic components with student health services, the accreditation of hospitals, clinics and patient-care facilities.

These amendments to the Regents' Rules and Regulations are to clearly detail the responsibility delegated to the Executive Vice Chancellor for Academic Affairs and to the chief administrative officers for ensuring appropriate accreditation requirements are met.

RECESS FOR COMMITTEE MEETINGS AND COMMITTEE REPORTS TO THE BOARD.--At 10:10 a.m., the Board recessed for the meetings of the Standing Committees and Chairman Beecherl announced that at the conclusion of each committee meeting the Board would reconvene to approve the report and recommendations of that committee.

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

REPORTS AND RECOMMENDATIONS OF STANDING COMMITTEES

REPORT OF EXECUTIVE COMMITTEE (Pages 6 - 7).--In compliance with Section 7.14 of Chapter I of Part One of the Regents' Rules and Regulations, Chairman Beecherl reported to the Board for ratification and approval all actions taken by the Executive Committee since the last meeting. Unless otherwise indicated, the recommendations of the Executive Committee were in all things approved as set forth below:

1. U. T. Medical Branch - Galveston - Medical Research Building - Phase II - Completion of Shell Floors Five, Six, and Seven and Addition of Four Floors (Project No. 601-765): Award of Construction Contract to Centex Bateson Construction Company, Inc., Dallas, Texas (Exec. Com. Letter 93-1).--The Board, upon recommendation of the Executive Committee, awarded a construction contract for Completion of Shell Floors Five, Six, and Seven and Addition of Four Floors - Medical Research Building - Phase II at The University of Texas Medical Branch at Galveston to the lowest responsible bidder, Centex Bateson Construction Company, Inc., Dallas, Texas, for the Base Bid including Trench Safety Systems and Additive Alternate Bid Nos. 1, 2, 3, 4, and 5 in the amount of \$28,120,000.

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

Construction Cost	\$28,120,000
Fees and Administrative Expenses	2,497,000
Furniture and Equipment	843,000
Future Work and Miscellaneous Expenses	1,180,000
Project Contingency	<u>960,000</u>
Total Project Cost	\$33,600,000

Total project funding is \$4,125,000 from Permanent University Fund Bond Proceeds, \$20,000,000 in gifts from The Sealy & Smith Foundation for the John Sealy Hospital, and \$9,475,000 in Unappropriated Balances for \$33,600,000 (excluding scientific equipment). This project is included in the June 1991 Capital Improvement Plan and the FY 1993 Capital Budget approved by the U. T. Board of Regents.

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

2. U. T. Medical Branch - Galveston - Installation of Chilled Water Lines (Project No. 601-786): Award of Construction Contract to Gregory-Edwards, Inc., Houston, Texas (Exec. Com. Letter 93-2).--Upon recommendation of the Executive Committee, the Board awarded a construction contract for Installation of Chilled Water Lines at The University of Texas Medical Branch at Galveston to the lowest responsible bidder, Gregory-Edwards, Inc., Houston, Texas, for the Base Bid in the amount of \$694,880.

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

Construction Cost	\$ 694,880
Fees and Administrative Expenses	75,840
Future Work and Miscellaneous Expenses	38,000
Project Contingency	<u>191,280</u>
Total Project Cost	\$1,000,000

Total project funding is \$1,000,000 from U. T. Medical Branch - Galveston Unexpended Plant Funds. This project, which was approved by the Texas Higher Education Coordinating Board in June 1992, was included in the June 1991 Capital Improvement Plan and the FY 1992 Capital Budget as amended by the U. T. Board of Regents in December 1991.

3. U. T. M.D. Anderson Cancer Center - Holcombe Boulevard Linear Park Plaza - Master Plan and Phase I (Project No. 703-788) - Holcombe Boulevard Linear Park Plaza - Phase I: Award of Construction Contract to D. L. Meacham Construction Company, Inc., Houston, Texas (Exec. Com. Letter 93-2).--The Executive Committee recommended and the Board awarded a construction contract for the Holcombe Boulevard Linear Park Plaza - Phase I at The University of Texas M.D. Anderson Cancer Center to the lowest responsible bidder, D. L. Meacham Construction Company, Inc., Houston, Texas, for the Base Bid in the amount of \$407,777.

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

Construction Cost	\$407,777
Fees and Administrative Expenses	90,700
Miscellaneous Expenses	20,000
Project Contingency	<u>6,523</u>
Total Project Cost	\$525,000

Phase I project funding is \$75,000 from the U. T. M.D. Anderson Cancer Center's Educational and General Capital Reserves and \$450,000 from gifts and grants for a total project cost of \$525,000. This project is included in the June 1991 Capital Improvement Plan and the FY 1993 Capital Budget at a total project cost of \$2,100,000 for all phases as amended by the U. T. Board of Regents in December 1991.

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

REPORT AND RECOMMENDATIONS OF THE BUSINESS AFFAIRS AND AUDIT COMMITTEE (Pages 8 - 75).--Committee Chairman Loeffler 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. 67 (Catalog Change).--Upon recommendation of the Business Affairs and Audit Committee, the Board approved Chancellor's Docket No. 67 in the form distributed by the Executive Secretary. It is attached following Page 147 in the official copies of the Minutes and is made a part of the record of this meeting.

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

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

2. U. T. Board of Regents - Regents' Rules and Regulations, Part Two: Amendments to Chapter VIII, Section 6 (Professional Services).--Approval was given to amend the Regents' Rules and Regulations, Part Two, Chapter VIII, Section 6 (Professional Services) to read as set forth below:

Sec. 6. Professional Services.--Each component institution is authorized to make use of architects, engineers, and other professional services up to a maximum cost of \$50,000 for projects previously approved for implementation in accordance with Section 4 or Subsection 5.2 above, on recommendation of the chief administrative officer and the chief business officer. Authorization for such services not previously approved for implementation in accordance with Section 4 or Subsection 5.2 above will require the approval of the Executive Vice Chancellor for Academic Affairs or Health Affairs, as appropriate, and the Executive Vice Chancellor for Business Affairs.

Committee Chairman Loeffler noted that he had visited informally with Chairman Beecherl and members of the Board about the selection of architects and engineers for construction projects within The University of Texas System and reported that the Business Affairs and Audit Committee will be working with appropriate individuals in the U. T. System Administration and component institutions to review the System's use of outside professional service contracts (law firms, accounting firms, architects, engineers, etc.) to have more insight into who the

Board is hiring, what the costs are, etc. Mr. Loeffler indicated that the Business Affairs and Audit Committee would be moving forward with this review after the first of the year.

3. U. T. Board of Regents: Authorization for the Reduction of the \$150 Million Amended and Restated Credit Agreement Related to The University of Texas System Permanent University Fund Variable Rate Notes, Series A, Dated December 7, 1989 and Amended October 11, 1991, with Morgan Guaranty Trust Company of New York, New York, and Authorization for the Executive Vice Chancellor for Business Affairs to Complete the Transactions.--The Board, upon recommendation of the Business Affairs and Audit Committee:
  - a. Authorized the reduction of the \$150 million Amended and Restated Credit Agreement related to The University of Texas System Permanent University Fund Variable Rate Notes, Series A, dated December 7, 1989 and amended October 11, 1991, with Morgan Guaranty Trust Company of New York, New York, to zero
  - b. Authorized the Executive Vice Chancellor for Business Affairs of the U. T. System to take any and all steps necessary to carry out the intentions of the U. T. Board of Regents to complete the transactions.

On October 11, 1991, the U. T. Board of Regents authorized the reduction of the Amended and Restated Credit Agreement ("Credit Agreement") related to the U. T. System Permanent University Fund Variable Rate Notes, Series A, dated December 7, 1989, with Morgan Guaranty Trust Company of New York, New York, to an amount of \$150 million. The Credit Agreement provides a backstop liquidity facility for the Permanent University Fund Variable Rate Notes, Series A, at a cost of .08% or .125% depending on the amount of Notes outstanding. Currently, there are no such Notes outstanding, and no further Notes are expected to be issued during the current fiscal year. A new variable rate debt is projected for Fiscal Year 1994. Prior to issuance, arrangements will be negotiated so that sufficient liquidity is available. Both self-liquidity and a renewed credit agreement will be considered. Early in 1993, the arrangement will be discussed with the rating agencies to ensure that the rating of the Notes will be maintained with the use of either arrangement.

4. U. T. Board of Regents: Approval to Restructure the Permanent University Fund Refunding Bonds, Series 1992A Escrow Account; Appointment of Vinson & Elkins, Austin, Texas, as Bond Counsel, and Ernst & Young, Tucson, Arizona, as Escrow Verification Agent; and Authorization for the Executive Vice Chancellor for Business Affairs to Complete All Transactions.--At the request of Committee Chairman Loeffler, Executive Vice Chancellor for Business Affairs Burck reviewed the recommendations related to the proposed restructuring of the Permanent University Fund Refunding Bonds, Series 1992A Escrow Account.

Based on this presentation, the Board:

- a. Authorized the restructure of the Permanent University Fund Refunding Bonds, Series 1992A Escrow Account as provided under the Escrow Agreement to provide a more efficient escrow
- b. Appointed Vinson & Elkins, Austin, Texas, as Bond Counsel
- c. Appointed Ernst & Young, Tucson, Arizona, as Escrow Verification Agent
- d. Authorized the Executive Vice Chancellor for Business Affairs of The University of Texas System to take any and all steps necessary to carry out the intent of the U. T. Board of Regents to complete the transactions.

The Series 1992A bonds were issued June 25, 1992, to retire the Series 1985 bonds maturing after July 1, 1995. At the time of issuance, a transferred proceeds penalty of \$4,283,419.49 was computed. Since it was contemplated that new interpretations of regulations affecting the computation of transferred proceeds penalties may occur in the future, the escrow was established by purchasing a security that would mature every six months. New interpretations have now been adopted, and the escrow can be restructured to capture savings of at least \$500,000. J. P. Morgan Securities, Inc., New York, New York, and First Southwest Company, Dallas, Texas, will both facilitate the restructuring.

The savings will be deposited in the Interest and Sinking Fund for the Series 1992A bonds and will be used to pay the July 1, 1993 principal and interest payment, hence reducing the amount to be withdrawn from the Available University Fund.

5. U. T. Board of Regents: Authorization to Restructure the Revenue Financing System Refunding Bonds, Series 1991A Escrow Account; Appointment of McCall, Parkhurst & Horton, Dallas, Texas, as Bond Counsel, and Ernst & Young, Tucson, Arizona, as Escrow Verification Agent; and Authorization for the Executive Vice Chancellor for Business Affairs to Complete All Transactions.--Following a brief overview of the proposed restructuring of the Revenue Financing System Refunding Bonds, Series 1991A Escrow Account by Executive Vice Chancellor for Business Affairs Burck, the Business Affairs and Audit Committee recommended and the Board:
  - a. Authorized the restructure of the Revenue Financing System Refunding Bonds, Series 1991A Escrow Account as provided under the Escrow Agreement to provide a more efficient escrow
  - b. Appointed McCall, Parkhurst & Horton, Dallas, Texas, as Bond Counsel
  - c. Appointed Ernst & Young, Tucson, Arizona, as Escrow Verification Agent

- d. Authorized the Executive Vice Chancellor for Business Affairs of The University of Texas System to take any and all steps necessary to carry out the intent of the U. T. Board of Regents to complete the transactions.

The Series 1991A bonds were issued March 19, 1991, to retire the Series 1986 refunding bonds. At the time of issuance, a transferred proceeds penalty of \$721,878.32 was computed. New interpretations of the regulations affecting the computation of transferred proceeds penalty have now been adopted, and the escrow can be restructured to capture savings of at least \$200,000. Goldman, Sachs & Co., New York, New York, will facilitate the restructuring.

The savings will be deposited in the Interest and Sinking Fund for the Series 1991A bonds and will be used to pay the February 15, 1993 interest payment.

6. U. T. System: Approval of Amendments to the Sick Leave Pool Policy.--To further clarify The University of Texas System Sick Leave Pool Policy adopted by the U. T. Board of Regents in February 1990, the Board amended the Policy to read as set forth below:

#### SICK LEAVE POOL POLICY

1. PURPOSE. Each component institution of the U. T. System and U. T. System Administration shall establish a sick leave pool to provide a source of additional sick leave for those employees who have exhausted accrued annual leave and sick leave because of a catastrophic illness or injury.
2. DEFINITIONS. As used in this Policy:
  - 2.1 "Catastrophic illness or injury" means a severe condition or combination of conditions affecting the mental or physical health of an employee or the employee's immediate family that requires the services of a licensed physician for a prolonged period of time and that requires the employee to exhaust accrued leave and to lose compensation from the State.
  - 2.2 "Employee" means a regular employee of a component institution of the U. T. System or the U. T. System Administration as defined in Article V of the General Appropriations Act.
  - 2.3 "Immediate family" means those persons living in the same household with the employee who are either related to the employee by kinship, adoption, or marriage or are certified by the Texas Department of Human Services as foster children of the employee or, if not living in the same household, are totally dependent upon the employee for personal care or services on a continuing basis.
  - 2.4 "Licensed physician" means a person who is licensed to practice medicine.

- 2.5 "Pool administrator" means the person appointed to administer the sick leave pool.
- 2.6 "Sick leave pool" or "pool" means the accumulated sick leave donated by employees for utilization in accordance with this Policy.
3. POOL ADMINISTRATOR. This Policy shall be administered at each component institution by a pool administrator designated by the chief administrative officer and at the U. T. System Administration by a pool administrator designated by the Chancellor of the U. T. System.
- 3.1 The pool administrator shall adopt forms and regulations appropriate for the administration of this Policy.
- 3.2 The decision of the pool administrator regarding contributions to and withdrawals from the pool shall be final.
4. SICK LEAVE POOL. The sick leave pool at each component institution and the U. T. System Administration shall consist of the sick leave voluntarily contributed to the pool by employees.
- 4.1 An employee who desires to contribute sick leave to the pool must submit an application to the pool administrator.
- 4.2 Contributions to the pool must be in units of eight (8) hours and no more than three (3) units may be contributed by an employee during each fiscal year.
- 4.3 Upon approval of an application, the pool administrator shall credit the sick leave pool with the sick leave contributed by an employee and shall direct the personnel department to deduct a corresponding amount from that employee's accrued sick leave.
- 4.4 Sick leave contributed to the pool may not be designated for the use of a particular person.
- 4.5 Although contributions are voluntary, employees who leave state employment should be encouraged to contribute to the pool.
5. WITHDRAWAL OF SICK LEAVE FROM THE POOL. Applications to withdraw sick leave from the pool must be submitted on the form prescribed by the pool administrator. An application must be filed with the pool administrator and must be accompanied by a statement from the licensed physician who treated the illness or injury that resulted in the exhaustion of the accrued annual leave and sick leave of the employee making the application. The pool administrator will consider applications in the order in which they are received and will approve or deny an application within ten (10) working days after receipt.
- 5.1 An employee is eligible to withdraw sick leave from the pool if the pool administrator finds that the employee has exhausted all accrued annual leave and sick leave because of a catastrophic illness or injury or because of a previous donation of sick leave to the pool.

- 5.2 In determining the amount of sick leave to be assigned to an eligible employee from the pool, the pool administrator shall take into consideration the information contained in the employee's application, the number of applications then pending, and the amount of sick leave available in the pool. In no event shall the sick leave allocated to an eligible employee from the pool exceed ninety (90) days or one-third (1/3) of the pool, whichever is less. Upon approval of an employee's application, the pool administrator shall notify the personnel office of the amount of sick leave to be assigned to the employee.
- 5.3 The employee may use sick leave assigned from the pool in the same manner as sick leave accrued pursuant to Article V of the General Appropriations Act and shall be treated in the same manner and shall be entitled to accrue the same benefits as an employee who uses such accrued sick leave.
- 5.4 The estate of a deceased employee shall not be entitled to payment for unused sick leave assigned from the pool.

7. U. T. System: Approval of a System-wide Internal Audit Plan for Fiscal Year 1992-93.--The Texas Internal Auditing Act, Article 6252-5d of Vernon's Texas Civil Statutes, passed by the 71st Legislature requires in Section 4 (1) that an annual audit plan, which identifies the individual audits to be conducted during the year, be prepared using risk assessment techniques. In addition, the Act specifies in Section 6 (2) that the internal auditor shall "develop an annual audit plan which shall be approved by the governing board of the agency or its designee or by the administrator of an agency without a governing board."

In accordance therewith and upon recommendation of the Business Affairs and Audit Committee, the Board approved The University of Texas System Internal Audit Plan for the Fiscal Year 1992-93 as set forth on Pages 14 - 63.

The development of the plan was based on a System-wide risk assessment, and the implementation of the plan will be coordinated with the institutional internal auditors to ensure coverage without duplication of effort.

**THE UNIVERSITY OF TEXAS**

**SYSTEM AUDIT OFFICE**

**SYSTEM-WIDE**

**INTERNAL AUDIT PLAN**

**for**

**FISCAL YEAR 1992-93**

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## **OVERVIEW**

## OVERVIEW

The Texas Internal Auditing Act, Article **6252-5d**, Vernon's Texas Civil Statutes, passed by the Seventy-first Legislature established guidelines for a program of internal auditing. The intent was to assist agency administrators by furnishing independent analyses, appraisals, and recommendations concerning agency operations. The act also mandated that the internal audit program conform to the Standards for the Professional Practice of Internal Auditing as promulgated by the Institute of Internal Auditors (**IIA**).

IIA standards require that internal auditors develop an audit plan based on assignment of risk. Our office has conducted the risk assessment on all the areas considered auditable. Each area was rated on the following risk factors:

- Materiality
- Complexity
- Result of Last Audit
- Public Disclosure
- Management **Interest**

The audit plan is a "system-wide" plan which was formulated in conjunction with a review of the risk assessments and audit plans of the **fifteen** component institutions of the system. After consultation with institutional internal auditors, a system-wide audit universe was developed which **identified** auditable areas within the System. Each audit area was assigned a risk level based on the aforementioned risk factors with input from top-level and mid-level management at System Administration and top-level management at each component institution.

After carefully assessing the risk of each area included in the audit universe, five areas have been chosen for audit by the System Audit **Office** on a system-wide basis for the 1993 audit year. These areas were selected following review of risk assessments and audit plans submitted by component institutions:

- Construction in Progress
- Electronic Data Processing
- Institutional Investing
- Grants **&** Contracts
- Hazardous Waste Management

Additional areas will be covered by both the System Audit **Office** and by the Institutional Internal Auditors. These additional audits will be conducted in areas which are either required audits, including MSRDP at all health components, or are audits which are deemed at risk at the individual institutions. Attachment A to the system-wide plan is a summary of the approved audit plans issued by the component institutional auditors.

The Standards for the Professional Practice. of Internal Auditing address the scope of work as follows:

The scope of the internal audit should encompass the examination and evaluation of the adequacy and effectiveness of the organization's system of internal control and the quality of performance in carrying out assigned responsibilities.

Internal auditors should:

- Review the **reliability and integrity** of **financial** and operating information and the means used to identify, measure, classify, and report such information.
- Review the systems established to ensure **compliance with** those policies, plans, procedures, laws, and regulations which could have a significant impact on operations and reports and determine whether the organization is in compliance.
- Review the means of **safeguarding** assets and, as appropriate, verify the existence of such assets.
- Appraise the economy and **efficiency** with **which** resources are **employed**.
- Review **operations** or **programs** to ascertain whether results are consistent with established objectives and goals and whether the operations or programs are being carried out as planned.

The audit plan generally follows the lines of responsibilities of the Audit Manager positions created in the **FY 1989-90** budget: System Administration, Academic Components and Health Components.

Combined available audit hours are summarized as follows:

Total hours available	37080 hrs.
Administrative time*	5892
Management reports and Projects	<b>4680</b>
Prior Year Audits (1992 Audits Carried Forward)	<b><u>5120</u></b>
Total hours available for audit	<b><u>21388 hrs.</u></b>
Hours allocated to selected audits:	
System Administration	5347 hrs.
Academic components	8153
Health components	7358
Hours available for future special requests	<b><u>530</u></b>
<b>Total</b> hours available for audit	<b><u>21388 hrs.</u></b>

\* Includes vacation, sick leave, Internal Audit Council, and continuing education.

The estimated time to perform the audits by area **follows:**

· Institutional Funds	2964 hrs.
· Grants and Contracts	<b>3969</b>
· <b>Construction</b> in Progress	<b>3852</b>
· EDP • General Controls	1549
· Hazardous Materials	1766
· Follow-up on Prior Year Audits	1078
· Intercollegiate Athletics	476
· <b>Self-Insurance</b> Plans	802
· Investments	1069
· Third Party Royalty Audits	1069
· Workers' Compensation Insurance	802
· Internal Audit Work at UTPB	401
· Internal Audit Work at UTB	401
· <b>Assist Arthur Andersen/Acctg.</b> Applications	120
· Peer Reviews	<b><u>540</u></b>
<b>Total</b> time to perform audits	<b><u>20858 hrs.</u></b>

## **LEGISLATIVE REPORTING**

## LEGISLATIVE REPORTING

Under the Texas Internal Auditing Act, the internal auditor is required to submit before November 1 of each year an annual report to the Governor, the Legislative Budget Board, the Sunset Commission, the State Auditor, the agency's governing board, and the agency's administrator. This report should contain the following:

- A copy of the annual audit plan,
- A list of audits completed,
- An explanation of any deviation from the approved annual audit plan,
- A narrative description of the most **significant findings** and recommendations for each **audit**,
- A narrative description of the management actions taken in response to the audit **findings** and recommendations,
- A table listing the auditors' audit recommendations and the five-year impact for each audit recommendation,
- A table of **the audit** recommendations from the previous fiscal year's report and an explanation of the status of each recommendation, and
- A statement of the last date on which an external peer review of the agency's internal **audit** program was conducted.

Additionally, the Act requires that internal audit conduct economy and efficiency audits and program results audits. As a result, approximately 29% of the audit time will be devoted to economy and efficiency and program goals auditing in **FY 1993** (see Attachment B for a listing of audit areas covered).

The following component institutions are required to have an external peer review during the current fiscal year:

The University of Texas at Arlington  
The University of Texas • Pan American  
The University of Texas at Tyler  
The University of Texas Medical Branch at Galveston  
The University of Texas Health Science Center at San Antonio  
The University of Texas M.D. Anderson Cancer Center  
The University of Texas Health Center at Tyler

The System Audit Office will conduct a peer review at The University of Texas Medical Branch at Galveston during the current fiscal year.

## **BUDGET AND STAFFING**

## **BUDGET AND STAFFING**

The proposed budget for the System Audit Office. for **FY** 1993 totals **\$** 897,000, of which **\$** 678,000 is allocated to audits of component institutions and **\$** 219,000 is allocated to audits of System Administration. The System Audit Office budget contains positions for a Director, 4 Audit Managers, 17 Staff Auditors, 1 EDP Auditor, and 1 Senior Secretary.

Current staffing includes a **Director**, 2 Audit Managers, 2 Audit Supervisors, 12 Staff Auditors and 1 EDP Auditor. The EDP Auditor **will** assist on audits of component institutions and audits of System Administration.

Degrees and certifications held by the staff includes 5 auditors with advanced degrees and 7 auditors with CPA certification. In **addition**, 3 auditors have passed all parts of the CPA examination and 1 auditor has passed all parts of the **CIA** examination. These auditors are currently working to meet the various experience and education requirements for full certification. Career development for the staff is a strategic goal of the System Audit Office, and additional professional **certification** and education are strongly encouraged and promoted.

**SYSTEM  
ADMINISTRATION**

## SYSTEM ADMINISTRATION AUDIT PLAN

The Audit Manager assigned to System Administration is primarily responsible for **all** functional areas within System Administration. A detailed summary indicating the number of hours budgeted for each audit area is shown in Attachment B. The primary areas of emphasis are Asset Management and Business Affairs. Audit areas for System Administration for FY 1993 are listed below.

### SELECTED AUDITS

#### Workers' Compensation Insurance

The scope of this audit includes **reliability and integrity** of data; **compliance** with policies, plans, and procedures; and **safeguarding of assets**. The audit **will** include tests to **verify** the proper receipt from component institutions, monitoring of payments to claimants, and reporting of results.

#### Construction in Progress

The scope of this audit includes **reliability and integrity** of data; **compliance** with policies, plans, and procedures; **safeguarding of assets; economy and efficiency of resources; and program results**. This audit will include a review of the bidding and change order processes, progress payments to contractors, payment of vendor invoices, general project supervision, and on-site inspections of a selected number of construction projects.

#### Medical and Dental Self-Insurance Plan

**The** scope of this audit includes **reliability and integrity** of data, **compliance** with policies, plans, and procedures; and **safeguarding of assets**. This audit will include a follow-up of the previous recommendations regarding periodic review of the plan and the reserve requirement for unpaid claims. Additionally, the audit **will** include tests of payments to participants and providers and premiums remitted by the component institutions.

#### Investments

The scope of this audit includes **reliability and integrity** of data; **compliance** with policies, plans, procedures, laws, and regulations; **safeguarding of assets**. The review will include the testing of transactions, controls, policies and procedures relating to the Common Trust Fund.

West Texas Lands • **Oil &** Gas Royalty

The scope of this audit includes **compliance** with policies, plans, procedures, and lease provisions; and **safeguarding of wets**. A random sample of oil leases will be tested for accuracy of stock inventory, and operators will be selected to **verify** accuracy of royalties received and compliance with lease provisions.

**Follow-up** Prior Year **Findings**

There will be follow-up audits conducted for **significant** findings **from** the prior year's audit reports. The follow-up **will** measure the level of **compliance** with recommendations and management's responses.

**ACADEMIC AND HEALTH  
COMPONENT INSTITUTIONS**

## ACADEMIC AND HEALTH COMPONENT INSTITUTIONS AUDIT PLAN

The System Audit Office performs annual audits of selected activities at component institutions, which are coordinated with the institutional internal auditors to accomplish the System-wide audit plan. Attachment A is a detailed summary indicating the audit areas, the number of auditors and number of hours budgeted for each component institution.

### SELECTED AUDITS

#### Institutional Funds

The audit of institutional funds will include **compliance with policies** and procedures, **safeguarding of assets, economy** and **efficiency**, and **program results**. The audit will focus on the cash management function at each component institution.

#### Grants and Contracts

The scope of this audit includes **compliance** with policies, plans and procedures and **reliability and integrity** of information, economy **and efficiency, and program results**. The audit will include a review of expenditures to ascertain the level of contract/grant compliance and determine whether the institution has a program in place to both attract as many grants as possible and **maintain** and monitor the awards it has received.

#### Electronic Data Processing

The scope of this audit includes **compliance** with policies, plans, and procedures: and **safeguarding of assets**. We will identify the types of computer systems located on each institution. Additionally, we will identify and test general controls relating to selected computer systems.

#### Hazardous Materials Management

The audit of hazardous waste management will include **compliance** with policies and procedures, economy and **efficiency, and program results**. We will identify whether institutions have a good functioning program of hazardous waste management in place. After discussions with an expert in the field of hazardous **waste** management, we will prepare an audit program which focuses on the aspects of a good program of hazardous waste management. For the current audit year, we will focus our efforts on the medical related institutions.

### **Costructiona in Progress**

The scope of this audit includes **reliability and integrity** of data; **compliance** with policies, plans, and procedures; **safeguarding of assets; economy** and **efficiency of resources**; and **accomplishment of program goals**. This audit wig include a review of both renovation and new construction projects monitored by the component institution.

#### Follow-up **Prior Year** Findings

Follow-up audits will be conducted for significant findings from the prior year's audit reports.

## **REQUIRED AUDITS AND MANAGEMENT BEQUESTS**

### **Intercollegiate Athletics**

This is a required area. The NCAA requires an **annual financial** audit of intercollegiate athletics in order for the program to compete in the NCAA athletics. The University of Texas at Austin contracts with a CPA firm to meet the requirement. The following component institutions have requested the System Audit Office perform this audit annually:

- . U.T. Arlington
- . U.T. El Paso
- . U.T. Pan American
- . U.T. San Antonio

### **Provide Internal Audit Support to UT Brownsville and UT Permian Basin**

To most efficiently provide auditing services, the System Audit Office **will** provide internal audit support to UT Brownsville and UT Permian Basin. The areas considered to be high risk to these component institutions have been included in their audit plans included in Attachment A.

COORDINATION WITH  
STATE AUDITOR'S OFFICE

COORDINATION **WITH**  
STATE **AUDITOR'S** OFFICE:

The Texas State Auditor's Office performs the audit of The University of Texas System as part of the State-wide audit. Our office will assist the State Auditor's Office in the planning and fieldwork phases whenever possible during their audits conducted during the 1993 fiscal year. The University of Texas System and the System Audit **Office will** benefit from participation with the State Auditors through building better **relationships**, improving communications, and gaining technical knowledge.

**CONTINUING  
PROFESSIONAL  
EDUCATION**

## CONTINUING PROFESSIONAL EDUCATION

Our goal is to meet the requirements of Standard 270 from the Standards for the Professional Practice of Internal Auditing, which states:

“Internal auditors are responsible for continuing their education in order to maintain their proficiency. They should keep informed about improvements and current developments in internal auditing standards, procedures, and techniques. Continuing education may be obtained through membership and participation in professional societies; attendance at conferences, seminars, **college** courses, and in-house training programs; and participation in research projects.”

The Texas State Board of Public Accountancy and the Institute of Internal Auditors, Inc. (**IIA**) require 40 hours of continuing professional education **annually** to maintain certification. The American Institute of Certified Public Accountants (**AICPA**) requires **40** hours of CPE for continued membership. Generally Accepted Governmental Auditing Standards require **all** auditors performing governmental audits to obtain **40** hours of CPE annually.

The training needs of each auditor are **assessed** annually and training objectives are established relevant to their assigned duties. Auditors **will** be provided the opportunity to attend training courses related to assessed needs within the constraints of the departmental budget.

The System Audit Office will attempt to provide the recommended training for auditors through in-house training or training through the following sources:

- ♦ □ × ℓ □ □ ○ ℓ ♦  
State Auditor’s **Office** training seminars  
Interagency Auditor Training Program (Graduate School, USDA)
- . Industry  
Association of College and University Auditors  
Texas Association of College and University Auditors  
Institute of **Internal** Auditors  
National Association of College and University Business Officers
- Other Sources  
Specialized training in fields such as Oil and Gas, Investments, Fraud, etc.  
from private groups such as Professional Development Institute.

**ATTACHMENT A**

COMPONENT **AUDIT** PLANS  
**FISCAL** YEAR 1992-1993

ACADEMIC **INSTITUTIONS**

THE **UNIVERSITY** OF TEXAS AT ARLINGTON

Payroll and Fringe Benefits

Inventories

- Central Stores Sales
- Capital Equipment
- Bookstore Sales
- Other Small Sales

Cash • Change/Purchase Funds

- Bookstore
- Bursar
- University Center
- Mail Service
- Other **Small** Funds

State & **Local** Compliance

- Cash Receipting: Departmental
- Control over Cash
- Demand Account Reconciliation
- Purchasing: Decentralized
- Expenditures
- Financial Aid
- Travel & Advances

EDP • Application Reviews

- New System Development
- Conversion: Budget System
- Business Office Accounts/Payable
- Telephone Registration
- **USAS** Interface Controls
- IDT System Bits **N'** Bytes

THE UNIVERSITY OF TEXAS AT ARLINGTON (Continued)

Economy • Air Travel

- EDP Generated Reports
- **FAX Use**
- Telephone **L/D**
- Utilities

Federal Compliance • Cost Sharing

- Cost Sharing
- Direct Cost **&** Purchasing
- Student Financial Aid
- Indirect Cost
- **Payroll**, Benefits **&** PARS
- Travel

Internal Control Environment

- Internal Control Systems
- Follow-Up: **Findings**

Departmental • Academic Computing

- Continuing Education
- Police • Receipting
- **Registrar** Records
- Telecommunications
- Grant: State **Local** Private

Other Areas • Management Request/Auditor **Judgement**

Assist State/System Auditors

Training, Holidays, **Vac.**, Sick, Admin.

**THE UNIVERSITY OF TEXAS AT AUSTIN**

Office of Accounting  
All EDP Projects  
Cash  
Various as Required (Special Projects)  
Spot Check Audits  
Applied Research Lab • Federal  
Performance • Physical Plant  
Other Projects • Training  
Follow-Up on Prior Audits  
Other Time Requirements • Adm., Sick, Vacation, etc.

**THE UNIVERSITY OF TEXAS AT BROWNSVILLE**

Audits will be conducted by the **U.T.** System Audit Office.  
(See Attachment B)

**THE UNIVERSITY OF TEXAS AT DALLAS**

Special Requests  
Texas Public State Grant Program  
Monitoring Grant Subrecipients  
Follow-Up Audits  
Discretionary Funds  
Cash Counts/Petty Cash Funds  
Inventories  
Academic Computing  
Administrative Computing  
Cash Receipts/Bursar  
Accounts Payable/Disbursements  
Library  
Auxiliary Enterprises: Bookstore  
Lena Cagier Trust  
Sales and Services Income  
Physical Plant • Utilities  
Loan Funds  
**Service** Departments: Print Shop & Transportation  
Excellence Funds  
Agency Funds  
Continuing Education  
Accounting: Financial Reporting

THE UNIVERSITY OF TEXAS AT DALLAS (**continued**)

Adm. Dept.: Internal Audit • Quality Review  
Academic Dept.: Arts & Humanities  
Research Centers  
Other: Disposal of Surplus Prop., Bid Openings, Dep. Bag Ver

**THE UNIVERSITY OF TEXAS AT EL PASO**

Materials Management  
Minority & Women Business Enterprise (MWBE)  
Purchasing  
Central Receiving

Office of Research

- Contract Compliance
- Financial Reporting
- Others as Requested

Computer Center

- General Controls Audit
- PC Hardware & Software Inventory
- Assessment of Risk from Possible **Software** Copyright Violations

Follow-up to **1992** U.T. System Audit

- \*PROMISE System
- Reconciliation of Payroll Liability Accounts
- Others as Requested

General Accounting Services

- Cash Management
- Others as Requested

Budget and Financial Services

- Temporary Investments

Continuing Education

- Revenue Recognition
- Internal Controls

Performance Audits  
Assisting Outside Auditors

**THE UNIVERSITY OF TEXAS AT EL PASO (continued)**

Admissions

- Internal Controls
- Policies & Procedures

Business Information Systems (**BIS**)

- Access (Security) Controls
- Customer Satisfaction
- Account Integrity

Auxiliary Services

- Purchasing
- Results of Operations
- Cash Handling

Business Contracts

- Compliance, Documentation
- Evaluation
- Others

Staff Training & Development (Internal)

Staff Training & Development (External)

**THE UNIVERSITY OF TEXAS-PAN AMERICAN**

Inventories

Follow-Up

Cash Counts

Cash Receipts

EDP • Application Review **HRS**

EDP • Physical Security

Accounts Payable

Athletics

School of Business

Prop II Funds

President Expenses (Requested)

English Language Institute

EDP • Access Controls

Produced Semester Credit Hours

Space Standards (Requested)

Print Shop

Physical Plant • Utility Plant

Consultant Contracts

Peer Review Preparation

**THE** UNIVERSITY OF TEXAS OF **THE** PERMIAN BASIN

Audits will be conducted by the U.T. System Audit Office.  
(See Attachment B)

THE UNIVERSITY OF TEXAS AT **SAN** ANTONIO

Cash Receipts Internal Control System  
Cash Disbursement Internal Control System  
Personnel Internal Control System  
**Payroll** Internal Control System  
Journal Voucher Internal Control System  
(includes IDT **&** Budget Changes)

Office of Contract Administration  
Federal Student Financial Aid  
Cash and Cash Accounts  
Federal Subrecipients  
Texas **Folklife** Festival  
Athletic Department  
Inventories  
Follow-up Audit  
Nonfederal Student Financial Aid  
Institute of Texas Cultures  
Office of Admissions and Registrar

Areas Reviewed Using Analytical Procedures

- Copier Services Income
- Snappy Snacks (Vending Machine Income)
- Reliable Amusement (Video Game Income)
- Deposits and **Prepays**
- Agency Accounts
- Consultant Contracts/Payments

Holiday, Vacation, Sick **Leave**  
Professional Continuing Education  
Administrative Duties  
Special Projects  
Assistance to **External** Auditors

THE UNIVERSITY OF TEXAS AT TYLER

**Payroll**

Inventory • Year End  
Inventory • Capital  
Preparation for Peer Review  
Petty Cash and Change Funds  
Million Dollar Hole-In-One Contest  
Accounts Receivable • Other  
Time Deposits/Investments  
Cash Disbursements  
Public Information Office  
Personnel  
Office of the Head, Division of Nursing  
Preparation of Senate Bill 3 Report  
Refunds  
Follow-Up Audits  
Central Stores  
Administrative Tii  
Unallocated **Time**

## HEALTH INSTITUTIONS

### THE UNIVERSITY OF TEXAS SOUTHWESTERN MEDICAL CENTER AT DALLAS

MSRDP  
Physical Plant  
Annual Financial Report  
Medical School  
Payroll  
Revenue/Cash Receipts  
Cash Disbursements  
EDP Areas • 2 systems a year  
Service Departments  
Administrative Department • Performance **Audit**  
Human Resources  
Auxiliary Enterprises  
**FY '93** Inventory  
Petty Cash  
Allied Health  
Graduate School  
**FY '90-92** Follow-up **Audits**

### THE UNIVERSITY OF TEXAS MEDICAL BRANCH AT GALVESTON

#### 1992 PROJECTS IN PROCESS

Pharmacy Outpatient Cash Receipts  
E. R. Cash Receipts  
Materials Management Charges  
Small Order System  
Operating Room Charges  
County Contracts  
Monitoring Service  
Controlled **Substances**  
WC1

**THE UNIVERSITY OF TEXAS MEDICAL BRANCH AT GALVESTON (Continued)**

Research Subjects  
Materials Management Inventory  
Pharmacy Inventory  
Post **Office** Inventory  
Diabetes Center Inventory  
Signature Application Review  
**CICS**  
Accounting Petty Cash  
Materials Management Inventory Management  
**Minimal** Fees  
Vehicles  
**Otolaryngology** Charges  
Anesthesiology Charges  
Psychiatry Charges

**1992 PLAN PROJECTS CARRIED TO 1993**

Radiology Charges  
Day Surgery  
Pharmacy Inventory  
Group Purchasing  
Phartnakon  
Telecommunications (Broad Band)  
MSRDP Payroll

**FOLLOW-UP AUDITS • DUE IN FY 1993**

**Medical** Records Cash Receipts  
Travel  
Payroll • Retirement  
PO2 Process  
**Tissue** and Bone Bank  
Recovery Room  
Parking  
Indirect Costs

THE UNIVERSITY OF **TEXAS** MEDICAL BRANCH AT GALVESTON (Continued)

Anesthesiology Service  
CSC Change Control  
Data Security HIS  
Family Planning  
**OB/GYN** Cash Receipts  
Fixed Assets  
**SSP** Nurses  
Accounts Receivable Adjustments • PBS  
Accounts Receivable **Billing** • PBS  
Cardiac Cath. Lab  
Cafeteria  
Post Office Cash Receipts  
**RACF**  
Radiology Back-up and Security  
Emergency Room

OPERATIONAL AND FINANCIAL AUDITS - **FY 1993**

Cash Receipts  
    Cash Receipts • Clinics  
    Cash Receipts • Lock Box  
Disbursements  
    Journal Vouchers  
    Utilities (**H2O**, Chill H2O, Gas)  
Hospital Revenues  
    Emergency Room  
    clillica  
    Chronic Home Dialysis  
    Observation Beds  
Externally Mandated  
    Family Practice Residency Program  
Inventories  
    Pharmacy  
    Materials Management  
    Biomedical Engineering  
    Radiology

THE **UNIVERSITY** OF TEXAS MEDICAL BRANCH AT GALVESTON (Continued)

Inventories Management  
Pharmacy  
Federal Compliance  
**A-128 M & O Expenses**  
A-128 • Payroll & PAR  
A-128 • Close Out Procedures  
Systems  
Patient Registration  
Utilization Review/Nurse Auditor  
Library • Rare Books  
PARS

DEPARTMENTAL **AUDITS**

Accounting  
Financial Reporting  
Auxiliary Enterprises  
Field House  
Service Departments  
Biomedical Electronics & Engineering  
Petty Cash  
Cash Count

EDP **AUDITS** • FY 1993

Application Review  
**DEC/RAD**  
Operating System Audits  
Multiple Virtual Storage (**MVS/ESA**) • **CSC**  
Virtual Machine System (VMS) • Clinical Labs  
System Development Life Cycle Audits  
Patient Care Systems  
**Clinic** Labs  
HRMS  
General Ledger  
Cash Receipts

**THE UNIVERSITY OF TEXAS MEDICAL BRANCH AT GALVESTON (Continued)**

Post Implementation Review Audits  
Pharmakon  
PARS (shared with operational auditors)  
EDS  
**Clinical** Labs  
General Control Review Audits  
**UTMB** Network  
Telecommunications System  
Student Financial Aid

**MSRDP/PBS FY 1993 AUDITS**

Psychiatry Charge Audit  
Anesthesiology Charge Audit  
Salary Expenditures  
MSRDP **Financial Audit**  
**Ophthalmology** Charge Audit  
Dermatology Charge Audit  
Operating Room Charges  
On Line Cash Receipting System Review  
St. Mary's and Other Private Patients  
PBS Abstracting

**THE UNIVERSITY OF TEXAS HEALTH SCIENCE CENTER AT HOUSTON**

'92 **FYE** Inventoried  
'93 **FYE** Inventories  
Survey of Outside Remuneration  
Inventory Adjustments  
Time Reports  
'93 Payroll Operational Review  
Nursing Services Billings Review  
Indirect Cost  
Cash Receipts  
Cash Disbursements

**THE UNIVERSITY OF TEXAS HEALTH** SCIENCE CENTER AT HOUSTON  
(continued)

HAM-TMC Library  
Capital Assets Management Operational Review  
Application and Award Process • Sponsored Research  
Development Office Operational Review  
Controlled Substances & Dangerous Drugs •  
Non-Clinical Settings Follow-Up  
Residency Program Review  
**Hermann** Hospital Contracts Review  
Reserved for Special Assignments

EDP Audits

Internal Staff Assistance  
Activity Database Modifications  
Assist External Auditors  
Resource Management LAN Review  
Department of Radiology LAN Review  
Information Systems Security Review  
RACF and **TSO** Security Review  
Management Systems Support Follow-up  
BPPS Acquisition Review  
BPPS Client Assistance Review  
Reserved for Special Assignments

MSRDP Audits

'92 MSRDP Surgery Operational Review  
'92 MSRDP Family Practice Operational Review  
MSRDP Financial Audit  
MSRDP Central Business Office Review  
MSRDP Internal Medicine Operational Review  
MSRDP **Psychiatry/MSI** Operational Review  
MSRDP Medical School Development Fund Operational Review  
MSRDP Expert Witness & Other Fees  
MSRDP Suspense Account & Control Account  
Reserved for Special Assignments

THE UNIVERSITY OF TEXAS **HEALTH** SCIENCE CENTER AT HOUSTON  
(continued)

HCPC Audits

'92 FYE Inventories  
HCPC Medical Records Review  
HCPC Admissions **Follow-Up(3)**  
HCPC Billings System Operational Review Follow-Up  
HCPC Nursing Services Operational Review  
Reserved for Special Assignments  
Contract Hours  
International Affairs  
Budget and Payroll Services' Computer System  
Recreational Facilities  
Student Health Services  
University Health **Services**                      University Relations  
University Police  
Physical Plant  
**MSRDP • Orthopaedics**  
**MSRDP • Family Practice**  
Private Grants  
Instructional Development  
Purchasing  
Health Education Training Center  
DSRDP Outpatient Clinic  
DSRDP  
Cash & Investments  
Payroll  
Foknv-Up Audit  
Texas Public Grant Programs  
Family Practice  
**MSRDP/DSRDP** Financial Review  
Legislative Appropriations  
Petty Cash  
Central Stores/Receiving  
Annual Financial Report/Balance Sheet Support  
Drug **Protocol/Clinical** Trials

**THE UNIVERSITY OF TEXAS HEALTH SCIENCE CENTER AT HOUSTON**  
(continued)

General **Accounting/AJE** Support  
General **Accounting/Internal** Control Review  
Accounts Payable/Operational Review  
Grants and Contracts/Private  
Hazardous Waste/Disposal Contracts  
Human Resources/Compensation **& Benefits**  
Human Resources/Employee Information System  
Medical Records  
Accounts **Receivable/Patient**, Governmental  
Medicare/Bad Debt  
Patient Care Accounting  
**Payroll/Time &** Attendance Reports  
Purchasing/Contracts  
Purchasing/Requisition Process  
Treasury Services/Investments  
Controlled Drug Inventories, Departmental  
Executive **Level/Entertainment** and Travel  
Grants and Contracts/Q • **128** Federal Audit  
Payroll/Delivery  
Petty Cash Counts  
Property Control/Fixed Asset Review  
**PRS/Required** Annual Financial Audit  
**PRS/Diagnostic** Imaging  
**PRS/Station** SS  
**PRS/Station 57, Neuro** Oncology/Surgery  
**PRS/Station** 42, Urology  
**Prs/Station** 17, Genitourinary Oncology  
**PRS/Lab** Medicine  
**PRS/Ambulatory** Treatment Center  
**PRS/Billing**  
State Audit Follow-Up  
Year-End Inventories

THE UNIVERSITY OF TEXAS **HEALTH** SCIENCE CENTER AT SAN ANTONIO

Petty Cash  
Legislative Appropriations  
**MSRDP/DSRDP** Financial Review  
Family Practice Residency Program  
Texas Public Grant Programs  
Follow-Up Audit (1992)  
**Payroll**  
Health Education Training Center  
Cash and Investments  
DSRDP  
DSRDP Outpatient Clinic  
Purchasing  
Private Grants  
MSRDP • Family Practice  
MSRDP • **Orthopaedics**  
Physical Plant  
University **Police**  
Instructional Development  
Student Health Services  
Recreational Facilities  
University Relations  
Budget and Payroll **Services**  
    Computer System  
International Affairs

**THE** UNIVERSITY OF TEXAS M.D. ANDERSON CANCER CENTER

AUDITS SCHEDULED FOR **FY** 1993

Account Payable/Operational Review  
Accounts Receivable/Patient, Governmental  
Annual Financial Report/Balance Sheet Support  
Central Stores/Receiving  
Drug Protocol/Clinical Trials  
General **Accounting/AJE** Support  
General Accounting/Internal Control Review  
Grants **and** Contracts/Private  
Hazardous Waste/Disposal Contracts  
Human Resources/Employee Information System  
Medical Records  
Medicare/Bad Debt  
Patient Cost Accounting  
**Payroll/Time &** Attendance Reports  
Purchasing/Contracts  
Purchasing/Requisition Process  
Treasury **Services/Investments**

**THE UNIVERSITY** OF TEXAS M.D. ANDERSON CANCER CENTER (Continued)

AUDITS REQUIRED BY LAW, POLICY OR CUSTOM FOR **FY** 1993

Controlled Drug Inventories, Departmental  
Executive Level/Entertainment and Travel  
Grants and Contracts/A-128 Federal Audit  
Payroll/Delivery  
Petty Cash Counts  
Property Control/Fixed Asset Review  
**PRS/Required** Annual Financial Audit  
**PRS/Diagnostic** Imaging  
**PRS/Station** 55  
**PRS/Station** 57, Neuro Oncology/Surgery  
**PRS/Station** 42, Urology  
**PRS/Station** 17, **Genitourinary** Oncology  
**PRS/Lab** Medicine  
**PRS/Ambulatory** Treatment Center  
**PRS/Credit** and Collections  
**PRS/Billing**  
State Audit Follow-Up  
System Audit Follow-Up  
Year-End Inventories

AUDITS IN PROGRESS

Accounts Receivable/Patient (Commercial)  
Christmas Card Inventory  
Demand Account Reconciliations  
Executive Level Entertainment **&** Travel  
Linen Services Inventory  
Medicare Cost Report Review  
Patient Billing Complaints  
Patient Financial Qualification  
Patient **Refunds**  
Payroll/Withholding  
Petty Cash Counts  
**PRS/Anesthesia**  
**PRS/General** Surgery  
**PRS/Station** 54  
**PRS/Station** 7  
System Follow-Up  
Year-End Inventories

THE UNIVERSITY OF TEXAS M.D. ANDERSON CANCER CENTER (Continued)

FOLLOW-UP AUDITS

Accounts Payable and Payroll  
Accounts **Receivable/Patient** (Commercial)  
Central Stores/Operational Statistics  
Christmas Card  
Christmas Card Inventory  
Controlled Drug Inventories  
Demand Account Reconciliations  
Departmental **Review/GYN**  
Endowment and Restricted Funds  
Equipment Control  
Executive Level Entertainment & Travel  
Grants and Contracts/A-128  
Grants and Contracts/Travel & Entertainment  
**IDC/Effort** Report  
Medicare Cost Report Review  
Parking  
**Pathology/PRS** and Technical  
Patient Billing Complaints  
Patient Financial Qualification  
Patient **Flow** Analysis  
Patient Refunds  
**Payroll/Operations**  
Payroll/Withholding  
Peer Review  
Petty Cash Counts  
**Pharmacy/Billing**  
**PRS/Anesthesia**  
**PRS/General** Surgery  
**PRS/Station 54**  
**PRS/Station 67**  
**PRS/Station 7**  
**PRS/Travel** and Entertainment  
Purchasing  
Senate Bill 3 Reporting  
Sysco Contract  
System Audit  
Year-End Inventories

**THE UNIVERSITY OF TEXAS HEALTH CENTER AT TYLER**

Accounting  
Accounts Receivable • Hospital  
Accounts Receivable • MSRDP  
Capital Assets • Inventories and Controls  
Compliance with BPM X31 • MSRDP Revenues, Expenditures,  
and Fringe Benefits  
Coordinating Board • Family Practice Report  
**Follow-Up** on Internal Audits  
Follow-Up on State Audits  
Follow-Up on System Audits  
Grants and Contracts  
Internal Audit • Peer Review  
Inventories of Consumable Supplies  
Official Entertainment  
Patient Accounting  
Petty Cash  
Pharmacy • Controlled Substances  
Purchasing  
Revenues • Hospital  
Timekeeping

**ATTACHMENT B**

**AUDIT PLAN FOR 1992-1993 SYSTEM ADMINISTRATION INTERNAL AUDITS**

Audit Areas	Reason for Audit	Scope	Budgeted Hours Each Audit
<b>U.T. System Administration</b>			
Workers' Compensation Insurance	Risk Assessment	Reliability & Integrity	9.02
Construction in Progress	Risk Assessment	Safeguarding of Assets, Economy & Efficiency Compliance, Program Results Reliability & Integrity	1,069
Self-Insurance Plans Medical & Dental Self-Insurance Plan	Risk Assessment	Reliability & Integrity, Compliance Safeguarding of Assets	9.02
Assist Arthur Andersen on Review of Accounting Applications	Risk Assessment	Compliance	120
Investments - Common Trust Fund	Risk Assessment	Reliability & Integrity, Compliance Safeguarding of Assets	1,099
West Texas Lands - Oil Gas Royalty	Risk Assessment	Compliance	1,069
Follow-Up ON Prior Year's Audits	Required	Compliance	4.16

Total Hours Budgeted for U.T. System Administration

5.347

AUDIT PLAN FOR 1992-1993 AUDIT OF ACADEMIC COMPONENTS

Component and Audit Areas	Reason for Audit	Scope	Budget Hours Each Component
<b>U.T. Arlington</b>			
Institutional Funds	Risk Assessment	Compliance. Safeguarding of Assets Economy & Efficiency. Program Results	158
Grants and Contracts	Risk Assessment	Reliability & Integrity, Compliance Economy & Efficiency. Program Results	237
Construction I" Progress	Risk Assessment	Compliance. Safeguarding of Assets Economy & Efficiency. Program Results Reliability & Integrity	158
EDP-General Controls	Risk Assessment	Compliance, Safeguarding of Assets	75
Intercollegiate Athletics	Required	Financial	119
Follow-Up on Prior Year's Audits	Required	Compliance	44
		Total	<u>791</u>
<b>U.T. Austin</b>			
Institutional Funds	Risk Assessment	Compliance. Safeguarding of Assets Economy & Efficiency. Program Results	336
Grants and Contracts	Risk Assessment	Reliability & Integrity, Compliance Economy & Efficiency. Program Results	404
Construction I" Progress	Risk Assessment	Compliance, Safeguarding of Assets Economy & Efficiency. Program Results Reliability & Integrity	378
EDP-General Controls	Risk Assessment	Compliance, Safeguarding of Assets	160
Follow-Up on Prior Year's Audits	Required	Compliance	67
		Total	<u>1345</u>

**AUDIT PLAN FOR 1992-1993 AUDIT OF ACADEMIC COMPONENTS**

<u>Component and Audit Areas</u>	<u>Reason for Audit</u>	<u>Scope</u>	<u>Budget Hours Each Component</u>
<b>U.T. Brownsville</b>			
Institutional Funds	Risk Assessment	Compliance, Safeguarding of Assets Economy & Efficiency, Program Results	195
Grants and Contracts	Risk Assessment	Reliability & Integrity, Compliance Economy & Efficiency, Program Results	296
Construction In Progress	Risk Assessment	Compliance, S&guarding of Assets Economy & Efficiency, Program Results Reliability & Integrity	154
EDP-General Controls	Risk Assessment	Compliance, Safeguarding of Assets	73
Internal Audit Work	Mgmt. Request	Reliability & Integrity, Compliance Safeguarding of Assets, Program Results Economy & Efficiency	401
		<b>Total</b>	<b>1029</b>
<b>U.T. Dallas</b>			
Institutional Funds	Risk Assessment	Compliance, Safeguarding of Assets Economy & Efficiency, Program Results	156
Grants and Contracts	Risk Assessment	Reliability & Integrity, Compliance Economy & Efficiency, Program Results	190
Construction In Progress	Risk Assessment	Compliance, S&guarding of Assets Economy & Efficiency, Program Results Reliability & Integrity	177
EDP-General Controls	Risk Assessment	Compliance, Safeguarding of Assets	76
Follow-Up on Prior Year's Audits	Required	Compliance	33
		<b>Total</b>	<b>634</b>

**AUDIT PLAN FOR 1992-1993 AUDIT OF ACADEMIC COMPONENTS**

Component and Audit Areas	Reason for Audit	Scope	Budget Hours	
			Each	Component
<b>U.T. El Paso</b>				
Institutional Funds	Risk Assessment	Compliance, Safeguarding of Assets Economy & Efficiency, Program Results		158
Grants and Contracts	Risk Assessment	Reliability & Integrity, Compliance Economy & Efficiency, Program Results		237
Construction In Progress	Risk Assessment	Compliance, Safeguarding of Assets Economy & Efficiency, Program Results Reliability & Integrity		158
EDP-General Controls	Risk Assessment	Compliance, Safeguarding of Assets		75
Intercollegiate Athletics	Required	Financial		119
Follow-Up on Prior Year's Audits	Required	Compliance		44
		<b>Total</b>		<u>791</u>
<b>U.T. Pan American</b>				
Institutional Funds	Risk Assessment	Compliance, Safeguarding of Assets Economy & Efficiency, Program Results		158
Grants and Contracts	Risk Assessment	Reliability & Integrity, Compliance Economy & Efficiency, Program Results		237
Construction In Progress	Risk Assessment	Compliance, Safeguarding of Assets Economy & Efficiency, Program Results Reliability & Integrity		158
EDP-General Controls	Risk Assessment	Compliance, Safeguarding of Assets		75
Intercollegiate Athletics	Required	Financial		119
Peer Review	Special Request	Compliance		120
Follow-Up on Prior Year's Audits	Required	Compliance		44
		<b>Total</b>		<u>911</u>

**AUDIT PLAN FOR 1992-1993 AUMT OF ACADEMIC COMPONENTS**

<u>Component and Audit Areas</u>	<u>Reason for Audit</u>	<u>Scope</u>	<u>Budget Hours Each Component</u>
<b>U.T. Permian Basin</b>			
Institutional Funds	Risk Assessment	Compliance. Safeguarding of Assets Economy & Efficiency. Program Results	195
Grants and Contracts	Risk Assessment	Reliability & Integrity. Compliance Economy & Efficiency. Program Results	206
Construction In Progress	Risk Assessment	Compliance. Safeguarding of Assets Economy & Efficiency. Program Results Reliability & Integrity	154
EDP-General Controls	Risk Assessment	Compliance. Safeguarding of Assets	73
Internal Audit Work	Mgmt. Request	Reliability & Integrity. Compliance Safeguarding of Assels. Program Results Economy & Efficiency	401
		<b>Total</b>	<b>1029</b>
<hr/>			
<b>U.T. San Antonio</b>			
Institutional Funds	Risk Assessment	Compliance. Safeguarding of Assels Economy & Efficiency. Program Results	158
Grants and Contracts	Risk Assessment	Reliability & Integrity. Compliance Economy & Efficiency. Program Results	237
Construction In Progress	Risk Assessment	Compliance. Safeguarding of Assels Economy & Efficiency. Program Results Reliability & Integrity	158
EDP-General Controls	Risk Assessment	Compliance. Safeguarding of Assels	75
Intercollegiate Athletics	Required	Financial	119
Follow-Up on Prior Year's Audits	Required	Compliance	44
		<b>Total</b>	<b>791</b>

AUDIT PLAN FOR 1992-1993 AUDIT OF ACADEMIC COMPONENTS

Component and Audit Areas	Reason for Audit	Scope	Budget Hours Each Component
<b>J.T. Tyler</b>			
Institutional Funds	Risk Assessment	Compliance, Safeguarding of Assets Economy & Efficiency, Program Results	
Grants and Contracts	Risk Assessment	Reliability & Integrity, Compliance Economy & Efficiency, Program Results	249
Construction In Progress	Risk Assessment	Compliance, Safeguarding of Assets Economy & Efficiency, Program Results Reliability & Integrity	179
EDP-General Controls	Risk Assessment	Compliance, Safeguarding of Assets	71
Peer Review	Special Request	Compliance	120
Follow-Up on Prior Year's Audits	Required	Compliance	36
		<b>Total</b>	<b>932</b>
Total Hours Budgeted for Academic Components			<u><u>8153</u></u>

**AUDIT PLAN FOR 1992-1993 AUDIT OF HEALTH COMPONENTS**

Component and Audit Areas	Reason for Audit	Scope	Budgeted Hours Each Component
<b>J.T. Southwestern Medical Center</b>			
Institutional Funds	Risk Assessment	Compliance. Safeguarding of Assets Economy & Efficiency, Program Results	212
Grants and Contracts	Risk Assessment	Reliability & Integrity, Compliance Economy & Efficiency, Program Results	265
Construction In Progress	Risk Assessment	Compliance. Safeguarding of Assets Economy & Efficiency, Program Results Reliability & Integrity	184
EDP-General Controls	Risk Assessment	Compliance. Safeguarding of Assets	80
Hazardous Materials	Risk Assessment	Economy & Efficiency, Program Results, Compliance	265
Follow-up Prior Year Findings	Required	Compliance	53
		Total	<u>1059</u>
<b>J.T. Medical Branch Galveston</b>			
Institutional Funds	Risk Assessment	Compliance. Safeguarding of Assets Economy & Efficiency, Program Results	264
Grants and Contracts	Risk Assessment	Reliability & Integrity, Compliance Economy & Efficiency, Program Results	353
Construction In Progress	Risk Assessment	Compliance, Safeguarding of Assets Economy & Efficiency, Program Results Reliability & Integrity	212
EDP-General Controls	Risk Assessment	Compliance. Safeguarding of Assets	159
Hazardous Materials	Risk Assessment	Economy & Efficiency, Program Results, Compliance	353
Peer Review	Special Request	Compliance	180
Follow-up Prior Year Findings	Required	Compliance	70
		Total	<u>1591</u>

**AUDIT PLAN FOR 1992-1993 AUDIT OF HEALTH COMPONENTS**

Component and Audit Areas	Reason for Audit	Scope	Budgeted Hours Each Component
<b>U.T. HSC Houston</b>			
Institutional Funds	Risk Assessment	Compliance, Safeguarding of Assets Economy & Efficiency, Program Results	159
Grants and Contracts	Risk Assessment	Reliability & Integrity, Compliance Economy & Efficiency, Program Results	265
Construction In Progress	Risk Assessment	Compliance, Safeguarding of Assets Economy & Efficiency, Program Results Reliability & Integrity	159
EDP-General Controls	Risk Assessment	Compliance, Safeguarding of Assets	159
Hazardous Materials	Risk Assessment	Economy & Efficiency, Program Results, Compliance	265
Follow-up Prior Year Findings	Required	Compliance	52
		<b>Total</b>	<b>1059</b>
<b>U.T. HSC San Antonio</b>			
Institutional Funds	Risk Assessment	Compliance, Safeguarding of Assets Economy & Efficiency, Program Results	159
Grants and Contracts	Risk Assessment	Reliability & Integrity, Compliance Economy & Efficiency, Program Results	265
Construction In Progress	Risk Assessment	Compliance, Safeguarding of Assets Economy & Efficiency, Program Results Reliability & Integrity	159
EDP-General Controls	Risk Assessment	Compliance, Safeguarding of Assets	159
Hazardous Materials	Risk Assessment	Economy & Efficiency, Program Results, Compliance	265
Follow-up Prior Year Findings	Required	Compliance	52
		<b>Total</b>	<b>1059</b>

**AUDIT PLAN FOR 1992-1993 AUDIT OF HEALTH COMPONENTS**

Component and Audit Areas	Reason for Audit	Scope	Budgeted Hours Each Component
<b>U. T. M. D. Anderson</b>			
Institutional Funds	Risk Assessment	Compliance, Safeguarding of Assets Economy & Efficiency, Program Results	264
Grants and Contracts	Risk Assessment	Reliability & Integrity, Compliance Economy & Efficiency, Program Results	353
Construction In Progress	Risk Assessment	Compliance, Safeguarding of Assets Economy & Efficiency, Program Results Reliability & Integrity	212
EDP-General Controls	Risk Assessment	Compliance, Safeguarding of Assets	159
Hazardous Materials	Risk Assessment	Economy & Efficiency, Program Results, Compliance	353
Follow-up Prior Year Findings	Required	Compliance	70
<b>Total</b>			<b>1411</b>
<b>U.T. Health Center Tyler</b>			
Institutional Funds	Risk Assessment	Compliance, Safeguarding of Assets Economy & Efficiency, Program Results	212
Grants and Contracts	Risk Assessment	Reliability & Integrity, Compliance Economy & Efficiency, Program Results	265
Construction In Progress	Risk Assessment	Compliance, Safeguarding of Assets Economy & Efficiency, Program Results Reliability & Integrity	164
EDP-General Controls	Risk Assessment	Compliance, Safeguarding of Assets	80
Hazardous Materials	Risk Assessment	Economy & Efficiency, Program Results, Compliance	265
Peer Review	Special Request	Compliance	120
Follow-up Prior Year Findings	Required	Compliance	53
<b>Total</b>			<b>1179</b>
<b>Total Hours Budgeted for Health Components</b>			<b>7356</b>

8. U. T. Austin: Approval of Amendment to the Shuttle Bus Contract with Capital Metropolitan Transportation Authority (Capital Metro), Austin, Texas.--The Board, upon recommendation of the Business Affairs and Audit Committee, amended the shuttle bus service contract between the U. T. Board of Regents, for and on behalf of The University of Texas at Austin, and Capital Metropolitan Transportation Authority (Capital Metro), Austin, Texas, as set out on Pages 65 - 66.

The contract for shuttle bus service was approved by the U. T. Board of Regents in June 1988 for a term of five years with termination scheduled on August 31, 1993. This amendment to that contract provides Capital Metro a service contract extension for an additional year (September 1, 1993 through August 31, 1994) and authorizes an increase in the cost for the additional year from \$24.23 per revenue service hour for the fifth year of the contract period to \$26.00 per revenue service hour for the sixth year.

The existing shuttle bus agreement requires Capital Metro to subcontract the actual operations of the bus service to a private operator. In 1991, Capital Metro entered into a new subcontract with a private contractor to operate the shuttle service for a three-year period from 1991 to 1994. The extension to the agreement between Capital Metro and the U. T. Board of Regents for an additional year to August 31, 1994, coordinates the two contracts so they will expire at the same time.

The amendment to the contract provides a measure of cost containment for the additional year, and none of the other provisions of the contract with Capital Metro will be changed. Payment for services rendered will continue to be paid entirely from the Compulsory Student Services Fee.

**FIRST AMENDMENT TO  
AGREEMENT BETWEEN THE BOARD OF REGENTS  
OF THE UNIVERSITY OF TEXAS SYSTEM  
AND THE CAPITAL METROPOLITAN TRANSPORTATION AUTHORITY**

This **First Amendment to the Agreement** between the Board of Regents of The University of **Texas System** and the Capital Metropolitan Transportation Authority is made and entered into this \_\_\_\_\_ day of **December, 1992**, by and between the Board of **Regents** of The **University of Texas System ("BOARD")**, an agency of the State of Texas, and the Capital Metropolitan Transportation Authority ("**CAPITAL METRO**"), a public body corporate and politic located in **Austin, Texas**.

**WHEREAS**, on September 1, 1988, **BOARD** and **CAPITAL METRO** entered into that certain Agreement for the provision of shuttle bus service for the use and benefit of The University of Texas at **Austin ("UNIVERSITY")**; and

**WHEREAS**, the parties to the aforementioned **Agreement** do now desire to amend that Agreement to extend the term and more fully set forth in this **First Amendment**.

For and in **consideration of** the promiser and **mutual covenants** hereinafter set forth, **BOARD** and **CAPITAL METRO** agree as follows:

1. Section II of the Agreement after the heading shall be deleted and the following shall be substituted in lieu thereof:

"The term of **this Agreement** shall begin September 1, 1988 and end August 31, 1994."

2. Section IV of the Agreement after the heading shall be deleted and the following shall be substituted in lieu thereof:

"**CAPITAL METRO** shall maintain operational control of the **shuttle bus service**. Prior to August 31, 1989, **CAPITAL METRO**, through a competitive process, will select a private entity ("**CONTRACTOR**"), to provide supervisory service, drivers and maintenance support for the designated bus fleet for the period September 1, 1989 through **August 31, 1994**. **CONTRACTOR** will be an independent contractor responsible for its own employees who shall not be considered **employees** of **CAPITAL METRO** or **UNIVERSITY**."

3. Section VIII of the **Agreement shall be** modified by adding a new paragraph (c)(1) to be **inserted between** paragraph (c) and paragraph (d) **as follows:**

"(c)(1) In **Year Six** (September 1, 1993 to <sup>August</sup> 31, 1994), UNIVERSITY shall pay CAPITAL METRO the sum of **Three Million Five Hundred Eighty-eight Thouaand Dollars (\$3,588,000), plus the charge of Twenty-Six Dollars (\$26.00) per service hour for additional service hourr,** if any, **as prescribed** in Section VIII (a) above. "

4. Except **as** apacifically amended **hereby,** all of the **terms** and **provisions** of the **Agreement shall** remain in full force and **effect.**

IN **WITNESS** *WHEREOF,* **this** *First* **Amendment has been** executed **as** of **the** day and you **firstabove** written.

**ATTEST:**

CAPITAL METROPOLITAN TRANSPORTATION  
AUTHORITY

\_\_\_\_\_  
Secretary

By: \_\_\_\_\_  
Chairman, **Board** of Directora

**ATTEST:**

BOARD OF REGENTS OF THE UNIVERSITY  
OF TEXAS SYSTEM

\_\_\_\_\_  
Executive Secretary

By: \_\_\_\_\_  
Executive vice Chancellor for  
Academic Affairs

CONTENT APPROVED:

By: \_\_\_\_\_  
**Vice** President for Business  
*Affairs*  
The University of Texas at Austin

FORM APPROVED:

By: \_\_\_\_\_  
Office of General Counsel  
The University of Texas System

9. U. T. System: Report by Executive Vice Chancellor for Business Affairs Dan Burck on Minority and Woman-Owned Business Enterprises for the Fiscal Year 1991-92.--At the conclusion of the Business Affairs and Audit Committee meeting, Committee Chairman Loeffler called on Executive Vice Chancellor for Business Affairs Burck for a report on the status of The University of Texas System program to increase participation of minority and woman-owned business enterprises in procurement and contracting.

Executive Vice Chancellor Burck presented the following report:

Presentation of R. D. Burck  
Executive Vice Chancellor for Business Affairs  
The University of Texas System Board of Regents  
December 3, 1992

At the December Board of Regents' meeting last year in Houston, we reported to you on the first full year of implementation of our policy for increasing business with minority and woman-owned businesses. For the next 15 minutes, I would like to tell you about some of the many successes we have experienced; talk about some of the problems we have encountered; and discuss some of the plans we have for the future.

First, let me clarify a change in terms. Previously, we have referred to targeted Minority and Woman-owned Business Enterprises, or MWBEs. As a result of the U. S. Commission on Minority Business Development, a new term was incorporated into the state Appropriations Bill this year. That term, which describes the same businesses as our policy, is Historically Underutilized Businesses, or HUBs. The reports you have received from us use this new terminology, as will our future materials.

During Fiscal Year 1992, which ended last August 31, we are pleased to report that the U. T. System more than doubled the overall level of delegated purchases with minority and woman-owned vendors over the previous year. Total purchases were more than \$28 million in Fiscal 1992, compared to \$13.9 million in Fiscal 1991, an increase of \$14.1 million.

HUB subcontracts awarded by the Office of Facilities Planning and Construction totaled slightly over \$4 million, which brought the System grand total of HUB purchases for Fiscal 1992 to \$32.1 million, more than twice the total of \$15.8 million for Fiscal 1991.

The average U. T. System component spent nearly 8 percent of its delegated purchases with minority and woman-owned firms in 1992, compared with an average of 5 percent in 1991. The overall System percentage grew from 3.2 percent in Fiscal 1991 to 5.7 percent in Fiscal 1992. This record resulted from a number of efforts in support of our HUB policy.

We were able to double our level of purchases from HUB companies through initiatives by the System Office of Minority and Woman-Owned Business Development, the System Internal Audit staff, and the program development efforts of staff at each component institution.

Beginning last spring, U. T. System component institutions initiated the most comprehensive outreach and validation program we had ever undertaken, with each institution contacting all vendors who had previously identified themselves as minority or woman-owned, gaining new certification for these vendors, and compiling a System-wide shared vendor data base hosted by the U. T. Health Science Center - Houston.

This effort, combined with the participation of component representatives in regional organizations including the Houston Business Council and the Dallas-Fort Worth Minority Business Development Council, has resulted in an expanded pool of qualified, certified HUB vendors accessible to all institutions. Today, efforts to expand this pool to the widest possible number of qualified HUB vendors continue at each of our campuses daily.

You have before you a report detailing the program activities, performance, names, and addresses of the staff members responsible for the program at each component institution.

At the System level, the policy which we reported to you last year of soliciting HUB subcontract commitments from bidders on prime construction contracts through the Office of Facilities Planning and Construction (OFPC) continues to produce very positive results.

State law says that agencies and institutions shall make a good faith effort to award 10 percent of their construction contracts to minority and woman-owned firms beginning in September 1992, or the 1993 Fiscal Year.

In Fiscal Year 1992, the contracted level of HUB subcontracts reached nearly 11 percent, with \$4 million in subcontracts pledged out of a total of \$36.9 million in major construction contracts awarded. This performance puts us a full year ahead of the mandated schedule and positions us to do a better job and surpass the mandated levels for Fiscal 1993.

We have expanded the HUB construction subcontract policy by applying the same approach to the selection of architects and engineers, again stressing to each bidder on architect and engineering contracts our goal of at least 10 percent participation by HUB subcontractors.

At the same time, we are also working with the Austin Minority and Women's Alliance, a group of HUB architects and engineers, both to improve the architect and engineer selection process and understanding of that process among the HUB professional community.

I want to stress that figures presented here for construction are for contracts awarded, versus actual amounts paid. We have been cautioned by industry groups that contractual levels of commitment to HUB contractors have not always equated in other programs to actual work completed and dollars paid to HUB firms. For this reason, we have adopted a procedure requiring prime contractors to present documentary evidence of actual HUB payments with each invoice for progress payments.

This brings me to the need to explain fully all of the reports you have received thus far.

Our goal is to compile these reports in a way that reflects all purchases of each institution. We believe that each operating department throughout the entire U. T. System should be held accountable for its performance in pursuit of the HUB goal, and that this accountability will gain the attention and commitment of each person who exercises responsibility for choosing vendors.

You will remember that last year's report was the first ever compiled showing the total HUB purchases at each institution. Institutions were instructed to use exactly the same reporting basis this year as last.

We reported to you last December that performance in HUB participation was one of the factors formally measured by inclusion in the annual operating plan of the Internal Audit staff. System internal auditors visited each campus, reviewed in detail the steps each was taking to implement the HUB policy, and verified the reported performance figures.

This undertaking was among our most successful steps in support of this program in that the auditors were able to work with the leadership of each component institution to identify the elements that would lead to the success of HUB development efforts in each unique institutional situation.

The auditors found that successful HUB Development programs shared common features, including:

- the full support of top management
- computer systems to provide on-line access to HUB bidder and commodity information
- active outreach programs
- staff training and management support for following the elements of the HUB policy.

Having identified these essential elements of successful programs, the auditors will be following up the Fiscal 1992 assessment with a comparison of progress during the 1993 internal audit process.

Another activity that signaled the importance of this program to purchasing decision makers was the HUB training jointly sponsored by U. T. System and U. T. Austin in August.

Last January, John Moore, who has headed up the HUB program at System Administration, attended a seminar co-sponsored by the Austin Minority Purchasing Council and conducted by Dr. Floyd Rose, Executive Director of the Wisconsin Minority Supplier Development Council. We were impressed by Dr. Rose's approach to HUB development and recommended sharing his knowledge among as many purchasing decision makers as possible.

The result was a joint training effort during which Dr. Rose conducted sessions for chief business officers, internal auditors, purchasing directors, HUB development coordinators, and departmental purchasers. A total of 200 individuals attended these sessions, which were conducted at the System Office and the LBJ Auditorium at U. T. Austin.

To underscore the importance of this training, Dr. Cunningham invited deans and department chairmen on the Austin campus to send representatives, and we invited members of the Board of Regents to speak.

Mrs. Temple graciously accepted our invitation and, along with Dr. Cunningham, sent a powerful message of commitment during the training sessions by speaking at the opening session on campus.

Through an agreement with Dr. Rose, these sessions were videotaped and made available to each component institution to further their own internal training objectives.

Also attending the campus session were HUB development representatives from several other state agencies who have used both the Regents' policy and the brochures and videotapes we produced last year to develop their own programs.

We are now pursuing arrangements to cooperate with these and other agencies throughout State government in presenting joint training sessions to spread the methods and approaches learned from Dr. Rose and others in developing the HUB purchasing initiative.

Earlier this year, the U. T. System Purchasing Council invited Mr. John Pouland, Executive Director of the Texas General Services Commission, to speak at the Council's meeting in Dallas. Mr. Pouland acknowledged the U. T. System's leadership in this area, saying that the University has done more to advance the program of HUB purchasing than any other agency or institution operating without a federal mandate. Although we believe that Mr. Pouland is right about our leadership in this program, we are far from satisfied with our accomplishments.

Last December, I mentioned to you that we had retained Gold Line Management, a HUB firm, to advise us on program implementation, and last January the Business Affairs and Audit Committee was briefed on Gold Line's report and our HUB program. Briefly, the Gold Line recommendations called for expanded program staffing, automation, training, outreach, and refinements in reporting.

I have just reported on our objectives for refining our reporting methods both vertically (in terms of assigning accountability where purchasing decisions are made at each level) and horizontally (across industrial sectors to identify those areas of HUB opportunity where our best development efforts should be concentrated).

Major automation projects completed in Fiscal 1992 at the U. T. Medical Branch - Galveston, U. T. M.D. Anderson Cancer Center, U. T. Arlington, and U. T. Austin are the tools needed both to gather the detailed data needed to produce such reports and to make available the most comprehensive lists of vendors and their capabilities to all who make purchasing choices on each campus. Certainly these institutions which spend the most money and, thus are in the position to be the most help to our development efforts, now have the necessary automation in place to do so, and these tools will play a major role in the improvements you will see in our performance during Fiscal 1993.

In the area of staffing, the component institution performance profiles you have before you list a total of 56 individuals, including purchasing directors and HUB coordinators, who represent only a part of the staff resources component institutions have committed to this program.

You will remember that last year we pledged to you that we could make continued progress without added System Administration staff. One of the specific recommendations from Gold Line indicated the need for full-time staff at U. T. Austin and at U. T. System Administration. U. T. Austin has acknowledged that need and hired two individuals to work full-time on HUB development.

At the System level, John Moore in the Office of Business Affairs was appointed Director of the Office of Minority and Woman-Owned Business Development. With the active and vocal support of the Board and U. T. System Administration, John has spent much of the past two years bringing this program to its present level of development without the commitment of additional full-time staff resources at System Administration. I believe we have demonstrated significant progress, but we still have much to do and a great deal to improve.

Finally, the coming Legislature, as in the past, can be expected to revisit the mandates supporting HUB development. We are recommending that the University support several HUB initiatives for which we have voiced support to the Legislature in the past, as well as other, newer issues:

1. In response to repeated requests from the HUB contracting community, we would again like to support raising of the threshold level on projects requiring performance bonds for contractors and subcontractors from its present \$25,000 level to a more realistic \$100,000.
2. To ensure the integrity of the present process of vendor self-certification, as well as further the implementation of programs at other state agencies, we will continue to support adequate funding for operations and necessary audit and enforcement of the certification program for the General Services Commission.
3. It would be helpful in our efforts to refine our own reporting methods to contribute to the refinement of rules for the reporting of all agencies and institutions of state government. To that end, John Moore has chaired a committee of other state agencies that has produced a proposal to define, both vertically and horizontally, reporting methods which, due to technical and fiscal restraints, could not be adopted this year by the General Services Commission. We would like to continue this work in the Legislature.

4. Closely related to this effort would be support for the extension and expansion of a HUB availability study which Dr. Ray Marshall of the LBJ School of Public Affairs is now conducting under contract with the State Department of Transportation. I cannot overstate the importance of this study, which Dr. Marshall is conducting with the advice and assistance of Mr. Moore and the purchasing departments of our academic institutions.

Before you is the first set of comprehensive ethnic and gender breakdowns produced by the U. T. System. As with the HUB data we presented to you last year and refined this year, these figures are the beginnings of the clear picture we hope eventually to be able to present detailing our performance at all levels and with all the various segments of the HUB community.

As you can see, the total \$32.1 million spent or contracted by U. T. System and all component institutions during Fiscal 1992 can be broken down as follows:

Woman-owned companies	\$19 million	(59%)
Hispanic firms	\$6 million	(19%)
Asian American firms	\$4.9 million	(15%)
African-American companies	\$1.8 million	( 6%)
Native American companies	\$400,000	( 1%)

How these performance figures compare with the actual and potential availability of HUB businesses in the community as a whole, not to mention by specific industry or type of business, can be nothing more than a guess until such a study as Dr. Marshall's is conducted across the entire state. For this reason, we will continue to work with Dr. Marshall and his researchers and use every opportunity to help them find as many of these answers as possible, then apply these answers in making decisions about the steps we hope to recommend to you in the HUB policy implementation report next year.

To summarize, I have reported to you today the steps we have taken to develop HUB programs at U. T. System and each component institution, discussed staffing, training, automation, reporting and legislation. Today you have heard a report on the 100 percent increase in HUB purchasing in Fiscal 1992 over Fiscal 1991, development of programs to find and involve more HUB vendors and professionals, the first-ever comprehensive ethnic and gender report on these activities and our recommendations for future development.

We have devoted significant resources to this effort, and we have a very successful program in place. It is by no means perfect, and we are committed to improving -- but I think we can all be proud of the progress made and the commitment to continue to improve.

On behalf of the Board, Regent Holmes expressed appreciation to Executive Vice Chancellor Burck and his staff for the informative report and noted that it provides a benchmark to help The University of Texas System know where it is on this issue. He stated that it is his expectation that there would be a similar report next year so that the Board can continue to measure the growth in this area. Reverend Holmes pointed out that in glancing at the written report\* distributed by Executive Vice Chancellor Burck that progress made thus far has been mostly with woman-owned businesses and that the numbers are much lower with ethnic minorities. He emphasized that the greatest challenge is to ensure that ethnic minorities keep up with the woman-owned businesses and indicated that the Board needs a plan in place to move toward that goal. Regent Holmes noted that he anticipates much more progress with the ethnic minorities at this time next year.

In conclusion, Committee Chairman Loeffler commended Mr. Burck and the U. T. System Administration on a very fine beginning in this effort to increase the level of component institutions' purchases and contracts with minority and woman-owned businesses.

\*A copy of this bound report, [Historically Underutilized Business Development Program - Progress Report, Fiscal Year 1992](#), is on file in the Office of the Board of Regents.

REPORT AND RECOMMENDATIONS OF THE ACADEMIC AFFAIRS COMMITTEE (Pages 76 - 83).--Committee Chairman Barshop reported that the Academic Affairs Committee had met in open session to consider those matters on its agenda and to formulate recommendations for the U. T. Board of Regents. Unless otherwise indicated, the actions set forth in the Minute Orders which follow were recommended by the Academic Affairs Committee and approved in open session and without objection by the U. T. Board of Regents:

1. U. T. Arlington - College of Business Administration Advisory Council: Approval of Nominees Thereto.--Two nominees for membership to The University of Texas at Arlington College of Business Administration Advisory Council were approved for two-year terms to expire in 1994.

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

2. U. T. Austin: Appointment of Initial Holders to Endowed Academic Positions in the College of Pharmacy Effective January 16, 1993 - (a) Dr. Larry Ereshefsky to the Romeo T. Bachand, Jr. Regents Professorship in Pharmacy, (b) Dr. Marvin D. Shepherd to the Behrens Inc. Centennial Professorship in Pharmacy, and (c) Dr. Robert L. Talbert, Jr. to the SmithKline Centennial Professorship in Pharmacy.--The Board, upon recommendation of the Academic Affairs Committee, approved the following initial appointments to endowed academic positions in the College of Pharmacy at The University of Texas at Austin effective January 16, 1993, with the understanding that the professors will vacate any currently held endowed positions on the effective date of the new appointments:
  - a. Dr. Larry Ereshefsky, Professor, to the Romeo T. Bachand, Jr. Regents Professorship in Pharmacy
  - b. Dr. Marvin D. Shepherd, Professor, to the Behrens Inc. Centennial Professorship in Pharmacy
  - c. Dr. Robert L. Talbert, Jr., Professor and Division Head of the Off-Campus Clinical Program, to the SmithKline Centennial Professorship in Pharmacy.
3. U. T. Austin: Authorization to Name Room 1.120 in the Chemical and Petroleum Engineering Building the I. H. Silberberg Endowed Undergraduate Petrophysics Teaching Laboratory (Regents' Rules and Regulations, Part One, Chapter VIII, Section 1, Subsection 1.2, Naming of Facilities Other Than Buildings).--In accordance with the Regents' Rules and Regulations, Part One, Chapter VIII, Section 1, Subsection 1.2, relating to the naming of facilities other than buildings, the Board designated Room 1.120 in the Chemical and Petroleum Engineering Building at The University of Texas at Austin as the I. H. Silberberg Endowed Undergraduate Petrophysics Teaching Laboratory.

The naming of this room is in honor of Dr. Irwin Harold Silberberg, who received each of his three degrees in chemical engineering from U. T. Austin and has been associated with that institution since 1958.

See Page 110 related to the establishment of the I. H. Silberberg Endowed Undergraduate Petrophysics Teaching Laboratory Fund.

4. U. T. Austin: Approval to Name Room 2.116 in the F. Loren Winship Drama Building as The Leon Danielian Dance Studio (Regents' Rules and Regulations, Part One, Chapter VIII, Section 1, Subsection 1.2, Naming of Facilities Other Than Buildings).--Upon recommendation of the Academic Affairs Committee, Room 2.116 in the F. Loren Winship Drama Building at The University of Texas at Austin was named The Leon Danielian Dance Studio pursuant to the Regents' Rules and Regulations, Part One, Chapter VIII, Section 1, Subsection 1.2, relating to the naming of facilities other than buildings.

The naming of this room is in honor of Mr. Leon Danielian, the Susan Menefee Ragan Regents Professor Emeritus of Fine Arts, in consideration of his significant contributions to the Department of Theatre and Dance, the College of Fine Arts, and U. T. Austin.

See Page 106 regarding acceptance of gifts and pledges to establish the Leon Danielian Endowed Presidential Scholarship in Dance.

5. U. T. Austin: Approval of Agreement of Academic and Scientific Cooperation with The University of Stellenbosch, Republic of South Africa and Authorization for Executive Vice Chancellor for Academic Affairs to Execute Agreement.--Approval was given to the agreement of academic and scientific cooperation set out on Pages 78 - 81 between The University of Texas at Austin and The University of Stellenbosch, Republic of South Africa.

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

This agreement is designed to promote cooperation and exchange in all academic areas of mutual interest between the two institutions.

In response to Regent Holmes' inquiry as to how this action squares with the Board's investment policy in South Africa, which policy states that the Board will not be making any investments in securities of the South Africa government, Acting President Livingston responded that the U. T. Austin Administration had been working on this agreement for a considerable period of time and noted that The University of Stellenbosch is an ancient university which has, for a number of years, been a leader in the integration of higher education in South Africa. He cited that The University of Stellenbosch has

more whites than blacks but the blacks are increasing, and this is what U. T. Austin would like to see in terms of the racial mix.

AC- OF ACADMC AND SCIENTIFIC COOPERATION  
between  
THE UNIVERSITY OF STELLENBOSCH. RSA  
and  
THE UNIVERSITY OF TEXAS AT AUSTIN. U.S.A.

WHEREAS The University of Stellenbosch (hereinafter referred to as US), for and on behalf of the Faculty of Engineering, and The University of Texas at Austin (hereinafter referred to as UT Austin), for and on behalf of the College of Engineering, are linked by common academic and cultural interests in the field of engineering, and

WHEREAS these two institutions wish to enable cooperation and exchange in all academic areas of mutual interest, and

WHEREAS these two institutions wish to expand the basis for friendship and cooperative educational exchange between South Africa and the United States of America;

NOW, THEREFORE, the Faculty of Engineering of US and the College of Engineering of UT Austin set forth in the following articles of agreement.

ARTICLE I

The purpose of this general agreement includes, but is not limited to, the following:

1. The development of collaborative research projects;
2. The organization of joint academic and scientific activities, such as courses, conferences, seminars, symposia or lectures;
3. The exchange of research and teaching personnel;
4. The exchange of students; and
5. The exchange of publications and other materials of common interest.

Cooperative projects under this general agreement may include any of the academic disciplines of the Faculty of Engineering, US, and the College of Engineering, UT Austin .

ARTICLE II

- A. Arrangements for collaboration on research projects must be consistent with all applicable rules, regulations, policies, and practices of each institution.
- B. Faculty members will be responsible for all personal expenses incurred during the exchange.
- C. Faculty members on exchange will be responsible to the dean/head of the academic unit to which they are assigned at the host institution.

**ARTICLE III**

**A. In order to carry out and fulfill the aims of this agreement, US and UT Austin designate the following individuals as program coordinators:**

**Dr. H. Christo Viljoen  
Dean, Faculty of Engineering  
The University of Stellenbosch**

**Dr. Herbert H. Woodson  
Dean, College of Engineering  
The University of Texas at Austin**

**B. Through the coordinators, either institution may initiate proposals for activities under this agreement. The coordinators will be responsible for the evaluation of activities under this agreement according to the practices of their respective institutions.**

**C. Specific details of any activity will be set forth in a Letter of Agreement which, upon signing by designated persons at both universities, will become an integral part of this general agreement. Letters of Agreement will include such items as:**

- 1. Elaboration of the responsibilities of each institution for the agreed upon activity;**
- 2. Schedules for the specific activities;**
- 3. Budgets and sources of financing of each activity;**
- 4. Contact person for the proposed activity; and**
- 5. Any other items necessary for the smooth and efficient conduct of the activity.**

**Letters of Agreement will be approved at each institution according to the normal procedures governing the types of activities proposed therein.**

**ARTICLE IV**

**The scope of activities under this agreement shall be determined by the funds regularly available at both institutions for the types of collaboration undertaken and by such other financial assistance as may be obtained by either institution from external sources.**

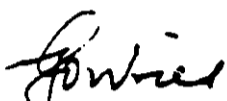
**ARTICLE V**

**This agreement will come into force on the date of its signature by both Parties and will be valid without time limitation. This agreement may be amended by mutual agreement of both institutions. This agreement may be terminated by either institution at any time provided that the terminating institution gives written notice of intention to terminate at least three months prior to termination.**

EXECUTED by the Board of Regents of The University of Texas System and The University of Stellenbosch on the day and year first below written, in duplicate copies, each of which shall be deemed an original.

THE UNIVERSITY OF  
STELLENBOSCH

THE UNIVERSITY OF TEXAS AT  
AUSTIN

BY:   
Michiel J. de Vries  
Rector and Vice-Chancellor

BY: \_\_\_\_\_  
William H. Cunningham  
President

FORM APPROVED:

BOARD OF REGENTS OF THE UNIVERSITY  
OF TEXAS SYSTEM

\_\_\_\_\_  
Office of General Counsel

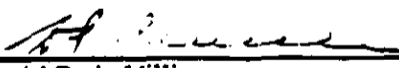
BY: \_\_\_\_\_  
James P. Duncan  
Executive Vice Chancellor for Academic  
Affairs

CERTIFICATE OF APPROVAL

I hereby certify that the foregoing Agreement was approved by the Board of Regents of The University of Texas System on the \_\_\_\_\_ day of \_\_\_\_\_, 1992 and that the person whose signature appears above is authorized to execute such Agreement on behalf of the Board.

\_\_\_\_\_  
Executive Secretary, Board of Regents  
The University of Texas System

COUNCIL OF THE UNIVERSITY OF  
STELLENBOSCH

BY:   
David P. de Villiers  
Chairperson

Agreement of Academic and Scientific Cooperation  
U. of Stellenbosch/UT Austin  
Page 4 of 4

CERTIFICATE OF APPROVAL

I hereby certify that the foregoing Agreement was approved by the Council of the University of Stellenbosch on the 16<sup>th</sup> day of March 1992 and that the person whose signature appears above is authorized to execute such Agreement on behalf of the Council.



---

Serfontein Kritzinger  
Registrar, University of Stellenbosch

6. U. T. El Paso: Dr. Louis N. Irwin Appointed Initial Holder of the J. Edward and Helen M. C. Stern Endowed Professorship in the College of Science Effective Immediately.--Upon recommendation of the Academic Affairs Committee, the Board appointed Dr. Louis N. Irwin, Professor and Chairman of the Department of Biological Sciences, as the initial holder of the J. Edward and Helen M. C. Stern Endowed Professorship in the College of Science at The University of Texas at El Paso effective immediately.
  
7. U. T. San Antonio: Permission for Dr. Richard Lewis to Serve on the VIA Metropolitan Transit Board of Trustees [Regents' Rules and Regulations, Part One, Chapter III, Section 13, Subsections 13.(10) and 13.(11)].--Permission was given for Dr. Richard Lewis, Assistant Professor in the Division of Social and Policy Sciences at The University of Texas at San Antonio, to serve on the VIA Metropolitan Transit Board of Trustees for a term of two years beginning January 1, 1992. Dr. Lewis will serve on this Board without compensation.

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

8. U. T. San Antonio - Student Apartment Complex Project (Phase II): Authorization of Project; Approval to Conclude Negotiations on Ground Lease and Related Necessary Documents with Century Development, a Texas Limited Partnership, Houston, Texas, as Limited Partner and Owner of General Partnership Entity in University Oaks Housing Partnership II, Ltd., a Texas Limited Partnership, Houston, Texas, Lessee; and Authorization for the Chairman of the Board of Regents to Execute Amended Ground Lease and Related Documents.--Pursuant to actions in February 1991 and October 1991, the U. T. Board of Regents approved construction of Phase I of a student apartment complex project by Century Development, Houston, Texas, on The University of Texas at San Antonio campus. The initial phase was completed and ready for occupancy in August 1992. Phase I consists of 200 units on a 9 acre tract leased to University Oaks Housing Partnership I, a Texas limited partnership, Houston, Texas, comprised of Century Development as sole limited partner and University Oaks Housing Corporation, Houston, Texas, for an initial term of 40 years. The complex is operated by Century Property Management Company pursuant to an Operating Agreement that terminates when the Ground Lease ends.

The project, which opened on August 15, 1992, has been successful, and there is a growing demand for housing on or near the campus. Phase I is effectively committed for Spring 1993 with over 465 occupants now in residence. As a result of marketing efforts to over 1100 transfer students for the spring semester and heavy daily inquiries to the project since September 1, 1992, there is evidence of substantial demand for additional housing.

The current Ground Lease with University Oaks Housing Partnership I grants to the Lessee the right of first refusal for further private development of student apartments on the U. T. San Antonio campus.

Following a brief report on privately funded housing projects at U. T. San Antonio by President Kirkpatrick, the Board, upon recommendation of the Academic Affairs Committee:

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

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

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

It was pointed out that the Capital Improvement Plan will be amended to add this project to the list of projects not requiring Permanent University Fund Bond Proceeds.

REPORT AND RECOMMENDATIONS OF THE HEALTH AFFAIRS COMMITTEE (Pages 84 - 94).--Committee Chairman Ramirez reported that the Health Affairs Committee had met in open session to consider those matters on its agenda and to formulate recommendations for the U. T. Board of Regents. Unless otherwise indicated, the actions set forth in the Minute Orders which follow were recommended by the Health Affairs Committee and approved in open session and without objection by the U. T. Board of Regents:

1. U. T. Southwestern Medical Center - Dallas: Permission for Myron F. Weiner, M.D., to Serve on the Texas Council on Alzheimer's Disease and Related Disorders [Regents' Rules and Regulations, Part One, Chapter III, Section 13, Subsections 13.(10) and 13.(11)].--Permission was granted for Myron F. Weiner, M.D., Professor in the Department of Psychology at The University of Texas Southwestern Medical Center at Dallas, to serve on the Texas Council on Alzheimer's Disease and Related Disorders for a term to expire in September 1994. Dr. Weiner's service in this capacity will be without remuneration.

Lieutenant Governor Bullock's appointment of Dr. Weiner to this Council is of benefit to the State of Texas, creates no conflict with his regular duties at the U. T. Southwestern Medical Center - Dallas, and is in accordance with approval requirements for positions of honor, trust, or profit provided in Article 6252-9a of Vernon's Texas Civil Statutes and Part One, Chapter III, Section 13, Subsections 13.(10) and 13.(11) of the Regents' Rules and Regulations.

2. U. T. Southwestern Medical Center - Dallas: Appointment of Initial Holders to Endowed Academic Positions Effective Immediately - (a) Mary F. Lipscomb, M.D., to the John Lawrence and Patsy Louise Goforth Professorship in Pathology and (b) Dr. James T. Stull to the Fouad A. Bashour Chair in Physiology.--The Board approved the following initial appointments to endowed academic positions at The University of Texas Southwestern Medical Center at Dallas effective immediately:
  - a. Mary F. Lipscomb, M.D., Professor in the Department of Pathology, to the John Lawrence and Patsy Louise Goforth Professorship in Pathology
  - b. Dr. James T. Stull, Professor and Chairman of the Department of Physiology, to the Fouad A. Bashour Chair in Physiology.

See Page 116 related to the establishment of this Chair.

3. U. T. Southwestern Medical Center - Dallas (U. T. Southwestern A.H.S.S. - Dallas): Authorization to Establish a Bachelor of Science Degree in Respiratory Therapy and to Submit the Proposal to the Coordinating Board for Approval (Catalog Change).--Upon recommendation of the Health Affairs Committee, the Board authorized the establishment of a Bachelor of Science degree in Respiratory Therapy to be administered by the U. T. Southwestern A.H.S.S. - Dallas of The University of Texas Southwestern

Medical Center at Dallas. This proposal will be submitted to the Texas Higher Education Coordinating Board for approval and, if approved, will be implemented in the Fall of 1993.

This program will provide "career ladder" opportunities for Respiratory Technicians and associate degree Therapists. It will not adversely affect nor duplicate the current certificate programs at local community colleges but will provide career growth and result in an increased number of respiratory care professionals. The program will focus on preparing graduates to function independently in increasingly higher technology critical-care environments. Completion of the program will result in the awarding of the Bachelor of Science degree and preparation for the examinations offered by the National Board for Respiratory Care leading to professional credentials. Financial assistance for this program will be provided through the Dallas-Fort Worth Hospital Council as well as instruction and training assistance provided by its member hospitals. Over the first five years, the Dallas-Fort Worth Hospital Council funding will total \$740,000 plus instructional and training support. Other major clinical institutions will contribute approximately \$100,000 per year in instructional support. The start-up costs and the first two years' operating costs will be provided by the Dallas-Fort Worth Hospital Council and three area hospitals. Adequate facilities currently exist to support this program.

A trend is developing in the United States for baccalaureate training in Respiratory Therapy to be offered by health science centers or colleges closely affiliated with medical centers. See Page 94 for a similar program at The University of Texas Health Science Center at San Antonio.

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

4. U. T. Medical Branch - Galveston: Approval of Agreement of Cooperation with (a) The Barbados Community College, St. Michael, Barbados, and (b) Universidad Autonoma de Guadalajara, Guadalajara, Jalisco, Mexico.--Approval was given to agreements of cooperation between The University of Texas Medical Branch at Galveston and the following international institutions:
  - a. The Barbados Community College, St. Michael, Barbados (Pages 86 - 88)
  - b. Universidad Autonoma de Guadalajara, Guadalajara, Jalisco, Mexico (Pages 89 - 92).

These agreements will establish joint educational programs to promote interest in the teaching and research activities of the respective institutions and deepen the understanding of the economic, cultural, and social issues environment of these institutions.

**AGREEMENT OF COOPERATION**  
BETWEEN  
**THE BARBADOS COMMUNITY COLLEGE AND**  
**THE UNIVERSITY OF TEXAS MEDICAL BEACONWAT GALVESTON**

**THE UNIVERSITY OF TEXAS MEDICAL BRANCH AT GALVESTON**,  
(hereinafter referred to as **UTMB**), and **TBE BARBADOS COMMUNITY COLLEGE**,  
(hereinafter referred to as **BCC**) enter into an agreement of cooperation to establish a program of exchange and collaboration in areas of interest and benefit to both institutions.

**I.**

The purposes of the cooperation between UTMB and BBC are as follows:

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

**II.**

To achieve these goals, UTMB and BBC will, insofar as the means **of** each allow:

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

**III.**

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

**920428**

a) to promote academic collaboration at both faculty, graduate and undergraduate student levels for research and study;

b) to act as principal contacts for individual and group activities and to plan and coordinate all activities within their institutions as well as with the partner institution;

c) to distribute to each institution information about the faculty, facilities, research, publications, library materials and educational resources of the other institution; and

d) to meet periodically to review and evaluate past activities and to work out new ideas for future cooperative agreements.

#### IV.

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

#### V.

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

#### VI.

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

Executed on this 19th day of OCTOBER, 1992

ATTEST:

FOR  
BARBADOS COMMUNITY COLLEGE

FOR  
THE UNIVERSITY OF TEXAS  
MEDICAL BRANCH AT GALVESTON



By: -Norma J.I. Holder, B.Sc.,  
Title: Principal M.A. (Oxon)



Thomas N. James M.D.  
President

APPROVED:

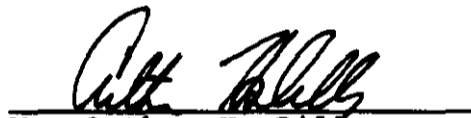
Content reviewed  
MBL

By: Charles B. Mullins (M.D.)  
Dr. Charles B. Mullins  
Executive Vice Chancellor  
for Health Affairs  
The University of Texas System

Date: 12/4/92

CERTIFICATE OF APPROVAL:

I hereby certify that the foregoing agreement was approved by The Board of Regents of The University of Texas system on the 3rd day of December, 1992 and that the person whose signature appears above is authorized to execute such agreement on behalf of the Board.

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

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AGREEMENT OF COOPERATION  
**BETWEEN**  
**UNIVERSIDAD AUTONOMA DE GUADALAJARA**  
**AND**  
**THE UNIVERSITY OF TEXAS MEDICAL BRANCH**

THE UNIVERSITY OF TEXAS MEDICAL BRANCH, (hereinafter referred to as U.T.M.B.) , and **UNIVERSIDAD AUTONOMA DE GUADALAJARA**, (hereinafter referred to as **U.A.G.**) enter into an agreement of cooperation to establish a program of exchange and collaboration in areas of interest and benefit to both institutions.

1.

The purposes of the cooperation between U.T.M.B. and *U.A.G.* are as follows:

- ★ to promote **interest** in the teaching and **research** activities of the **respective** institutions, and
- to deepen the understanding of the economic, cultural and social issues  $\mu \cdot \times \square \square \square \mu \cdot \diamond$  of the respective institutions.

II.

To achieve these **goals**, U.T.M.B. and *U.A.G.* will, insofar as the means of each allow:

- promote institutional exchanges by inviting faculty and staff of the partner institution to participate in a variety of teaching and/or **research** activities and professional development;

- receive undergraduate and graduate students of the partner institution for periods of **study and/or** research;
- organize symposia, **conferences**, short **courses** and meetings **on research issues**;
- **carry** out joint research and continuing education **programs**; and
- exchange information pertaining to **developments in** teaching, student development and research at each institution.

### III.

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

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

IV.

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

V.

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

VI.

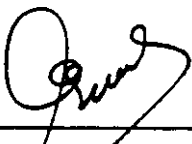
Upon approval by each institution, this agreement shall remain in effect until terminated by either institution. Such termination by one institution shall be effected by giving the other institution at least ninety (90) days advance written notice *of* its intention to **terminate**. Termination shall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

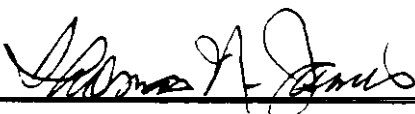
Executed on this 20~~th~~ day of OCTOBER, 1992.

**ATTEST:**

FOR  
UNIVERSIDAD AUTONOMA DE GUADALAJARA

FOR  
THE UNIVERSITY OF TEXAS  
MEDICAL BRANCH

  
\_\_\_\_\_

  
\_\_\_\_\_

President, Luis Garibay-Gutierrez M.D.

President, Thomas N. James, M.D.

**APPROVED:**

Content reviewed  
MB

By: Robin B. Mellis MD

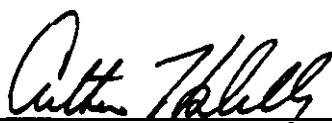
Dr. 11/19/92

Executive Vice Chancellor  
for Health Affairs  
The University of Texas System

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

**CERTIFICATE OF APPROVAL:**

I hereby certify that the foregoing agreement was approved by The Board of Regents of The University of Texas System on the 3rd day of December, 1992 and that the person whose signature appears above is authorized to execute such agreement on behalf of the Board.

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

Agreement of Cooperation/Foreign Institution  
Form 1 - 92

5. U. T. Health Science Center - Houston: Appointment of Initial Holders to Endowed Academic Positions Effective Immediately - (a) Charles A. Garcia, M.D., to The Bernice Weingarten Distinguished Professorship in Ophthalmology, (b) Ian John Butler, M.D., to the Adriana Blood Chair in Neurology, and (c) Richard S. Ruiz, M.D., to The John S. Dunn Distinguished Chair in Ophthalmology.--The Board, upon recommendation of the Health Affairs Committee, approved the following initial appointments to endowed academic positions at The University of Texas Health Science Center at Houston effective immediately:
- a. Charles A. Garcia, M.D., Clinical Professor in the Department of Ophthalmology, to The Bernice Weingarten Distinguished Professorship in Ophthalmology
  - b. Ian John Butler, M.D., Professor in the Department of Neurology, to the Adriana Blood Chair in Neurology
  - c. Richard S. Ruiz, M.D., Clinical Professor and Chairman in the Department of Ophthalmology, to The John S. Dunn Distinguished Chair in Ophthalmology.

6. U. T. Health Science Center - Houston (U. T. Medical School - Houston): Approval of an Administrative Reorganization to Convert the Division of Emergency Medicine to a Department of Emergency Medicine and Authorization for Submission of the Proposal to the Coordinating Board for Approval (Catalog Change).--In order to address the severe shortage of training opportunities for Texas physicians in emergency medicine and to provide for continuation of accreditation of the training program, the Board approved an administrative reorganization for the U. T. Medical School - Houston at The University of Texas Health Science Center at Houston to convert the Division of Emergency Medicine to an independent Department of Emergency Medicine and authorized submission of the proposal to the Texas Higher Education Coordinating Board for approval.

The designation as a full academic department will allow for continued development of the emergency medicine specialty at the U. T. Health Science Center - Houston.

The funds currently designated for the Division of Emergency Medicine will be reallocated to the Department of Emergency Medicine, and further increases in personnel and operating expenses will come from local fund sources. No state funds will be needed to implement this administrative change.

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

7. U. T. Health Science Center - San Antonio (U. T. Allied Health Sciences School - San Antonio): Establishment of a Bachelor of Science Degree in Respiratory Care; Approval to Rename the Department of Respiratory Therapy as the Department of Respiratory Care; and Authorization for Submission of the Proposal to the Coordinating Board for Approval (Catalog Change).--Approval was given to establish a Bachelor of Science degree in Respiratory Care and to rename the Department of Respiratory Therapy as the Department of Respiratory Care within the U. T. Allied Health Sciences School - San Antonio of The University of Texas Health Science Center at San Antonio. This proposal will be submitted to the Texas Higher Education Coordinating Board for approval and, if approved, will be implemented in the Fall of 1993.

At the April 1992 meeting, the U. T. Board of Regents granted approval to offer (a) a one-year Respiratory Therapy Technician Program resulting in a certificate and (b) a two-year Respiratory Therapist Program leading to a certificate.

This additional Respiratory Care Program resulting in a Bachelor of Science degree will allow students enrolled in the program to select from a career ladder offering three separate programs. These Respiratory Therapy training programs will provide educational programs by which individuals may enter the job market at various entry levels.

Existing educational opportunities within the area are not adequate to meet the current demands for respiratory therapists and technicians. A trend is developing in the United States for baccalaureate training in Respiratory Care to be offered by health science centers or colleges closely affiliated with medical centers. See Page 84 related to a similar program at The University of Texas Southwestern Medical Center at Dallas.

Funding for the program will be derived from grants and legislative appropriations. Seven San Antonio hospitals have provided letters supporting this program in Respiratory Care. Of these, five community hospitals have pledged a total of \$594,197 over the next five years to help meet the financial needs of the program. One hospital has offered to provide space in a facility in close proximity to the U. T. Health Science Center - San Antonio campus and another hospital has donated \$17,000 in equipment. Approximately 40% of the total estimated budget of \$1.5 million for the first five years has been committed locally. No new facilities will be required.

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.

REPORT AND RECOMMENDATIONS OF THE FACILITIES PLANNING AND CONSTRUCTION COMMITTEE (Pages 95 - 102).--Committee Chairman Moncrief 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. Austin - Biological Sciences - Molecular Biology Building (Project No. 102-659): Approval of Preliminary Plans; Authorization to Prepare Final Plans; and Appropriation Therefor.--Following a brief overview by Acting President Livingston, the preliminary plans for the construction of the Molecular Biology Building at The University of Texas at Austin were presented to the Facilities Planning and Construction Committee by Mr. James A. Clutts, representing the Project Architect, Harper Kemp Clutts and Parker, Inc., Dallas, Texas.

Following the project architect's presentation, Committee Chairman Moncrief noted that there had been considerable discussion and controversy regarding the impact of the Molecular Biology Building on the Anna Hiss Gymnasium and reported that there were three requests to appear before the Board on this matter.

Mr. Moncrief then introduced the following faculty members at U. T. Austin whose presentations centered on the historic significance and current programmatic value of the Anna Hiss Gymnasium:

Dr. Alan Friedman, Professor of English

Dr. Terence Todd, Senior Lecturer in the Department of Kinesiology and Health Education.

Copies of [Drs. Friedman's](#) and [Todd's](#) reports are on file in the Office of the Board of Regents.

Mr. Moncrief noted that the third speaker was to have been Mr. Jim Steely with the Texas Historical Commission, but he was attending a family funeral and requested that a summary of his remarks be distributed to the Board. A copy of the [Texas Historical Commission statement](#) is on file in the Office of the Board of Regents.

Committee Chairman Moncrief recognized Acting President Livingston who introduced the following U. T. Austin faculty members who "live in the world of molecular biology":

Dr. Bob Sanders, Professor of Zoology and Associate Dean of the College of Natural Sciences

Dr. Henry Bose, Professor of Microbiology

Dr. Rasika Harshey, Associate Professor of Microbiology

[Dr. Karen Artzt](#), Professor of Zoology

Dr. Dennis Brown, Professor of Microbiology

Dr. Kimberly Kline, Associate Professor of Human Ecology.

The Board heard presentations from Drs. Artzt, Brown, and Kline regarding the academic and research communication and interaction necessity of having the "footprint" of the Molecular Biology Building remain as is recommended by the architect and the Administration. A copy of their remarks is on file in the Office of the Board of Regents.

Following these presentations, a detailed discussion ensued. In response to Regent Barshop's inquiry as to the feasibility of spending extra dollars to conduct a study to ensure that U. T. Austin was indeed constructing a state-of-the-art building, Chancellor Cunningham responded that representatives from Princeton University and the California Institute of Technology had conducted independent studies of the proposed Molecular Biology Building and it was the general consensus that the building should be constructed at the proposed site.

Regent Barshop noted that the remarks of Drs. Friedman and Todd were very persuasive and cogent and expressed appreciation for their thoughts but emphasized the Board should proceed with the construction of this building.

Chairman Beecherl commented that U. T. Austin is some ten years behind in constructing this facility and encouraged the Board to expedite this project.

Regent Temple acknowledged that she had looked at this project very carefully and that the Board realized how hard the Administration has tried to reconcile the different views. Mrs. Temple specifically requested that the proposed building be "spectacular" and the architectural integrity of the courtyard and cloistered area around the Anna Hiss Gym be preserved. Chancellor Cunningham assured Regent Temple that the Molecular Biology Building will be a handsome facility, and the Administration will do all that it can to ensure the preservation of the architectural integrity of the Anna Hiss Gym.

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

- a. Approved preliminary plans, specifications and site for the construction of the Molecular Biology Building on the campus of U. T. Austin at an estimated total project cost of \$25,000,000
- b. Authorized the Project Architect to prepare final plans and specifications to be presented to the U. T. Board of Regents for consideration at a future meeting
- c. Appropriated \$650,000 from U. T. Austin General Fee Balances for fees and administrative expenses through completion of final plans. Previous appropriations of \$525,000 have been from the same source.

The Molecular Biology Building will contain approximately 150,000 gross square feet to accommodate administrative offices, support space, specialized laboratories and conference rooms as well as space dedicated for research center and research institute functions. The majority of the space will be modular research laboratories with shared core functions.

Molecular Biology is presently spread out among six buildings, and the lack of modern space dedicated to this discipline is a major factor affecting the institution's ability to fill several endowed chairs.

A lengthy review of alternative construction sites has lead U. T. Austin to the conclusion that the building should be constructed on land currently covered by a parking lot and the swimming pool of the Anna Hiss Gymnasium. This site will permit the building to relate best to existing programs in the Experimental Science Building and the Pharmacy Building and to best meet the long-term physical facility needs of the molecular biology program. The architectural integrity of the Anna Hiss Gymnasium will be preserved as the courtyard and the remainder of the building will be retained and will be the subject of further improvements.

This project is included in the Capital Improvement Plan approved by the U. T. Board of Regents in June 1991 and the FY 1993 Capital Budget. The total project cost of \$25,000,000 is to be funded with \$13,000,000 from Permanent University Fund Bond Proceeds, \$8,000,000 from General Fee Balances, and \$4,000,000 from Gifts and Grants. General Fee Revenue will be used in future years to service the annual debt requirements of the Permanent University Fund Bonds to the extent that Available University Fund Revenue is not available.

2. U. T. Austin - Renovation of Education Annex Building for the School of Social Work: Authorization for Project; Authorization for Preparation of Final Plans; Approval to Submit Project to Coordinating Board; Authorization for U. T. Austin to Administer the Project, Advertise for Bids, and Award Contracts in Consultation with the Office of Facilities Planning and Construction and the Office of General Counsel; and Appropriation Therefor.--Upon recommendation of the Academic Affairs and Facilities Planning and Construction Committees, the Board:
  - a. Authorized a phased project for Renovation of the Education Annex Building at The University of Texas at Austin for the School of Social Work at an estimated total project cost of \$2,000,000
  - b. Authorized the U. T. Austin Vice President for Business Affairs and Director of Physical Plant to prepare final plans and specifications in consultation with the Office of Facilities Planning and Construction and the Office of General Counsel
  - c. Authorized submission of the project to the Texas Higher Education Coordinating Board

- d. Authorized U. T. Austin Administration to advertise for bids and award all contracts as may be needed to complete the project
- e. Appropriated \$2,000,000 from General Fee Balances for total project funding.

The Capital Improvement Plan and the FY 1993 Capital Budget include a project for Renovation of the Education Annex Building at U. T. Austin. This project is a phased renovation of approximately 36,000 net assignable square feet to permit the School of Social Work to conduct more effective teaching and research programs. Due to campus space limitations, the project must be completed in several phases, over a period of two years, involving multiple moves of faculty and staff between the old Social Work Building and the Education Annex Building. Under these circumstances, it would be advantageous for construction plans and specifications to be prepared and administered by the Vice President for Business Affairs and Director of Physical Plant.

- 3. U. T. Austin - Parking Garage No. 2 (Project No. 102-711): Approval of Plaque Inscription.--Approval was given to the inscription set out below for a plaque to be placed on the Parking Garage No. 2 at The University of Texas at Austin in accordance with the standard pattern approved by the U. T. Board of Regents in June 1979.

PARKING GARAGE NO. 2  
1992

BOARD OF REGENTS

Louis A. Beecherl, Jr., Chairman	Hans Mark
Mario E. Ramirez, M.D., Vice-Chairman	Chancellor, The University of Texas System
Robert J. Cruikshank, Vice-Chairman	
Sam Barshop	
Zan W. Holmes, Jr.	William H. Cunningham
Tom Loeffler	President, The University of Texas at Austin
W. A. "Tex" Moncrief, Jr.	
Bernard Rapoport	
Ellen Clarke Temple	John S. Chase, F.A.I.A.
	Architect, Inc.
	Project Architect
	Dal-Mac Construction Company
	Contractor

- 4. U. T. Austin - Texas Swim Center Outdoor Pool: Authorization for Project; Appointment of J. Robinson & Associates Architects, Inc., Austin, Texas, as Project Architect to Prepare Preliminary Plans; and Appropriation Therefor.--The Texas Swim Center at The University of Texas at Austin is known as one of the finest Olympic-class diving and swimming facilities in the world and is very heavily used by Men's and Women's Intercollegiate Athletics, Recreational Sports, and the Kinesiology Departments. The U. T. Austin Administration wishes to complement this indoor facility with an outdoor facility, and the Men's and Women's Athletics Councils have expressed support for the construction of a competitive outdoor pool adjacent to the Swim Center which will be 50 meters long by 25 yards wide. This support includes a commitment to raise funds.

In accordance therewith, the Facilities Planning and Construction Committee recommended and the Board:

- a. Authorized the Texas Swim Center Outdoor Pool at U. T. Austin at an estimated total project cost of \$2,000,000
- b. Appointed the firm of J. Robinson & Associates Architects, Inc., Austin, Texas, as Project Architect to prepare preliminary plans and a detailed cost estimate to be presented to the U. T. Board of Regents for consideration at a future meeting
- c. Appropriated \$125,000 from the Department of Intercollegiate Athletics for Men for fees and administrative expenses through completion of preliminary plans.

It was noted that the project is included in the FY 1991-1996 Capital Improvement Plan and the FY 1993 Capital Budget. Funding for the \$2,000,000 project is from \$1,500,000 in Gifts and Grants, \$250,000 in General Fee Balances, and \$250,000 from Intercollegiate Athletics for Men.

Approval of this item will amend the Capital Budget funding sources.

5. U. T. Austin - Texas Union Building - Renovation (Project No. 102-727): Approval of Increase in Scope of Work and Authorized Total Project Cost and Appropriation Therefor.--Upon recommendation of the Facilities Planning and Construction Committee, the Board:

- a. Approved an increase in the scope of work and the authorized total project cost for Renovation of the Texas Union Building at The University of Texas at Austin from \$8,400,000 to \$8,970,000 which will allow award of Alternates 2, 3, and 4 that could not be awarded when the project was bid because of lack of funds
- b. Appropriated \$570,000 from Auxiliary Enterprise Repair and Replacement Reserves to cover the cost of change orders to White Construction Company, Austin, Texas, architect's and administrative fees, and contingency funds.

At the December 1991 meeting of the U. T. Board of Regents, a construction contract for the renovation of the Texas Union Building was awarded to White Construction Company in the amount of \$7,448,688 within a total project cost of \$8,400,000. A subsequent Request for Budget Change dated July 9, 1992, raised the contract price to a maximum of \$7,523,688.

The scope of the project bid by White Construction Company included Alternates 2, 3, and 4 each of which provided for waterproofing a portion of the building exterior. At the time of contract award, funds for these alternates were not available, and the work was not included in the contract. These alternates are important

to the preservation of the building in that they include necessary work to stop water penetration into the structure and to remove mildew and stains from the exterior.

Funding for this work is now available from Repair and Replacement Accounts. With minor revisions in the scope of the originally quoted alternates, the cost would now total \$522,750. The original quotes totaled \$495,850. It would be prudent to add a construction contingency of \$37,250 to pay for unforeseen conditions that may be encountered in the work. The Architect/Engineer Fee Account will also be increased by \$10,000 for additional required services.

This funding change will allow an increase in the approved contract price to a maximum of \$8,083,688 and an increase in the approved total project cost to \$8,970,000.

6. U. T. San Antonio - University Center Expansion: Authorization for Project; Appointment of Phelps/Garza/Bomberger, San Antonio, Texas, and Chumney and Associates, San Antonio, Texas, as Project Architects to Prepare Preliminary Plans; and Appropriation Therefor.--The University of Texas at San Antonio continues to be the most rapidly growing general academic institution in Texas, and the Texas Higher Education Coordinating Board's projections indicate that this growth will very likely continue through the year 2005. In order to meet the need for additional space for student services and other general support space and following a detailed discussion, the Board, upon recommendation of the Academic Affairs and Facilities Planning and Construction Committees and subject to the circularization of a memorandum from Executive Vice Chancellor for Business Affairs Burck certifying to the feasibility of the Revenue Financing System proposal:
- a. Authorized a project for the University Center Expansion at U. T. San Antonio at an estimated total project cost of \$12,000,000
  - b. Appointed the firm of Phelps/Garza/Bomberger, San Antonio, Texas, in association with Chumney and Associates, San Antonio, Texas, as Project Architects to prepare preliminary plans, specifications, and a cost estimate to be presented to the U. T. Board of Regents for consideration at a future meeting
  - c. Appropriated \$800,000 from Unexpended Plant Funds for fees and administrative expenses through completion of preliminary plans. These funds may be reimbursed from Tax Exempt Revenue Financing System Bond Proceeds to be issued at a later date.

The expanded space in the University Center will enhance the quantity and quality of services which are required to serve an increasingly diverse student body. The expansion will include approximately 90,000 gross square feet of new space for the University Bookstore, Career Planning and Placement, expanded food services areas, meeting and theater spaces, work space for registered

student organizations, and additional student life/programming areas which will be critically needed by the time the new space is ready for occupancy.

The estimated total project cost of \$12,000,000 is to be funded by a combination of sources. Approximately \$9,700,000 to \$10,000,000 will be funded from Revenue Financing System Bond Proceeds serviced by increased legislatively approved University Center fee monies. The balance of the total project cost will be funded from Unexpended Plant Funds.

Following a lengthy discussion of whether the certification of any proposed Revenue Financing System project should best be made at the time of the appointment of the architect or at the time of final plan approval, which is currently the pattern, the Board instructed Executive Vice Chancellor Burck and Vice Chancellor Ricks to, at least, have the appropriate preliminary financing calculations included in the agenda item which proposed an architectural appointment for a Revenue Financing System project. Board actions to finalize the issuance of bonds via the Revenue Financing System should be concurrent with the approval of final plans and authorization to proceed with the construction bidding process.

Approval of this item will amend the Capital Budget funding sources.

7. U. T. Southwestern Medical Center - Dallas - Alterations to A. W. Harris Faculty Club (Project No. FC9-2231): Acceptance of Findings and Recommendation of Hearing Officer to Deny Claim Under Construction Contract with Multi-National Investments, Inc., dba Texas Metro Planners & Company ("Multi-National"), Dallas, Texas.--The Board, upon recommendation of the Facilities Planning and Construction Committee, accepted the findings and recommendation of Mr. George W. Overshiner of Fort Worth, Texas, whom the Board appointed as Hearing Officer to hear a claim under the Disputes clause of a construction contract with Multi-National Investments, Inc., dba Texas Metro Planners & Company ("Multi-National"), Dallas, Texas, related to Alterations to the A. W. Harris Faculty Club at The University of Texas Southwestern Medical Center at Dallas. Mr. Overshiner recommended that the contractor's claim for a reduction of \$13,800 in the liquidated damages charged be denied in its entirety.

A copy of Mr. Overshiner's [report](#) dated September 15, 1992, is on file in the Office of the Board of Regents.

8. U. T. M.D. Anderson Cancer Center - Functional and Space Programming Study: Authorization of Study; Appointment of Stone Marraccini Patterson, San Francisco, California, as Consulting Architect to Prepare Study; and Appropriation Therefor.--Following an in-depth discussion related to the projected cost of the proposed functional and space programming study at The University of Texas M.D. Anderson Cancer Center, the Board:
  - a. Authorized preparation of a functional and space programming study for the U. T. M.D. Anderson Cancer Center

- b. Appointed the firm of Stone Marraccini Patterson, San Francisco, California, as Consulting Architect to prepare the study for consideration by the U. T. Board of Regents at a future meeting
- c. Appropriated \$2,600,000 from Educational and General Balances for funding of the study.

The U. T. Board of Regents approved the preliminary plans for the Bertner Complex and Clinical Services Facility at the U. T. M.D. Anderson Cancer Center in June 1992. Final plans for Phase I of this project were approved in October 1992. It is timely to begin detailed planning for the renovation and rehabilitation of the space that will be vacated by occupancy of these new buildings in 1995-1996. Approximately 400,000 square feet of existing space will be vacated and available for reassignment. In addition, the institution now leases nearly 200,000 square feet of space for programs that currently cannot be accommodated.

The purpose of the study is to provide the institution with the next phase of master planning, functional planning and space programming, and architectural and engineering services to develop a 15-year plan that will guide planned physical development assuring the best functional and cost effective fit to achieve programmatic needs and priorities of the U. T. M.D. Anderson Cancer Center. Included in the study will be planning and programming for "backfill" space assignments, defining future development opportunities for undeveloped properties, identifying vehicular and pedestrian circulation and parking options, addressing infrastructure support requirements for both existing and proposed facilities, and developing a feasible renovation and expansion strategy and schedule including identifying priority projects for implementation following new construction. A major goal of this effort is to plan logistically for the relocation of departments and functions, particularly as it relates to the configuration of disease site centers. Assumptions and plans developed in the planning and design of the Bertner Complex and Clinical Services Facility will form the basis of this effort. Assurances are in place to avoid repeating any planning or studies already completed. This effort should be viewed as a continuation of the plans already in place.

Both President LeMaistre and Mr. R. S. Kristoferson, Director of the Office of Facilities Planning and Construction, emphasized that a careful and complete functional and space study would produce substantial savings in the construction cost of any new facilities.

REPORT AND RECOMMENDATIONS OF THE ASSET MANAGEMENT COMMITTEE (Pages 102 - 138).--Committee Chairman Cruikshank reported that the Asset Management Committee had met in open session to consider those matters on its agenda and to formulate recommendations for the U. T. Board of Regents. Unless otherwise indicated, all actions set forth in the Minute Orders which follow were recommended by the Asset Management Committee and approved in open session and without objection by the U. T. Board of Regents.

DEC 03 1992

I. PERMANENT UNIVERSITY FUND

INVESTMENT MATTERS

1. Report on Clearance of Monies to the Permanent University Fund for September and October 1992 and Report on Oil and Gas Development as of October 31, 1992.--The following reports with respect to (a) certain monies cleared to the Permanent University Fund for September and October 1992 and (b) Oil and Gas Development as of October 31, 1992, were submitted by the Executive Vice Chancellor for Business Affairs:

Permanent University Fund	September 1992	October 1992	Cumulative Through October of this Fiscal Year (1992-1993)	Cumulative Through October of Preceding Fiscal Year (1991-1992)	Per Cent Change
Royalty					
Oil	\$4,556,193.04	\$ 4,080,030.37	\$ 8,636,223.41	\$ 8,540,430.05	1.12%
Gas	1,183,903.82	1,457,731.56	2,641,635.38	2,031,303.18	30.05%
Sulphur	0.00	0.00	0.00	0.00	--
Water	100,204.87	73,877.97	174,082.84	120,842.13	44.06%
Brine	2,848.63	14,297.85	17,146.48	12,118.09	41.49%
Trace Minerals	0.00	0.00	0.00	0.00	--
Rental					
Oil and Gas Lease	32,984.06	103,192.41	136,176.47	175,251.30	-22.30%
Other	300.00	(5,312.30)	(5,012.30)	(1,048.00)	-378.27%
Sale of Sand, Gravel, Etc.	0.00	0.00	0.00	0.00	--
Total University Lands Receipts Before Bonuses	<u>5,876,434.42</u>	<u>5,723,817.86</u>	<u>11,600,252.28</u>	<u>10,878,896.75</u>	6.63%
Bonuses					
Oil and Gas Lease Sales	0.00	69,887.70	69,887.70	0.00	
Amendments and Extensions to Mineral Leases	0.00	0.00	0.00	0.00	
Total University Lands Receipts	<u>5,876,434.42</u>	<u>5,793,705.56</u>	<u>11,670,139.98</u>	<u>10,878,896.75</u>	7.27%
Gain or (Loss) on Sale of Securities	1.905.605.63	<u>5,019,487.51</u>	<u>6,925,093.14</u>	<u>11,185,682.36</u>	-38.09%
TOTAL CLEARANCES	<u>\$7,782,040.05</u>	<u>\$10,813,193.07</u>	<u>\$18,595,233.12</u>	<u>\$22,064,579.11</u>	-15.72%

Oil and Gas Development - October 31, 1992  
Acreage Under Lease - 640,138

Number of Producing Acres - 532,435

Number of Producing Leases - 2,489

2. Permanent University Fund: Report on Investments for the Fiscal Year Ended August 31, 1992.--Prior to the meeting, each member of the U. T. Board of Regents received a report on Permanent University Fund investments for the fiscal year ended August 31, 1992. Upon recommendation of the Asset Management Committee, the Board approved this report and directed its distribution to the Governor, members of the Legislature, and other State officials as required by Section 66.05 of the Texas Education Code.

The Permanent University Fund book value of assets and earnings during the year is shown below:

	<u>Fiscal Year Ended 8/31</u>		<u>Increase (Decrease)</u>	
	<u>1991</u>	<u>1992</u>	<u>Amount</u>	<u>%</u>
Book Value	\$3,526,480,946	\$3,656,917,262	\$130,436,316	3.70%
Investment				
Income	257,659,365	256,553,548	(1,105,817)	(.43%)

## II. TRUST AND SPECIAL FUNDS

### Gifts, Bequests and Estates

1. U. T. Austin: Acceptance of Gifts and Pledge from Mr. and Mrs. Perry R. Bass, Fort Worth, Texas; Establishment of (a) Nancy Lee and Perry R. Bass Concert Hall in the College of Fine Arts, (b) Nancy Lee and Perry R. Bass President's Excellence Fund, (c) Nancy Lee and Perry R. Bass Regents Chair in Molecular Biology in the College of Natural Sciences, and (d) Nancy Lee and Perry R. Bass Regents Chair in Marine Science at the Marine Science Institute; and Eligibility for Matching Funds Under The Regents' Endowment Program.--The Board, upon recommendation of the Asset Management Committee, accepted gifts totalling \$1,737,253.75, comprised of 111,060 shares of Iomega Corporation common stock valued at \$937,068.75 and \$800,185 cash, and a pledge totalling \$2,762,746.25, payable by August 31, 1995, from Mr. and Mrs. Perry R. Bass, Fort Worth, Texas, for a total of \$4,500,000 and established four endowments at The University of Texas at Austin as follows:

- a. Gifts totalling \$281,176.13, comprised of Iomega Corporation common stock valued at \$281,120.63 and \$55.50 cash, and \$718,823.87 of the pledge for a total of \$1,000,000 to establish an endowment in the College of Fine Arts to be named the Nancy Lee and Perry R. Bass Concert Hall.

Income earned from the endowment will be for unrestricted use in support of the U. T. Austin Performing Arts Center's Nancy Lee and Perry R. Bass Concert Hall.

- b. A \$300,000 gift and \$200,000 of the pledge for a total of \$500,000 to establish the Nancy Lee and Perry R. Bass President's Excellence Fund.

Income earned from the endowment will be used to supplement the salary of the President of U. T. Austin.

- c. Gifts totalling \$656,077.62, comprised of Iomega Corporation common stock valued at \$655,948.12 and \$129.50 cash, and \$1,343,922.38 of the pledge for a total of \$2,000,000 to establish the Nancy Lee and Perry R. Bass Regents Chair in Molecular Biology in the College of Natural Sciences.

Further, based on the \$656,077.62 in gifts received, \$349,996.85 in matching funds will be allocated under The Regents' Endowment Program and will be used to increase the endowment to a total of \$2,349,996.85.

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

- d. A \$500,000 gift and \$500,000 of the pledge for a total of \$1,000,000 to establish the Nancy Lee and Perry R. Bass Regents Chair in Marine Science at the Marine Science Institute.

Further, based on the \$500,000 gift received, \$250,000 in matching funds will be allocated under The Regents' Endowment Program and will be used to increase the endowment to a total of \$1,250,000.

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

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

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

3. U. T. Austin: Acceptance of Gifts and Pledges from Various Donors and Establishment of the Judge Solomon Casseb, Jr. Research Professorship in Law in the School of Law.--The Board, upon recommendation of the Asset Management Committee, accepted \$83,666.67 in gifts and \$16,333.33 in pledges, payable by August 31, 1994, from various donors for a total of \$100,000 and established the Judge Solomon Casseb, Jr. Research Professorship in Law in the School of Law at The University of Texas at Austin.

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

4. U. T. Austin: Acceptance of Gifts and Pledges from Various Donors; Establishment of the Leon Danielian Endowed Presidential Scholarship in Dance in the College of Fine Arts; and Eligibility for Matching Funds Under The Regents' Endowment Program.--Approval was given to accept \$25,634 in gifts and \$24,666 in pledges, payable by August 31, 1994, from various donors for a total of \$50,300 and to establish the Leon Danielian Endowed Presidential Scholarship in Dance in the Department of Theatre and Dance, College of Fine Arts, at The University of Texas at Austin.

Further, \$25,150 in matching funds will be allocated under The Regents' Endowment Program and will be used to increase the endowment to a total of \$75,450.

Income earned from the endowment will be used for the benefit and development of exceptionally talented students in the Department of Theatre and Dance.

See Page 77 related to the naming of Room 2.116 in the F. Loren Winship Drama Building at U. T. Austin as The Leon Danielian Dance Studio.

5. U. T. Austin: Acceptance of Gift and Pledge from Mrs. Elva H. Cater, Weslaco, Texas, and Corporate Matching Funds Pledge from the Exxon Education Foundation, Irving, Texas; Establishment of the Patsy Cater Deaton Endowed Presidential Scholarship in the College of Fine Arts; and Eligibility for Matching Funds Under The Regents' Endowment Program.--Upon recommendation of the Asset Management Committee, the Board accepted a \$5,000 gift and a \$1,250 pledge, payable by August 31, 1995, from Mrs. Elva H. Cater, Weslaco, Texas, and \$15,000 in corporate matching funds and a \$3,750 corporate matching funds pledge, payable by August 31, 1995, from the Exxon Education Foundation, Irving, Texas, for a total of \$25,000 and established the Patsy Cater Deaton Endowed Presidential Scholarship in the Department of Music, College of Fine Arts, at The University of Texas at Austin.

Further, \$12,500 in matching funds will be allocated under The Regents' Endowment Program and will be used to increase the endowment to a total of \$37,500.

Income earned from the endowment will be used to provide scholarship support for music students with financial need.

6. U. T. Austin: Authorization to Accept Gift from Mr. Noble W. Doss, Sr., Austin, Texas, and Transfer of Funds and to Establish the Noble Doss, Sr. Endowed Scholarship in the Department of Intercollegiate Athletics for Men.--Authorization was given to accept a \$25,000 gift of stock sale proceeds from Mr. Noble W. Doss, Sr., Austin, Texas, and a \$12,500 transfer of matching funds from the Second Century Fund for a total of \$37,500 and to establish the Noble Doss, Sr. Endowed Scholarship in the Department of Intercollegiate Athletics for Men at The University of Texas at Austin.

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

7. U. T. Austin: Acceptance of Gift from the I. D. and Marguerite Fairchild Foundation, Lufkin, Texas; Establishment of the Marguerite Fairchild Endowed Presidential Scholarship in Music in the College of Fine Arts; and Eligibility for Matching Funds Under The Regents' Endowment Program.--The Asset Management Committee recommended and the Board accepted a \$25,000 gift from the I. D. and Marguerite Fairchild Foundation, Lufkin, Texas, and established the Marguerite Fairchild Endowed Presidential Scholarship in Music in the Department of Music, College of Fine Arts, at The University of Texas at Austin.

Further, \$12,500 in matching funds will be allocated under The Regents' Endowment Program and will be used to increase the endowment to a total of \$37,500.

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

8. U. T. Austin: Acceptance of Transfer of Funds and Establishment of the General Libraries Staff Honors Endowment in the General Libraries.--The Board accepted a \$10,000 transfer of funds and established a quasi-endowment in the General Libraries at The University of Texas at Austin to be named the General Libraries Staff Honors Endowment.

Income earned from the endowment will be used to purchase library materials in honor of staff members chosen for outstanding contributions to the General Libraries' mission and programs. Additionally, a commemorative bookplate will be placed in the purchased books, and a framed copy of the bookplate will be presented to the honoree.

9. U. T. Austin: Approval to Redesignate Seven Endowments within the Colleges of Natural Sciences, Engineering, and Business Administration.--In accordance with the donor's request to reflect the company's new name, approval was given to redesignate seven previously established endowments at The University of Texas at Austin as follows:

<u>From</u>	<u>To</u>
<u>College of Natural Sciences</u>	<u>College of Natural Sciences</u>
Gulf Oil Foundation Centennial Professorship in Geology established 6/17/83	Chevron Centennial Professorship in Geology
<u>College of Engineering</u>	<u>College of Engineering</u>
Gulf Oil Foundation Centennial Teaching Fellowship in Petroleum Engineering established 6/17/83	Chevron Centennial Teaching Fellowship in Petroleum Engineering
Gulf Oil Foundation Centennial Teaching Fellowship in Chemical Engineering established 6/17/83	Chevron Centennial Teaching Fellowship in Chemical Engineering

College of Engineering

Gulf Oil Foundation Centennial  
Fellowship in Engineering  
(No. 1)  
established 6/17/83

Gulf Oil Foundation Centennial  
Fellowship in Engineering  
(No. 2)  
established 6/17/83

College of Business  
Administration

Gulf Oil Foundation Centennial  
Fellowship in Business (No. 1)  
established 6/17/83

Gulf Oil Foundation Centennial  
Fellowship in Business (No. 2)  
established 6/17/83

College of Engineering

Chevron Centennial  
Fellowship in Engineering  
(No. 1)

Chevron Centennial  
Fellowship in Engineering  
(No. 2)

College of Business  
Administration

Chevron Centennial  
Fellowship in Business  
(No. 1)

Chevron Centennial  
Fellowship in Business  
(No. 2)

10. U. T. Austin: Acceptance of Gifts from Various Donors; Establishment of the Swede and Nelda Hanson Endowed Scholarship in Community College Leadership in the College of Education; and Eligibility for Matching Funds Under The Regents' Endowment Program.--Approval was given to accept \$39,599.49 in gifts from various donors and to establish the Swede and Nelda Hanson Endowed Scholarship in Community College Leadership in the College of Education at The University of Texas at Austin.

Further, matching funds in the amount of \$12,500 will be allocated under The Regents' Endowment Program and will be used to increase the endowment to a total of \$52,099.49.

Income earned from the endowment will be used to provide scholarships to students in the College of Education who are concentrating their studies in the Community College Leadership Program.

11. U. T. Austin: Acceptance of Gift from Mrs. George W. Marshall, Jr., Houston, Texas; Establishment of the George W. Marshall, Jr. Memorial Endowed Presidential Scholarship in the College of Natural Sciences; and Eligibility for Matching Funds Under The Regents' Endowment Program.--The Asset Management Committee recommended and the Board accepted a gift of 531 shares of E. I. DuPont DeNemours & Company common stock valued at \$25,023.28 from Mrs. George W. Marshall, Jr., Houston, Texas, and established the George W. Marshall, Jr. Memorial Endowed Presidential Scholarship in the Department of Geological Sciences, College of Natural Sciences, at The University of Texas at Austin.

Further, \$12,511.64 in matching funds will be allocated under The Regents' Endowment Program and will be used to increase the endowment to a total of \$37,534.92.

Income earned from the endowment will be used to assist graduate students in the Department of Geological Sciences.

12. U. T. Austin: Acceptance of Gift from the National Association of Chain Drug Stores Education Foundation, Alexandria, Virginia; Establishment of the NACDS Endowed Presidential Scholarship in Pharmacy in the College of Pharmacy; and Eligibility for Matching Funds Under The Regents' Endowment Program.--Upon recommendation of the Asset Management Committee, the Board accepted a \$25,000 gift from the National Association of Chain Drug Stores Education Foundation, Alexandria, Virginia, and established the NACDS Endowed Presidential Scholarship in Pharmacy in the College of Pharmacy at The University of Texas at Austin.

Further, \$12,500 in matching funds will be allocated under The Regents' Endowment Program and will be used to increase the endowment to a total of \$37,500.

Income earned from the endowment will be used to provide scholarship support for students interested in community pharmacy practice.

13. U. T. Austin: Acceptance of Gifts from Various Donors and Pledge from The University of Texas Law School Foundation; Establishment of the Thomas M. Phillips Endowed Presidential Scholarship in Law in the School of Law; and Eligibility for Matching Funds Under The Regents' Endowment Program.--The Board, upon recommendation of the Asset Management Committee, accepted \$18,970 in gifts from various donors and a \$12,500 pledge, payable by August 31, 1995, from The University of Texas Law School Foundation for a total of \$31,470 and established the Thomas M. Phillips Endowed Presidential Scholarship in Law in the School of Law at The University of Texas at Austin. The funds for the endowment are currently held and administered by The University of Texas Law School Foundation (an external foundation) in accordance with the Regents' Rules and Regulations.

Further, \$15,610 in matching funds will be allocated under The Regents' Endowment Program and will be used to increase the endowment to a total of \$47,080. With the approval of the matching allocation, the Law School Foundation will transfer all funds held for the endowment to the U. T. Board of Regents.

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

14. U. T. Austin: Authorization to Accept Gifts from Various Donors; Establishment of the John and Suanne Roueche Endowed Scholarship in Community College Leadership in the College of Education; and Eligibility for Matching Funds Under The Regents' Endowment Program.--Authorization was given to accept \$50,755.23 in gifts from various donors and to establish the John and Suanne Roueche Endowed Scholarship in Community College Leadership in the College of Education at The University of Texas at Austin.

Further, \$12,500 in matching funds will be allocated under The Regents' Endowment Program and will be used to increase the endowment to a total of \$63,255.23.

Income earned from the endowment will be used to provide scholarship support to students in the College of Education who are concentrating their studies in the Community College Leadership Program.

15. U. T. Austin: Acceptance of Gifts from Various Donors and Corporate Matching Funds and Corporate Matching Funds Pledges from Various Corporations and Establishment of the I. H. Silberberg Endowed Undergraduate Petrophysics Teaching Laboratory Fund in the College of Engineering.--The Asset Management Committee recommended and the Board accepted \$13,290 in gifts from various donors, \$11,950 in corporate matching funds, and \$4,900 in corporate matching funds pledges, payable by August 31, 1994, from various corporations for a total of \$30,140 and established the I. H. Silberberg Endowed Undergraduate Petrophysics Teaching Laboratory Fund in the Department of Petroleum Engineering, College of Engineering, at The University of Texas at Austin.

Income earned from the endowment will be used for the general support of the laboratory.

See Page 76 related to naming Room 1.120 in the Chemical and Petroleum Engineering Building the I. H. Silberberg Endowed Undergraduate Petrophysics Teaching Laboratory.

16. U. T. Austin: Acceptance of Gifts from Various Donors and Pledge from Mr. Donald Judd, Marfa, Texas, and Establishment of the Harlan J. Smith Postdoctoral Fellowship.--Upon recommendation of the Asset Management Committee, the Board accepted \$22,289.77 in gifts from various donors and a \$25,000 pledge, payable by early 1993, from Mr. Donald Judd, Marfa, Texas, for a total of \$47,289.77 and established the Harlan J. Smith Postdoctoral Fellowship at The University of Texas at Austin McDonald Observatory.

Income earned from the endowment will be used to provide support for postdoctoral fellowship appointments at the U. T. Austin McDonald Observatory.

17. U. T. Austin: Acceptance of Gift from Mr. William H. "Wil" Cowan, Austin, Texas, and Establishment of The Jesse Villarreal Endowment Fund in the College of Communication.--The Board accepted a \$10,000 gift from Mr. William H. "Wil" Cowan, Austin, Texas, and established The Jesse Villarreal Endowment Fund in the Department of Speech Communication, College of Communication, at The University of Texas at Austin.

Income earned from the endowment will be used to provide personnel, equipment, space, and programmatic support for the Speech and Hearing Center in the College of Communication in order to facilitate the highest quality of operations and student training.

18. U. T. Austin: Approval to Accept Gift from Mr. and Mrs. B. Carmage Walls, Houston, Texas; Establishment of the Carmage and Martha Ann Walls Endowed Presidential Scholarship in Journalism in the College of Communication; and Eligibility for Matching Funds Under The Regents' Endowment Program.--Approval was given to accept a \$25,000 gift from Mr. and Mrs. B. Carmage Walls, Houston, Texas, and to establish the Carmage and Martha Ann Walls Endowed Presidential Scholarship in Journalism in the Department of Journalism, College of Communication, at The University of Texas at Austin.

Further, \$12,500 in matching funds will be allocated under The Regents' Endowment Program and will be used to increase the endowment to a total of \$37,500.

Income earned from the endowment will be used to provide scholarship support for journalism students who are from geographic areas served by Southern Newspapers, Inc. and Walls Investment newspapers, both of Houston, Texas.

19. U. T. Austin: Acceptance of Gift from The Robert A. Welch Foundation, Houston, Texas; Establishment of the Welch Foundation Graduate Research Endowment Grant Program in the College of Natural Sciences; and Eligibility for Matching Funds Under The Regents' Endowment Program.--The Asset Management Committee recommended and the Board accepted a \$500,000 gift from The Robert A. Welch Foundation, Houston, Texas, and established the Welch Foundation Graduate Research Endowment Grant Program in the Department of Chemistry and Biochemistry, College of Natural Sciences, at The University of Texas at Austin.

Further, matching funds in the amount of \$250,000 will be allocated under The Regents' Endowment Program and will be used to increase the endowment to a total of \$750,000.

Income earned from the endowment will be used to provide fellowship support to superior graduate students who enroll in the chemistry and biochemistry programs.

20. U. T. Austin: Approval to Redesignate Five Endowments within the College of Business Administration and the Graduate School of Business and College of Engineering.--At the request of the various donor banks which have merged and desire to have certain endowments reflect the current name of their corporation, the Board redesignated five previously established endowments at The University of Texas at Austin as set out below:

<u>From</u>	<u>To</u>
<u>College of Business Administration and the Graduate School of Business</u>	<u>College of Business Administration and the Graduate School of Business</u>
NCNB Texas National Bank Centennial Professorship in Commercial Banking and Trust established 8/13/82	NationsBank of Texas, N.A., Centennial Professorship in Business Administration
Austin National Bank Centennial Fellowship in Business (#1) established 10/8/82	NationsBank of Texas, N.A., Centennial Fellowship (No. 1)

<u>From</u>	<u>To</u>
<u>College of Business Administration and the Graduate School of Business</u>	<u>College of Business Administration and the Graduate School of Business</u>
Austin National Bank Centennial Fellowship in Business (#2) established 10/8/82	NationsBank of Texas, N.A., Centennial Fellowship (No. 2)
Interfirst Bank, Dallas Endowed Centennial Lectureship established 4/8/82	NationsBank of Texas, N.A., Endowed Centennial Lectureship
<u>College of Engineering</u>	<u>College of Engineering</u>
NCNB Texas National Bank Centennial Professorship in Petroleum Engineering established 8/13/82	NationsBank of Texas, N.A., Centennial Professorship in Petroleum Engineering

21. U. T. Austin: Authorization to Allocate Matching Funds from The Brackenridge Matching Program #2 for Addition to Sixteen Previously Established Endowments in the School of Law.--Authorization was given to allocate matching funds totalling \$251,961 from The Brackenridge Matching Program #2 to increase sixteen previously established endowments at The University of Texas at Austin as set out below:

<u>Eligible Endowment and Date of Establishment</u>	<u>Qualifying Gift</u>	<u>Matching Amount</u>
<u>School of Law</u>		
Professor William W. Gibson, Jr. Endowed Presidential Scholarship in Law established 6/11/92	\$25,000.00	\$12,500.00
Dean Ira P. Hildebrand Endowed Presidential Scholarship in Law established 6/11/92	\$25,000.00	\$12,500.00
Dean John F. Sutton, Jr. Endowed Presidential Scholarship in Law established 6/11/92	\$25,000.00	\$12,500.00
Charles C. Keeble and Charles C. Keeble, Jr. Endowed Presidential Scholarship in Oil and Gas/Energy Law established 8/13/92	\$25,000.00	\$12,500.00

The funds for the endowments set out on Page 113 are currently held and administered by The University of Texas Law School Foundation (an external foundation) in accordance with the Regents' Rules and Regulations. With the approval of the matching allocation, the Law School Foundation will transfer all funds held for these endowments to the U. T. Board of Regents.

<u>Eligible Endowment and Date of Establishment</u>	<u>Qualifying Gift</u>	<u>Matching Amount</u>
<u>School of Law</u>		
Atlas & Hall Endowed Presidential Scholarship in Law established 4/9/92	\$25,000.00	\$12,500.00
Mack G. and Beatrice C. De Leon Endowed Presidential Scholarship in Law established 4/9/92	\$25,000.00	\$12,500.00
Corwin W. Johnson - Class of '64 Endowed Presidential Scholarship in Law established 4/9/92	\$45,000.00	\$22,500.00
Jesse P. Luton, Jr. Endowed Presidential Scholarship in Law established 4/9/92	\$25,000.00	\$12,500.00
Marion and Mark Martin Endowed Presidential Scholarship in Law established 4/9/92	\$25,408.00	\$12,704.00
Nelson Phillips Endowed Presidential Scholarship in Law established 4/9/92	\$25,000.00	\$12,500.00
Thomas B. Ramey, Sr. Endowed Presidential Scholarship in Law established 4/9/92	\$25,000.00	\$12,500.00
Ralph W. Yarborough Endowed Presidential Scholarship in Environmental and Public Service Law established 4/9/92	\$96,000.00	\$48,000.00
Scott and Nancy Atlas Endowed Presidential Scholarship in Law established 8/13/92	\$25,000.00	\$12,500.00
Harry and Mar Siu Gee Endowed Presidential Scholarship in Immigration Law established 8/13/92	\$25,000.00	\$12,500.00
Lisa Atlas Genecov and Dr. Jeffrey S. Genecov Endowed Presidential Scholarship in Law established 8/13/92	\$25,000.00	\$12,500.00
Class of 1942 Endowed Presidential Scholarship in Law established 8/13/92	\$37,515.00	\$18,757.00

22. U. T. Austin: Approval to Allocate Matching Funds from The Regents' Endowment Program for Addition to Six Previously Established Endowments.--Approval was given to allocate matching funds totalling \$196,848.50 from The Regents' Endowment Program to increase six previously established endowments at The University of Texas at Austin as follows:

<u>Eligible Endowment and Date of Establishment</u>	<u>Qualifying Gift</u>	<u>Matching Amount</u>
<u>College of Natural Sciences</u>		
Laura Thomson Barrow Graduate Fellowship established 12/7/89	\$20,000.00	\$10,000.00
Bloomer Fund for Motivated Students established 4/10/81	\$15,295.00	\$7,647.50
<u>College of Liberal Arts</u>		
Dedman Merit Scholars Program Endowment established 6/5/86	\$253,001.44	\$126,501.00
<u>Interdisciplinary</u>		
The Ex-Students' Association Endowed Scholarships established 8/11/88	\$80,400.00	\$40,200.00
<u>School of Law</u>		
Clinton F. Morse Endowed Presidential Scholarship in Law established 12/6/90	\$10,000.00	\$5,000.00
<u>Harry Ransom Humanities Research Center</u>		
Ransom Collection Development Endowment for Modern Literature established 6/11/92	\$15,000.00	\$7,500.00

23. U. T. El Paso: Acceptance of Gifts from the Miguel Izquierdo Tribute Committee, El Paso, Texas, and Establishment of The Miguel Izquierdo Teaching Excellence Award Fund.--Upon recommendation of the Asset Management Committee, the Board accepted gifts in excess of \$12,000 from the Miguel Izquierdo Tribute Committee, El Paso, Texas, and established an endowment at The University of Texas at El Paso to be named The Miguel Izquierdo Teaching Excellence Award Fund.

Income earned from the endowment will be used to provide a teaching excellence award to an outstanding professor of Electrical Engineering or Physics, with the award to alternate annually between the two departments.

24. U. T. El Paso: Acceptance of Gift from the B'nai B'rith Women, El Paso Chapter 540, El Paso, Texas, for Addition to the Abraham Winters Memorial Scholarship and Redesignation as The Judith and Abraham Winters - B'nai B'rith Women Scholarship Endowment.--The Board accepted a \$7,117 gift from the B'nai B'rith Women, El Paso Chapter 540, El Paso, Texas, for addition to the Abraham Winters Memorial Scholarship at The University of Texas at El Paso for a total endowment of \$10,733.67 and redesignated the Scholarship as The Judith and Abraham Winters - B'nai B'rith Women Scholarship Endowment.

25. U. T. El Paso: Acceptance of Gift from the Woman's Auxiliary of The University of Texas at El Paso, El Paso, Texas, and Establishment of The Woman's Auxiliary of The University of Texas at El Paso Endowment Memorial Scholarship Fund.--The Asset Management Committee recommended and the Board accepted a \$10,000 gift from the Woman's Auxiliary of The University of Texas at El Paso, El Paso, Texas, and established The Woman's Auxiliary of The University of Texas at El Paso Endowment Memorial Scholarship Fund at The University of Texas at El Paso.

Income earned from the endowment will be used to award scholarships to deserving students who meet the minimum academic guidelines established by the Scholarship Office of U. T. El Paso.

26. U. T. San Antonio: Acceptance of Gift and Pledge from Alamo Group Inc., San Antonio, Texas, and Establishment of The Alamo Group Endowed Faculty Development Fund in Engineering.--Authorization was given to accept a \$10,000 previously reported gift and a \$40,000 pledge, payable by December 31, 1996, from Alamo Group Inc., San Antonio, Texas, for a total of \$50,000 and to establish The Alamo Group Endowed Faculty Development Fund in Engineering at The University of Texas at San Antonio.

Income earned from the endowment will be used for faculty development in the College of Sciences and Engineering.

27. U. T. San Antonio: Acceptance of Gift from the Hobby Foundation, Houston, Texas, and Establishment of The Hobby Foundation Endowed Faculty Development Fund.--The Board, upon recommendation of the Asset Management Committee, accepted a previously reported gift of \$50,000 from the Hobby Foundation, Houston, Texas, and established The Hobby Foundation Endowed Faculty Development Fund at The University of Texas at San Antonio.

Income earned from the endowment will be used for the recruitment and retention of highly qualified faculty for the development of U. T. San Antonio's doctoral programs in biology, computer science, and engineering.

28. U. T. San Antonio: Acceptance of Gifts and Pledge from the United Services Automobile Association (USAA), San Antonio, Texas, and Establishment of The Robert F. McDermott Endowed Faculty Development Fund (No Publicity).--Upon recommendation of the Asset Management Committee, the Board accepted a \$200,000 gift, a \$200,000 previously reported gift, and a \$600,000 pledge, payable by December 31, 1995, from the United Services Automobile Association (USAA), San Antonio, Texas, for a total

of \$1,000,000 and established The Robert F. McDermott Endowed Faculty Development Fund at The University of Texas at San Antonio.

Income earned from the endowment will be used to recruit and relocate faculty members, to provide start-up funds for research, and to develop and expand research teaching programs.

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

29. U. T. Southwestern Medical Center - Dallas: Acceptance of Gift from the Cardiology Fund, Inc., Dallas, Texas; Establishment of the Fouad A. Bashour Cardiology Fund Endowment; and Eligibility for Matching Funds Under the Texas Eminent Scholars Program.--The Board accepted a \$250,000 gift from the Cardiology Fund, Inc., Dallas, Texas, and established the Fouad A. Bashour Cardiology Fund Endowment at The University of Texas Southwestern Medical Center at Dallas.

Income earned from the endowment will be used to support the work of faculty members in physiology and cardiovascular science.

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

30. U. T. Southwestern Medical Center - Dallas: Acceptance of Gifts from the Cardiology Fund, Inc. and Mr. Cecil Green, Both of Dallas, Texas; Establishment of the Fouad A. Bashour Chair in Physiology; and Eligibility for Matching Funds Under the Texas Eminent Scholars Program.--The Asset Management Committee recommended and the Board accepted a \$250,000 gift from the Cardiology Fund, Inc., Dallas, Texas, and a \$250,000 gift from Mr. Cecil Green, Dallas, Texas, for a total of \$500,000 and established a term endowment at The University of Texas Southwestern Medical Center at Dallas to be named the Fouad A. Bashour Chair in Physiology.

Income earned from the endowment will be used to support the Chair in the Department of Physiology.

Further, the actual income earned on \$500,000 in gifts will be certified to the appropriate State authorities for matching under the Texas Eminent Scholars Program as set out in Chapter 51, Subchapter I of the Texas Education Code, when matching funds are made available under that act.

See Page 84 regarding an initial appointment to this Chair.

31. U. T. Southwestern Medical Center - Dallas: Acceptance of Gifts and Pledges from Various Donors and Establishment of the Robert Erik Boehning Scholarship Fund.-- Approval was given to accept \$21,325 in gifts from various donors and \$28,000 in pledges, payable by December 31, 1997, from various donors for a total of \$49,325 and to establish the Robert Erik Boehning Scholarship Fund at The University of Texas Southwestern Medical Center at Dallas.

Income earned from the endowment will be used to award scholarships to outstanding entering medical students at the U. T. Southwestern Medical School - Dallas.

32. U. T. Southwestern Medical Center - Dallas: Acceptance of Gift from The Sweetheart Ball Committee, Dallas, Texas, for Addition to the Gail Griffiths Hill Professorship in Cardiology; Redesignation as the Gail Griffiths Hill Chair in Cardiology; and Eligibility for Matching Funds Under the Texas Eminent Scholars Program.--Upon recommendation of the Asset Management Committee, the Board accepted a \$106,960.41 gift from The Sweetheart Ball Committee, Dallas, Texas, for addition to the Gail Griffiths Hill Professorship in Cardiology at The University of Texas Southwestern Medical Center at Dallas for a total endowment of \$509,985.41 and redesignated the Professorship as the Gail Griffiths Hill Chair in Cardiology.

Further, the actual income that will be earned on the \$106,960.41 gift as well as \$127,025 in previously received gifts for a total of \$233,985.41 will be certified to the appropriate State authorities for matching under the Texas Eminent Scholars Program as set out in Chapter 51, Subchapter I of the Texas Education Code, when matching funds are made available under that act.

33. U. T. Southwestern Medical Center - Dallas: Acceptance of Gift of Real Property Located at 5140 Seneca Drive, Dallas, Texas (Bashour House), from the Cardiology Fund, Inc., Dallas, Texas.--Subject to approval by the Internal Revenue Service by means of a closing agreement to be executed prior to November 30, 1992, the Board accepted a donation of property from the Cardiology Fund, Inc., Dallas, Texas, for the benefit of The University of Texas Southwestern Medical Center at Dallas. This gift of land and improvements located at 5140 Seneca Drive, Dallas, Texas, is to be identified as "Bashour House."

It is the intention of the Cardiology Fund, Inc. Board of Directors that this property be made available for use as a residence for the President of U. T. Southwestern Medical Center - Dallas or other senior staff as designated by the President. If the property is ever sold, the net proceeds from the sale will be added to the corpus of the Fouad A. Bashour Cardiology Fund Endowment.

See Page 116 related to establishment of the Fouad A. Bashour Cardiology Fund Endowment.

34. U. T. Medical Branch - Galveston: Acceptance of Gift from The Carl J. Herzog Foundation, Inc., Stamford, Connecticut, and Transfer of Funds and Establishment of The UTMB at Galveston Medical Student Aid Endowment.-- Committee Chairman Cruikshank reported that since the Material Supporting the Agenda was published an additional item had been posted with the Secretary of State and was before the Board on yellow paper.

The Asset Management Committee recommended and the Board accepted a \$1,000,000 gift from The Carl J. Herzog Foundation, Inc., Stamford, Connecticut, and a \$1,000,000 transfer of institutional designated funds for a total of \$2,000,000 and established The UTMB at Galveston Medical Student Aid Endowment at The University of Texas Medical Branch at Galveston.

Income earned from the endowment will be used to provide financial assistance to medical school students at the U. T. Medical Branch - Galveston with an initial objective to provide increased assistance to members of under-represented minorities.

35. U. T. Health Science Center - Houston: Acceptance of Gift and Pledge from Heyl G. Tebo, D.D.S., Houston, Texas, and Establishment of the Dr. Heyl G. Tebo Endowed Scholarship Fund.--The Board, upon recommendation of the Asset Management Committee, accepted a \$35,000 gift and a \$65,000 pledge, payable by December 31, 1994, from Heyl G. Tebo, D.D.S., Houston, Texas, for a total of \$100,000 and established the Dr. Heyl G. Tebo Endowed Scholarship Fund at the U. T. Dental Branch - Houston of The University of Texas Health Science Center at Houston.

Ninety percent of the income earned from the endowment will be used to award scholarships to graduate students at the U. T. Dental Branch - Houston, based on financial need and academic achievement, with priority given to native Texans. The remaining ten percent of income earned will be reinvested in the corpus of the endowment.

36. U. T. Health Science Center - San Antonio: Acceptance of Gifts from the American Association of Oral and Maxillofacial Surgeons, Rosemont, Illinois, and Various Donors for Addition to the Distinguished Professorship in Oral and Maxillofacial Surgery and Approval to Redesignate as the Chair in Oral and Maxillofacial Surgery.--The Asset Management Committee recommended and the Board accepted a \$10,000 gift from the American Association of Oral and Maxillofacial Surgeons, Rosemont, Illinois, and \$66,313 in gifts from various donors for a total of \$76,313 for addition to the Distinguished Professorship in Oral and Maxillofacial Surgery at The University of Texas Health Science Center at San Antonio increasing the endowment to a total of \$508,813, and the Distinguished Professorship was redesignated as the Chair in Oral and Maxillofacial Surgery.

37. U. T. M.D. Anderson Cancer Center: Estate of R. Carson Allan, Houston, Texas - Final Report.--It was reported that the final distribution from the Estate of R. Carson Allan, Houston, Texas, was received for a total bequest of \$413,917.89 to be used to support cancer research at The University of Texas M.D. Anderson Cancer Center.

38. U. T. M.D. Anderson Cancer Center: Approval to Accept Bequest from the Estate of Dorothy M. Larson, Ormond Beach, Florida.--Approval was given to accept a \$25,000 bequest from the Estate of Dorothy M. Larson, Ormond Beach, Florida, pursuant to a settlement agreement dated July 31, 1992, to support research and the purchase of equipment at The University of Texas M.D. Anderson Cancer Center.

39. U. T. M.D. Anderson Cancer Center: Acceptance of Transfer of Funds and Establishment of the Charles M. McBride Professorship in Surgical Oncology.--Authorization was given to accept a \$225,000 transfer of current restricted funds and to establish a quasi-endowment at The University of Texas M.D. Anderson Cancer Center to be named the Charles M. McBride Professorship in Surgical Oncology.

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

40. U. T. M.D. Anderson Cancer Center: Acceptance of Transfer of Funds and Establishment of the Naguib A. Samaan Professorship in Endocrinology.--Upon recommendation of the Asset Management Committee, the Board accepted a \$250,000 transfer of designated funds and established a quasi-endowment at The University of Texas M.D. Anderson Cancer Center to be named the Naguib A. Samaan Professorship in Endocrinology.

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

### III. OTHER MATTERS

1. U. T. System: Approval of Amendments to the Investment Guidelines Section of the Permanent University Fund Investment Policy Statement.--Pursuant to an agreement at the October 1, 1992 meeting between the Investment Advisory Committee and the Asset Management Committee, the Board amended the Investment Guidelines section of the Permanent University Fund Investment Policy Statement to indicate that the average maturity of the fixed income portfolio of the Permanent University Fund should not exceed 12 years.

This judgement recognizes that the Permanent University Fund is not a total return fund and that a primary objective of the fixed income portfolio is to generate sustainable levels of income over the long term with which to fund PUF debt service and payout to The University of Texas at Austin. A 12-year portfolio average maturity was deemed appropriate in controlling reinvestment risk and fluctuations in investment income.

The complete Permanent University Fund Investment Policy Statement, as amended through December 3, 1992, is set forth on Pages 120 - 125.

PERMANENT UNIVERSITY FUND  
INVESTMENT POLICY STATEMENT

FUND CHARACTERISTICS

The Permanent University Fund is a perpetual endowment in support of The University of Texas and The Texas A&M University Systems. The Fund is authorized by the State Constitution and supplies resources in two ways:

- 1) Beneficiary university systems may sell bonds up to 30% of their share of the book value of the Fund, secured and payable from a lien on their portion of the cash income of the Fund. Therefore, The University of Texas System and The Texas A&M University System may sell bonds, respectively, up to 20% and 10% of the book value of the Fund.
- 2) Cash income in excess of debt service requirements is available for current expenditures relating to academic enrichment and excellence at The University of Texas at Austin and Texas A&M University at College Station and Prairie View A&M University.

The Fund was generated and is increased principally by oil and gas royalties and lease bonuses from Permanent University Fund Lands. Cash inflow to the Fund is subject to fluctuation due to petroleum production, prices, and industry economics. Since oil and gas is depleting in nature and the Fund continues to grow from this source as well as appreciation of investments, cash inflow over time will tend to decline as a percentage of the value of the Fund.

The State Constitution requires that all cash income of the Fund consisting of interest and dividends on investments be paid out. Therefore, only the appreciation of securities is able to provide internal growth of the Fund.

RESPONSIBILITY AND MANAGEMENT OF THE FUND

The State Constitution vests fiduciary responsibility for the Fund with the Board of Regents of The University of Texas System. The Board employs an investment and administrative staff, headed by the Vice Chancellor for Asset Management. Specific investment decisions are handled by the investment staff as well as unaffiliated investment managers, who are employed from time to time. The Board retains an Investment Advisory Committee to provide counsel concerning portfolio and economic issues affecting the Fund.

CONFLICT OF INTEREST

Members of the Board and the Investment Advisory Committee are frequently persons of wide-ranging business interests. Therefore, a prudent, independent investment decision process may result in investments in firms or organizations with which a member of the Board or the Investment Advisory Committee 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. The investment staff or an unaffiliated investment manager may invest in such securities. However, the following restrictions shall apply:

- A member of the Board or the Investment Advisory Committee shall not direct nor participate in the decision to purchase or sell securities of a firm with which such member is affiliated.
- Securities will not be purchased from or sold to a member of the Board or the Investment Advisory Committee.
- All members of The University of Texas System investment and administrative staff must report any affiliation with another firm or organization to the Regents' Asset Management Committee. On an annual basis, the staff will report the nature and extent of any investments in or business transacted with such firms.

#### INVESTMENT OBJECTIVES

There are two primary investment objectives. One is to provide a continuing and dependable cash income stream, stable and preferably growing in real terms, after giving effect to inflation. The second is to cause the total value of the Fund to appreciate over time.

The cash income requirement on the Fund is substantial and continuous. Income must be sufficient to provide debt service coverage of all bonds payable from the Fund as well as provide a residual income stream for academic enrichment programs.

The Fund needs to appreciate to insure preservation of the purchasing power of the Fund and also to satisfy the need for income growth in the future.

Management of the Fund attempts to meet these objectives by maximizing the return on the Fund's investments, consistent with an appropriate level of risk and subject to generation of adequate current income. Additionally, the Fund shall be diversified at all times to provide reasonable assurance that investment in a single security, a class of securities, or industry will not have an excessive impact on the Fund.

#### ASSET MIX

Asset mix is the primary determinant of Fund performance and is the responsibility of the Regents' Asset Management Committee. Asset mix may be changed from time to time based on the economic and security market outlook as well as income requirements.

In establishing asset mix, recognition of the role of various classes of investments will be considered. These include:

- The principal purpose of fixed income investments is to provide a dependable and predictable source of income. Adequate bonds with low enough book yield to meet arbitrage requirements relating to debt secured and payable from the Fund must be owned.
- Equity investments provide both current income and growth of income, but their principal purpose is to provide appreciation of the Fund.

- Cash equivalent-short-term investments provide current income, but their principal purpose is to store purchasing power to fund longer term investments. Cash inflow from Permanent University Fund Lands is recognized as a continuing source of Fund liquidity.
- Other investments, such as venture capital, real estate and other privately placed investments, would be undertaken to provide exceptional returns to the Fund.

In order to meet the Fund's investment objectives and in recognition of the role of various classes of investments, it shall be the policy to invest this Fund's assets with an annual average market value asset mix of each class of investments within the following limits:

	<u>Minimum</u>	<u>Maximum</u>	<u>Long-Term Optimal</u>
Unallocated funds	0%	10%	0%
Fixed income securities(1)	30%	60%	45%
Equity securities(1)	35%	60%	45%
Other investments(1)	0%	15%	10%

(1) Includes allocated cash and cash equivalents

#### PERFORMANCE GOALS

To accomplish the investment objectives for the Fund and recognizing the critical role of asset mix, specific performance goals exist for the total Fund as well as separate categories of assets. Achievement of these goals is most appropriately determined over a full market cycle time period . . . generally four to five years.

Specific performance goals for the Fund are:

- Common Stocks - Performance equal to or greater than the Standard & Poor's 500 Index.
- Bonds - Performance equal to or greater than the Shearson Lehman Government/Corporate Bond Index or other appropriate bond index.
- Total Fund Return - Performance equal to or greater than that of other comparable funds.

Given the income requirements on the Fund, the performance goal for fixed income securities (bonds) is recognized as imperfect and potentially inappropriate in situations where a substantial and prolonged change in the market level of interest rates occurs. A bond index is a useful comparative device, but income protection, maturity control and portfolio quality are other important performance indices as well as critical elements of portfolio strategy. Active trading of bonds is necessary to prevent deterioration of portfolio market value and may result in the realization of book losses from time to time.

#### PERFORMANCE MEASUREMENT

The investment performance of the Fund will be measured by an unaffiliated organization with recognized expertise in this field and compared against the stated performance goals of the Fund. Measurement will occur at least annually, and will be used to evaluate the results of the total Fund, major classes of investment assets, and individual management organizations.

## INVESTMENT GUIDELINES

The Fund must be invested at all times in strict compliance with the State Constitution and other applicable law. The primary and constant standard for making investment decisions is the "Prudent Person Rule."

Investment restrictions include the following:

- All investments must be U. S. dollar denominated unless held by an investment manager retained to manage an international portfolio.
- No investments may be made in securities of the South African government, its government agencies, or firms headquartered in South Africa.
- Commercial paper must be rated in the two highest quality classes by Moody's Investors Service, Inc. (P1 or P2) or Standard & Poor's Corporation (A1 or A2).
- Negotiable certificates of deposit must be with a bank that is associated with a holding company meeting the commercial paper rating criteria specified above or that has a certificate of deposit rating of 1 or better by Duff & Phelps.
- Bankers' Acceptances must be guaranteed by an accepting bank with a minimum certificate of deposit rating of 1 by Duff & Phelps.
- Repurchase agreements and Reverse Repurchase Agreements must be with a domestic dealer selected by the Federal Reserve as a primary dealer in U. S. Treasury securities; or a bank that is associated with a holding company meeting the commercial paper rating criteria specified above or that has a certificate of deposit rating of 1 or better by Duff & Phelps.
- Investment policies of any unaffiliated liquid investment fund must be reviewed and approved by the Vice Chancellor for Asset Management prior to investment of Fund monies in such liquid investment fund. No requirement exists that such funds conform to the above restrictions on money market instruments.
- Corporate bonds and preferred stocks must be rated a minimum of Baa3 by Moody's Investors Service, Inc. or BBB- by Standard & Poor's Corporation, respectively, when purchased unless approved by the Vice Chancellor for Asset Management. Bonds rated below A3 or A- shall not constitute an excessive portion of the total bond portfolio. Unrated bonds or preferred stocks may be purchased prior to review by the Asset Management Committee if, in the opinion of the System's investment staff, they are at least equal in quality to publicly offered securities eligible for purchase. The cost of bonds or preferred stocks rated below Baa3 or BBB-, unrated bonds, and unrated preferred stocks which have been purchased but have not been reviewed by the Asset Management Committee may not exceed 1% of the book value of the Fund.
- The average maturity of the fixed income portfolio shall not exceed 12 years.
- Less than five percent of the voting securities of a corporation may be owned unless additional ownership is specifically authorized by the Vice Chancellor for Asset Management.
- No securities may be purchased or held which would jeopardize the Fund's tax-exempt status.

- No securities may be purchased on margin or leverage.
- No transactions in short sales will be made.
- Transactions in financial futures and options (other than those received as part of an investment unit) may only occur as part of a hedging program authorized by the Asset Management Committee.
- Unaffiliated investment managers transacting solely within their assigned assets:
  - shall hold no more than 25% of their managed portfolio in any one industry at cost unless the manager was retained to concentrate in an industry or industries.
  - shall hold no more than 10% of their managed portfolio in the securities of one corporation at cost.
  - shall not hold investment in real estate, partnerships, and other such illiquid assets unless retained to manage this type of asset and shall hold no more than 10% of their managed portfolio at cost in any other asset category different than the type they were retained to manage. Short-term liquid investments are excluded from this limitation. Convertible securities are considered to be equity equivalents for purposes of this restriction.
  - shall hold no securities traded only in foreign markets unless they were retained to manage an international portfolio.

#### INVESTMENT MANAGEMENT FIRMS

Unaffiliated investment managers may be hired from time to time to provide the Fund with increased diversity through their unique style and approach to investing. Their purpose is to improve the Fund's return and to alter its volatility. Other than as limited by this Policy Statement, investment managers shall have complete investment discretion. In addition to performance, investment managers shall be monitored for adherence to their investment style and shall be available as reasonably requested for open communication with the Board and The University of Texas System's investment and administrative staff.

#### FUND ADMINISTRATION

Administration of the Fund is recognized as vital to Fund stability and fulfillment of objectives. Areas of emphasis shall include record keeping, internal controls, protection of assets, cash management and processing efficiency.

Transaction and accounting records shall be complete and prepared on a timely basis with consideration at all times to the adequacy of an audit trail.

Internal controls will assure responsible separation of duties and diminish the real and prospective burden on individual employees.

Custody of the Fund's assets shall be in compliance with applicable law and arranged to provide as much security, trading speed and flexibility as possible. Adequate insurance levels will be maintained by any custodian or transportation agent employed by the Fund.

The daily cash position will be monitored to insure that non-interest bearing cash is minimized. The collection time of all dividend and interest payments will be accelerated to the extent possible.

Operational efficiency is imperative, and computer capabilities shall be extensively used to reduce manual processing and duplication of activities.

System investment and administrative staff will conduct business for the Fund with organizations which, after review, are believed to exercise professional integrity and have financial substance judged adequate in light of the size and nature of the business involved. Normal business entertainment of the staff is recognized as a customary medium for conducting this type of business. Acceptance of material gifts from unaffiliated vendors is prohibited.

Additionally, transactions to purchase or sell securities shall be entered into on the basis of "best execution," which normally means best realized net price for the security. Commissions may be paid for investment services rendered to the Fund including securities research.

#### INVESTOR RESPONSIBILITY

The Fund supports higher education, which has a special and unique role in society. It follows that, subject to the "Prudent Person Rule," investment of the Fund must be sensitive to major issues affecting its constituency including the State of Texas and supporters of higher education.

As a significant shareholder, the Fund has the right to a voice in corporate affairs consistent with those of any shareholder. These include the right and obligation to vote proxies in a manner consistent with the unique role and mission of higher education as well as for the economic benefit of the Fund.

The primary basis for all investment decisions is the "Prudent Person Rule" (see Investment Guidelines). The Fund shall not be invested to achieve temporal benefits for any purpose including use of its economic power to advance social or political purposes.

2. U. T. System: Adoption of Amendments to the Institutional Funds Investment Policy.--The University of Texas System Institutional Funds Investment Policy was approved by the U. T. Board of Regents in October 1989. The current version of the Institutional Funds Investment Policy assumes separate investment of institutional funds on a component by component basis. As such, it contains provisions, for example, limiting exposure per component institution to certain classes of authorized investments, which are no longer applicable under a pooled investment program.

In order to provide for consistency with the establishment of the Institutional Funds Short/Intermediate Term Fund as set out on Page 131 and to clarify terms where appropriate, the Board amended the U. T. System Institutional Funds Investment Policy to read as set forth below:

THE UNIVERSITY OF TEXAS SYSTEM  
INSTITUTIONAL FUNDS INVESTMENT POLICY

BACKGROUND

The investment of funds (excluding those required to be deposited in the State Treasury or classified as endowment, trust or agency funds) of or under the control of component institutions of The University of Texas System is governed by: a: the Public Funds Investment Act of 1987 (Article 842a-2, V.A.C.S.), as amended, b: Section 404, Government Code, and, c: Article 6252-5a, V.A.C.S. This policy is written in compliance with Section 5 of the Public Funds Investment Act of 1987 which requires that investments be made in accordance with written policies approved by the governing body of an institution of higher education. It applies to all existing institutions of The University of Texas System and any other institution or branch hereafter operated by or under the jurisdiction of the Board of Regents.

INVESTMENT OBJECTIVE

The primary objective of the institutional funds investment program is to generate a high rate of income and secondly to produce capital appreciation when consistent with the reasonable preservation of principal and the maintenance of adequate liquidity. Within the exposure limits contained herein, investments shall be diversified among authorized investment categories and issuers in order to minimize portfolio risk for a given level of expected return. Volatility of interest rates is expected, and therefore, periodic maturities of portions of each portfolio afford opportunities to restructure portfolios through yield and maturity adjustment.

AUTHORIZED INVESTMENTS

Institutional funds may be invested in the following securities:

1. U. S. Treasury Obligations
  - includes obligations of agencies and instrumentalities
  - Term: 5 years or less (unless otherwise approved by Vice Chancellor for Asset Management)
  - Quality Rating: none
  - Security: none

Exposure Limits:

- a) To Investment Category: no limit
- b) To any one Issuer: no limit

2. State of Texas Obligations

- includes direct obligations of agencies  
Term: 5 years or less (unless otherwise approved  
by Vice Chancellor for Asset Management)

Quality Rating: none

Security: none

Exposure Limits:

- a) To Investment Category: no limit
- b) To any one Issuer: no limit

3. Guaranteed/Insured Obligations

Term: 5 years or less (unless otherwise approved  
by Vice Chancellor for Asset Management)

Quality Rating: none

Security: principal of and interest on obligations  
unconditionally guaranteed or insured by:

- a) the U. S. or its agencies and  
instrumentalities, or,
- b) the State of Texas

Exposure Limits:

- a) To Investment Category: no limit
- b) To any one Issuer: no limit

4. Municipal Obligations

- includes obligations of states, agencies,  
counties, cities and other potential  
subdivisions of any state

Term: 5 years or less (unless otherwise approved  
by Vice Chancellor for Asset Management)

Quality Rating: not less than A or its equivalent  
by a nationally recognized  
investment rating firm.

Exposure Limits:

- a) To Investment Category: 20% of Fund net  
assets
- b) To any one Issuer: 2% Fund net assets

5. Bank Certificates of Deposit

- issued by state and national banks domiciled  
in Texas

Term: maximum 2 years (unless otherwise approved  
by Vice Chancellor for Asset Management)

Quality Rating: n. a.

Security: a. guaranteed or insured by  
F.D.I.C. (or its successor), or  
b. ( i) secured by U. S. Treasury  
obligations with a market  
value greater than or equal  
to principal amount of cer-  
tificates, or  
(ii) in any other manner and  
amount as provided by law  
and consistent with the bank  
depository agreement.

Exposure Limits:

- a) To Investment Category: no limit
- b) To any one Issuer: no limit
  - ( i) Fund Level: no limit
  - (ii) Component Level: per component  
policy as approved by Executive  
Vice Chancellor for Business  
Affairs

6. S&L Association Certificates of Deposit

- issued by savings and loan associations domiciled in Texas

Term: maximum 2 years (unless otherwise approved by Vice Chancellor for Asset Management)

Quality Rating: n. a.

Security: a. guaranteed or insured by F.S.L.I.C. (or its successor), or,  
b. (i) secured by U. S. Treasury obligations with a market value greater than or equal to principal amount of certificates, or,  
(ii) in any other manner and amount as provided by law and consistent with the bank depository agreement.

Exposure Limits:

- a) To Investment Category: no limit
- b) To any one Issuer: no limit
  - (i) Fund Level: no limit
  - (ii) Component Level: per component policy as approved by Executive Vice Chancellor for Business Affairs

7. Bankers' Acceptances

- accepted by a bank organized and existing under the laws of the U. S. or any state

Term: maximum 270 days from date of issuance

Quality Rating: Bank (or holding company of which bank is largest subsidiary) short term rating of at least A-1, P-1 or equivalent by at least one nationally recognized credit rating agency.

Security: none

Exposure Limits:

- a) To Investment Category: 10% of Fund net assets
  - b) To any one Issuer: 2% of Fund net assets
- Miscellaneous: will be liquidated in full at maturity per its terms accepted by a bank organized and existing under the laws of the U. S. or any state.

8. Commercial Paper

Term: maximum 270 days from date of issuance

Quality Rating: (i) rated at least A-1, P-1, or the equivalent by at least two nationally recognized credit rating agencies, or  
(ii) 1. rated at least A-1, P-1, or the equivalent by at least one nationally recognized credit rating agency, and,  
2. is fully secured by a letter of credit from a bank existing under the laws of the U. S. or any state thereof and with a short term rating of at least A-1, P-1, or equivalent by at least one nationally recognized credit rating agency.

Security: none

Exposure Limits:

- a) To Investment Category: 50% of Fund net assets
- b) To any one Issuer: 6% of Fund net assets

9. Repurchase and Reverse Repurchase Agreements

- for direct obligations of the U. S. or its agencies and instrumentalities and with a defined termination date

Term: maximum 60 days

Quality Rating: none

Security: direct obligations of the U. S. or its agencies and instrumentalities (must be pledged with a third party selected or approved by the Vice Chancellor for Asset Management, and placed through a primary government securities dealer or a bank domiciled in Texas (as approved by the Vice Chancellor for Asset Management)).

Exposure Limits:

- a) To Investment Category: 50% of Fund net assets
- b) To any one Dealer/Bank: \$100 million

10. Bank Common Trust Funds

- must be owned or administered by banks domiciled in Texas and consist of obligations 1-9 above
- must seek to maintain a stable net asset value of \$1 per share
- must be preapproved by the Office of Asset Management.

Term: n. a.

Quality Rating: none

Security: none

Exposure Limits:

Lesser of:

- a) 20% of average monthly investable balances (excluding bond proceeds)
- b) To Issuer:
  - (i) 10% of fund total assets

Miscellaneous: must comply with Internal Revenue Code of 1986 and other federal regulations governing the investment of tax-exempt bond proceeds and must meet the cash flow requirements and the investment needs of the institution.

11. Money Market Mutual Funds

- must be a SEC registered, no load fund pre-approved by the Office of Asset Management. Fund must have assets consisting of obligations 1-9 above and must seek to maintain a stable net asset value of \$1 per share.

Term: none (fund must have a dollar weighted average portfolio maturity of 120 days or less)

Quality Rating: none

Security: none

Exposure Limits:

Lesser of:

- a) 20% of average monthly institutional funds investable balances (excluding bond proceeds)
- b) To any one mutual fund:
  - (i) 10% of fund total assets

## BIDS

Investments in bank common trust funds may be made only after oral or written competitive bids have been solicited from at least three banks located within Texas. Investments in bank and S&L certificates of deposits may be made after electronic, oral or written bids have been solicited.

## INVESTMENT MANAGEMENT

Overall fiduciary responsibility for the investment of institutional funds resides with the U. T. Board of Regents. U. T. System component institutions shall be responsible for the allocation of investments between eligible money market funds, collateralized bank and S&L certificates of deposit and the Fund subject to prescribed limits for each U. T. System component institution. The Fund shall be managed per the terms of the Fund Information Memorandum and governed by a nine-member Advisory Board consisting of representatives from U. T. System component institutions and System Administration. The Advisory Board shall approve investment policy, selection and evaluation of the Fund investment manager and other Fund agents and annual Fund budgets. Fund portfolio management shall be the responsibility of the Office of Fixed Income Investments for an initial period of five years. The Fund shall be administered on a day-to-day basis by the Office of Asset Management.

## REPORTING

Component business officers shall be responsible for transmitting all necessary information to the Office of Asset Management in order to permit periodic reporting by System Administration to the Board concerning portfolio balances and yields for individual components and for the U. T. System as a whole.

## STANDARD OF CARE

Investments should be made with judgement and care, under circumstances then prevailing, that persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

## DEFINITIONS

The following terms used herein shall have the meanings set forth below:

- "Fund": the Institutional Funds Short/Intermediate Term Fund
- "Term": the remaining scheduled life of any fixed income obligation. Notwithstanding this definition, the term of the following securities shall be defined as follows:
- a) mortgage backed securities: the expected average life of the obligation calculated using any generally accepted outside payment speed (PSA) at the time the obligation is purchased,
  - b) adjustable or floating rate securities: the time from purchase date to the next interest rate reset date,
  - c) put securities: the time remaining until such put feature can be experienced.

EFFECTIVE DATE

This policy shall be effective concurrent with the establishment of the Fund and shall remain in effect until amended or revoked by the U. T. Board of Regents.

3. U. T. System: Establishment of the Institutional Funds Short/Intermediate Term Fund and Authorization for Office of Asset Management to Take All Actions to Effect Establishment of Fund.--Following a brief overview of The University of Texas System institutional funds by Vice Chancellor for Asset Management Ricks, the Board, upon recommendation of the Asset Management Committee:
- a. Established The University of Texas System Institutional Funds Short/Intermediate Term Fund per the terms contained in the Information Memorandum set out on Pages 133 - 138
  - b. Authorized the Office of Asset Management to take any and all necessary actions, including appointment of the Fund Custodian and Transfer Agent, to effect the establishment of the Fund.

The U. T. System institutional funds consist of working capital and intermediate term funds maintained separately at U. T. System component institutions and U. T. System Administration. As currently structured, U. T. System component institutions are authorized to invest these funds in local bank deposits, a money market fund, or directly in money market securities.

The current structure of dispersed portfolios is inefficient in aggregate when measured by the investment, administrative, and accounting costs associated with direct ownership of approximately 350 investments. The Fund is being established in order to provide convenient access to the yields and economies of scale generally associated with a pooled investment fund. The Fund will be invested in accordance with the U. T. System Institutional Funds Investment Policy. Its primary investment objective will be to provide a high rate of income through investment in high grade fixed income obligations and to provide capital appreciation when consistent with this primary objective.

The Fund shall be governed by a nine-member Advisory Board consisting of representatives from U. T. System component institutions and U. T. System Administration.

The U. T. System Office of Asset Management shall serve as Fund Administrator with responsibility for the overall administration of the Fund's operations, and the Office of Fixed Income Investments shall serve as Fund Investment Manager for an initial five-year period.

Conversion of U. T. System component institution and U. T. System Administration investments into the Fund shall be phased in over a period of approximately 2-3 years.

Safekeeping of Fund cash and securities, processing of securities transactions, collection of income, processing of Fund purchase and redemption transactions, and other operating services shall be performed by a bank (Fund Custodian and Transfer Agent) as approved by the Fund Advisory Board.

Establishment of the Fund has been discussed with the Investment Advisory Committee and the Asset Management Committee, and the Information Memorandum has been approved by the Fund Advisory Board and discussed with the U. T. System component institution chief business officers. The Information Memorandum also has been reviewed and approved by the Office of General Counsel.

See Page 126 related to amendments to the U. T. System Institutional Funds Investment Policy.

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

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

**PURPOSE**

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

**BENEFITS**

The Fund will provide convenient access to the yields and economies of scale generally associated with a pooled investment fund. Participation in the Fund by unitholders is expected to eliminate the investing, administrative and accounting burdens commonly incurred with direct ownership of securities. The benefits to unitholders are: (a) concentration of investment decisions with a single investment professional, (b) reduction in System-wide overhead costs associated with maintaining numerous investment managers at the component level, (c) elimination or reduction of fees for an external money market fund, (d) reduced minimum liquidity balances System-wide, (e) reduced overall administrative costs, (f) improved integration of component institution cash management systems with investment operations, (g) increased investment income through reverse repurchase agreements, and (h) improved interest rate risk management.

**INVESTMENT GUIDELINES**

The Fund shall be invested in accordance with The University of Texas System Institutional Funds Investment Policy.

**INVESTMENT OBJECTIVES**

The Fund seeks primarily to provide a high rate of income through investment in high grade fixed income obligations. In addition, the Fund shall seek capital appreciation when consistent with this primary objective, the reasonable preservation of capital and the maintenance of adequate Fund liquidity. In seeking to achieve its investment objectives the Fund shall attempt to minimize the probability of a negative total return over a 1-year period.

**PERFORMANCE BENCHMARK**

Attainment of Fund investment objectives shall be defined as the achievement over an interest rate cycle (i.e. 5 years) of a total return in excess of the Fund's performance benchmark.

No single index represents the Fund's portfolio composition as permitted under the Public Funds Investment Act, the Institutional Funds Investment Policy or the Fund's liquidity requirements. A combination of indices weighted as follows shall comprise the Fund's normal performance benchmark:

- 10% Payden & Rygel 6 month Bank C.D. Index
- 10% U. S. 91-day Treasury Bill
- 30% Merrill Lynch U. S. Treasury 1-3 year Index
- 30% Merrill Lynch Federal Agencies 1-3 year Index
- 10% Merrill Lynch U. S. Treasury 3-5 year Index
- 10% Merrill Lynch Federal Agencies 3-5 year Index

This performance benchmark is believed to represent how the Fund should "normally" look in terms of risk, composition by securities, duration, and other factors governed by the Investment Policy. It also is believed to embody the trade-offs between risk and return or between the total return and yield objectives established for the Fund. The performance benchmark may be revised by the Fund Advisory Board if deemed appropriate. During the estimated 2-year phased buy-in period, the performance benchmark weightings shall be adjusted (with approval by the Fund Advisory Board) to reflect the higher levels of liquidity.

#### **FUND STRUCTURE**

Two investment funds shall be available to U. T. System unitholders:

(a) A Money Market Fund - this fund shall provide unitholders with overnight liquidity and shall be valued at a constant unit value. The Goldman Sachs money market fund shall remain in place for an initial six-month period. During this period, the Fund shall be evaluated by the Fund Advisory Board to determine whether it should be managed internally or continue under outside management.

(b) The Short/Intermediate Term Fund - the Fund shall invest in a portfolio of securities with term maturities up to 5 years. It shall accept purchases and redemptions on a weekly basis and on the first business day of each month or on such other dates as determined by the Fund Advisory Board. Fund units shall be valued on a market value basis.

#### **FUND MANAGEMENT**

##### **Fund Advisory Board**

The Fund shall be governed by a nine-member Advisory Board consisting of representatives from U. T. System component institutions and System Administration. The six standing members of the Advisory Board shall include representatives from U. T. M.D. Anderson Cancer Center, U. T. Medical Branch - Galveston, U. T. Southwestern Medical Center - Dallas, U. T. Austin, U. T. System Office of Business Affairs, and U. T. System Office of Asset Management. The representative from the Office of Asset Management shall be the Vice Chancellor for Asset Management who shall also serve as Chairman. Component institutions without standing representation shall elect three representatives. Initial rotating members shall consist of representatives from U. T. Health Science Center - Houston, U. T. Health Science Center - San Antonio, and U. T. Arlington

and shall serve terms of three years, two years and one year, respectively. Rotating members shall serve two-year terms ending August 31 of each applicable year.

The Board shall meet quarterly to review the Fund's operations and shall provide advice to the Fund Administrator. The Advisory Board shall approve Fund investment policy, selection of the Investment Manager and other agents of the Fund, Fund Investment Memorandum and the Fund annual budget. The Advisory Board shall also review and evaluate Investment Manager performance. Approval shall be evidenced by a majority vote of at least five members present at any meeting. As a general rule, the Fund Advisory Board shall approve in advance all items requiring Regental approval.

#### **Fund Administrator**

The Fund Administrator shall be responsible for the overall administration of the Fund's operations. Such administrative responsibilities shall include the recommendation of investment policy, negotiation and supervision of the Investment Manager, custodian and Transfer Agent, dividend distribution, investor servicing, accounting and other services provided to the Fund, preparation and distribution of the Fund Investment Memorandum, coordination of and reporting to Advisory Board and the U. T. Board of Regents, preparation of Fund budgets, ongoing review of expenses, verification of Fund collections and disbursements, review of investment legislation, and general supervision of all aspects of the Fund's operations.

The U. T. System Office of Asset Management shall serve as Fund Administrator.

#### **Fund Investment Manager**

The Investment Manager shall be responsible for the formulation of portfolio strategy and direction, execution of portfolio transactions, and compliance with investment policy guidelines. The Investment Manager will have complete discretion in the investment and management of the Fund's assets in accordance with the Fund's investment objectives and policies and subject to the general supervision and direction by the Fund Administrator.

The U. T. System Office of Fixed Income Investments shall serve as Fund Investment Manager for an initial five-year period. Extension of this term shall be subject to a performance evaluation by the Fund Advisory Board.

#### **Fund Custodian and Transfer Agent**

The Fund Custodian and Transfer Agent shall be a bank. Its responsibilities shall include the following: safekeeping of portfolio cash and securities, processing securities transactions including securities release, receipt and delivery, the collection of income from portfolio securities, payment of fund expenses, income and market value accounting, reconciliation of general ledgers and financial statements, processing unitholder purchase and redemption transactions, pricing of securities and calculation of net asset value per unit, maintenance of unitholder accounts and records, processing payout options, account designations and addresses, monitoring the reinvestment of distributions, and providing periodic account statements to unitholders.

## **FUND INVESTMENT STRATEGY**

The Fund shall employ a hybrid "active" buy and hold strategy in order to achieve its primary objective of a high rate of income and its secondary objective of capital appreciation. Subject to its primary objective of generating a high rate of income, the Fund Investment Manager shall seek to increase expected returns by purchasing or selling securities in anticipation of changes in interest rates or sector spread relationships.

The Fund shall also attempt to control interest rate risk by monitoring the duration of the portfolio and thereby minimize exposure to unexpected changes in interest rates.

## **FUND PORTFOLIO MATURITY**

The Fund's normal dollar weighted average portfolio maturity may range from 1 year to 4 years depending on the Investment Manager's judgement of current or anticipated market conditions. Based on the Investment Manager's assessment of interest rate trends, generally, the average maturity will be shortened when interest rates are expected to rise and lengthened when interest rates are expected to decline.

The range may be extended from 1 day to 5 years in the event of extreme changes in interest rate expectations and only upon the written approval of the Vice Chancellor for Asset Management.

The Fund's investments may include mortgage-backed pass-through securities or Real Estate Mortgage Investment Conduits (REMICs) which are issued by various U. S. Government agencies or instrumentalities. Such securities will have an estimated average life of five years or less as determined by the Investment Manager. Average life estimates will be based upon anticipated prepayment patterns which, in turn, will be based on past prepayment patterns, prevailing interest rates, and other factors. Due to actual prepayment experience, however, the remaining estimated average life of such an investment after purchase by the Fund may increase to more than five years or may decrease at a rate faster than anticipated. The Fund's other securities will have remaining maturities of 5 years or less and repurchase agreements will have remaining maturities of less than one year.

The Fund may purchase securities with variable or floating interest rates. In calculating average portfolio duration or maturity, such securities will generally be treated as having a maturity equal to the time remaining until their interest rate is next reset, unless the Investment Manager believes some other treatment to be more appropriate, for example, because of the market price impact of interest rate caps and floors. In addition, the Fund also may purchase securities that have demand or put features. In calculating average portfolio duration or maturity, these securities generally will be treated as having a maturity equal to the period remaining until the Fund can obtain the principal amount through exercise of such feature.

## **ACCOUNTING POLICIES AND PROCEDURES**

The Fund shall be accounted for using the market value method as prescribed by the NACUBO Financial Accounting and Reporting Manual for Higher Education, Paragraph 402.2 Principles of Accounting for Investment Pools. The procedures adopted shall ensure proper accounting for the unitholder's principal and

the proper distribution of market changes and cash income earned. This shall be accomplished by unitizing the investment pool. Under this procedure, each unitholder shall receive "units" in the pool when it contributes funds to the Fund. The number of units assigned to the unitholder shall be the dollar value of the funds contributed divided by the market value per unit at the close of the business day next preceding the date of purchase. When funds are withdrawn from the pool, withdrawals shall be valued at the unit market value of the pool at the close of business day preceding withdrawal.

The withdrawal of funds from the Fund by unitholders under the market value method shall create either realized gains and losses equal to the unit market value at the time of withdrawal less the unit average cost value. Unitholders shall credit/debit such gains and losses first to an earnings reserve account and secondly to an income account prior to allocating income to the fund groups underlying unitholders' Fund accounts.

#### **INITIAL PURCHASE OF UNITS**

In order to minimize the effects of "yield blending," Fund investors may elect to invest proceeds from existing direct investments into the Fund no later than the earlier of the date of sale or maturity of such investments. Purchases of Fund units shall occur at the market unit value of the Fund as of the close of the business day preceding purchase.

#### **REVERSE REPURCHASE AGREEMENTS**

As a means of generating additional income and Fund liquidity, the Fund may lend up to 33 1/3% of its assets in reverse repurchase agreements, which are agreements pursuant to which securities are sold to a third party (banks, brokers and dealers) with the understanding that the Fund will repurchase the securities from the third party at a fixed price. The Fund will receive cash in an amount equal to at least 100% of the current value of the securities plus accrued interest. The Fund will continue to receive interest payable on the securities and will either receive as income a portion of the interest on the investment of any cash proceeds. The terms of such reverse repurchase agreements will provide for termination at any time. Reverse repurchase agreements involve risks of nonperformance by the purchaser on its commitment to resell the securities back to the Fund.

Reverse repurchase contracts shall be approved by the Fund Advisory Board.

#### **REPORTS TO UNITHOLDERS**

Each unitholder shall be provided with transaction information and an individual monthly and annual statement.

#### **FUND EXPENSES**

Each unitholder shall be assessed a fee to reimburse the Fund for its operating expenses. Such operating expenses may include investment management, custodian, transfer and dividend disbursing services, preparation and maintenance of books and records of the Fund, outside legal and auditors, charges and expenses of acquiring and disposing of portfolio securities, preparation and furnishing of reports, research and all

direct and indirect costs to operate the Fund. Such fee shall be reviewed and approved annually by the Advisory Board to the Fund. Any fees paid to the Fund in excess of actual Fund operating expenses shall be credited at the end of each fiscal year to unitholders in proportion to average units assets held by each unitholder during the year then ended. Such credit, if any, shall be included in the calculation of Fund performance.

RECONVENE.--At 12:25 p.m., the Board reconvened as a committee of the whole to consider those items remaining on the agenda.

#### REPORT OF BOARD FOR LEASE OF UNIVERSITY LANDS

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

##### Report

The Board for Lease of University Lands met in Austin, Texas, on October 20, 1992, for a Special Frontier Oil and Gas Sealed Bid Joint Sale with the Board of Regents of The University of Texas System and the General Land Office. The Board of Regents' trust lands located in Culberson and Hudspeth Counties, Texas, received no bids on 35,700 acres offered for lease.

The Board for Lease offered 612,807 acres of Permanent University Fund Lands located in El Paso, Culberson, Hudspeth, and Terrell Counties, Texas. The only bid received was for 31,061 acres located in Block 46 in Culberson County. The bonus for this acreage was \$69,888 for an average of \$2.25 per acre.

The next regular oil and gas lease sale is set for June 23, 1993.

#### OTHER MATTERS

1. U. T. Board of Regents: Status Report by Regent Ellen C. Temple on the Educational Economic Policy Center.--At the request of Chairman Beecherl, Regent Temple, The University of Texas System representative on the governing committee of the Educational Economic Policy Center, presented the following status report on the Center which is located on The University of Texas at Austin campus:

##### Report by Regent Ellen C. Temple on Educational Economic Policy Center

The Educational Economic Policy Center (EEPC), created by the Texas Legislature in 1990, is one of a nationwide network of university based education policy centers which bring the best minds of the universities to bear on the pressing issues of public education, grades K - 12.

The Center's (EEPC) mission is to sponsor independent research and development, translate research findings into policy recommendations, and communicate with state policy makers and the public about potential improvements in public education. In other words, the Center

serves as an information broker -- connecting universities with policy makers (the legislators, Legislative Budget Board, Governor, etc.) and educators.

To accomplish its mission, the Center has been organized as a consortium of universities that include The University of Texas at Austin, Texas A&M University, and the University of Houston. Although housed at the LBJ School of Public Affairs on the U. T. Austin campus, the Center functions as a separate entity. It takes a multidisciplinary approach to research, branching out to tap the resources of faculty in various colleges and departments in the consortium universities and other colleges and universities throughout the state.

The Center is currently staffed by two associate directors, a full and a half-time research associate, and two administrative assistants. A search for an executive director is underway.

The Center is governed by a nine member committee (the Educational Economic Policy Center Committee) appointed by the Speaker, the Lt. Governor, and the Governor. The Governor appoints representatives (of which I am one) from the Boards of Regents of the three participating universities.

To develop innovative ideas and initiate change in public education, the Center also conducts an annual innovative education grant program in partnership with the Texas Education Agency. For the 1991-92 grant cycle, the Center held 17 grant workshops for public school personnel. Eighteen hundred attended the workshops at universities around the state, including six U. T. System universities. Of 435 proposals submitted, 26 projects were funded (I've given you specific information about one of those grants, as an example).\* Some of these innovative programs may well serve as models for other schools to follow.

The Center has completed four research initiatives which include the following two:

- An analysis of potential costs and benefits of alternative school year schedules, such as year round school or schedules which alter the length and frequency of vacation periods without changing the total number of

\*A [copy](#) of this material is on file in the Office of the Board of Regents.

days in school (with Texas A&M University Center for Business & Economic Analysis and College of Education).

- An analysis of School District Administrative Costs (by the LBJ School of Public Affairs, The University of Texas at Austin). (I've given you copies of press clippings which summarize the findings of this excellent report.)\*

The following research projects are scheduled for completion in early 1993:

- A study of accountability in the public school system, as required by rider to the General Appropriations Act (with the College of Education at Texas A&M University, the LBJ School of Public Affairs at The University of Texas at Austin, and the College of Business Management at the University of Houston).
- A review of the status of principal selection and development (with the University of Houston Colleges of Business and Education).
- An analysis of the potential effects of site-based decision making on public school effectiveness (with The University of Texas at Austin College of Education).
- An evaluation of innovative education grant programs funded by the EEPC and the TEA in 1990-91 (Texas Center for University School Partnerships, University of Houston).

These studies will be helpful to state policy makers and educators as they work to develop a quality public education system for Texas.

EEPC is an example of how the state brings the talents and resources of our great research universities to bear on public issues.

On behalf of the EEPC Committee, I'd like to thank members of the U. T. System, especially Jim Duncan, David McClintock, and Gwen Grigsby, the College of Education, and the LBJ School of Public Affairs at U. T. Austin for their strong support.

\*A [copy](#) of this material is on file in the Office of the Board of Regents.

Chairman Beecherl emphasized that it is very important for the U. T. System to continue its participation in this program and expressed appreciation to Regent Temple for the informative report.

FILE NO. III

DOCUMENT \_\_\_\_\_

REMARKS \_\_\_\_\_

2. U. T. System: Report on Development of the Intellectual Property Program [Deferred].--Chairman Beecherl announced that the proposed report on the development of The University of Texas System intellectual property program was deferred for consideration at a future meeting.

FILE NO. III

DOCUMENT \_\_\_\_\_

REMARKS \_\_\_\_\_

3. U. T. System: Report on Activities of the Faculty Advisory Council.--Chancellor Cunningham noted that in response to Chairman Beecherl's request at the October 1992 meeting The University of Texas System Faculty Advisory Council had been asked to make a report on the status of pending and completed projects.

Chancellor Cunningham then introduced Dr. Allan Abedor, Chairman of the U. T. System Faculty Advisory Council and Professor and Chairman of the Department of Biomedical Communications in the School of Allied Health Sciences at The University of Texas Health Science Center at Houston, and expressed appreciation to Dr. Abedor and the Council for their ongoing support.

Dr. Allan Abedor filed the following report with the Board:

#### TEXT FOR UTSFAC REGENTS PRESENTATION

#### I. DESCRIPTION OF THE UT SYSTEM FACULTY ADVISORY COUNCIL (UTSFAC)

##### A. Membership

UTSFAC has 30 members, two faculty represent each UT component; nominated by the component faculty and appointed by **the** President. Most UTSFAC members are the leaders of **their** respective faculty **senates**; experienced in academic governance and university wide issues.

##### B. Mission

(1) To respond to Issues upon request and to identify system-wide issues that are of concern to the UT faculty; (2) for **each** defined issue, to conduct fact-finding background, exploration, analysis and deliberation and prepare recommendations for consideration by the UT Chancellor; **and** (3) to function as vehicle **for** exchange of ideas and information between the UT components' faculty, students, administration. UT System **and** Regents.

##### C. Organization & Operation

UTSFAC first convened In April of 1990 **and** meets quarterly. The Chancellor and his staff interact directly with the Council which **is** organized into **five** standing committees: Governance; Academic Affairs; Health Affairs; Faculty **Quality** and the Executive Committee. Standing committees meet as needed and the Executive Committee meets once per quarter with the Chancellor to get input and exchange ideas and information.

## I I. SUMMARY OF UTSFAC BUSINESS

### A. Participation In ● oloction of the now Chancellor

### B. Governance

1. UTSFAC developed a set of recommendations on program and faculty **termina-**tion (not due to financial exigency) which through collaboration with the UT System Office was incorporated into the language of Regents Rule **6.11**. UTSFAC has asked its **members to facilitate** development of local procedures reflecting the new 6.11 and is monitoring development of these procedures.
2. Faculty participation in performance appraisal of administrators varies across components. UTSFAC has made a recommendation that **each** campus implement a policy that enables faculty to provide input during performance appraisal of administrators up to **the** level of Vice President. This recommendation **is** currently under review by the Chancellor and System Administration
3. Faculty grievance process varies across components with regard to authorization of peer review. UTSFAC has asked its members at those campuses not authorizing peer review to seek changes in their local procedures to allow **faculty** peer review of grievances. UTSFAC is monitoring these changes.
4. An elected campus-wide faculty governance organization such as a faculty assembly or senate does not exist **at** all UT components. UTSFAC has asked its members to actively pursue effort8 at the local level to establish a campus wide elected governance organization at those **institutions** that do not have **them**. UTSFAC la **monitoring these** changes in campus-wide governance.

### C. ACADEMIC AFFAIRS

1. UTSFAC recently completed development of a preliminary recommendation for a pilot project involving mentoring of junior faculty by senior faculty in order to bring **about** faculty development in teaching, grant writing, scholarly publications and administration. When approved by the UTSFAC, the final **recommendation** for faculty development will be forwarded to the Chancellor for consideration.
2. UTSFAC is currently conducting an analysis of procedures for evaluation of teaching at all UT component campuses We will synthesize **the** most powerful attributes of these evaluation **processes at** both the academic and medical campuses and make recommendations **for** enhancing the quality of teaching evaluation system wide.
3. UTSFAC will be examining the feasibility and potential impact of implementing Total Quality Management (TQM) processes at the UT components.

### D. HEALTH AFFAIRS

1. Procedures for communicable disease screening and prevention at the health science components was examined, in collaboration with UT System staff. It was recommended that implementatbn be left to the purview of component institutions where some will use local **funds** and others will charge students for appropriate immunization and screening.
2. Student health insurance policy was reviewed in collaboration with UT System staff. Mandatory coverage of all UT System students was desirable but **not** possible without action **from the** Texas Legislature. Coverage is, **there-**fore, voluntary, with higher premium costs.
3. UTSFAC considered ways to provide system level assistance in developing Continuous Quality Improvement (**CQI**) programs at the health science components. A white paper discussing **CQI** and its possible impact on the system

was **prepared** and forwarded to the Chancellor. After **initial** evaluation, it appeared that the health **science** components **were well** along in the **process** of implementing **CQI**.

4. UTSFAC provided extensive analysis and input to **the** UT System strategic plan, Vision 20120. particularly in **those** sections related to health care.
5. Currently UTSFAC is analyzing **the** issues and preparing recommendations related to increasing the number **of** primary care physicians working in **un-**  
**derserved** areas **of** Texas.

#### **E. FACULTY QUALITY**

1. UTSFAC is **conducting** a **major survey** of UT faculty at all 15 components to **ascertain the** major factors **influencing recruiting** and **retention** of faculty. **The results of this survey** and recommendations for enhancing **recruiting and retention of quality** faculty **will be** forwarded to **the Chancellor** for **review**.

In conclusion, Dr. **Abedor** stated that the Faculty Advisory Council will also be considering the following issues:

Performance-based funding

Changes in the Optional Retirement Program

Changes in formula funding for doctor's and master's degrees.

Dr. **Abedor** introduced the chairmen of the standing **committees** of the Faculty Advisory Council:

Dr. Jerry L. Polinard, Chairman of Governance Committee, U. T. Pan American

Julie Sandstad, M.D., Chairman of Health Affairs Committee, U. T. Southwestern Medical Center - Dallas

Dr. Don Miller, Chairman of Faculty Quality Committee, U. T. Permian Basin

Dr. Richard Rahr (who was not at the meeting), Chairman of Academic Affairs Committee, U. T. Medical Branch - Galveston.

On behalf of the Board, Chairman Beecherl expressed appreciation to Dr. **Abedor** and the Council for their **excellent** efforts in bringing topics of concern to the Board.

Dr. **Abedor** thanked the Board for the opportunity to present this status report and stated that the Council looked forward to providing continuing support to the U. T. System. Recognizing that this was in all likelihood Chairman **Beecherl's** last formal meeting with the Board, he presented a letter of commendation to Mr. Beecherl expressing appreciation to him for all that he has done for the U. T. System and for the Faculty Advisory Council.

RECESS TO EXECUTIVE SESSION.--At 12:45 p.m., the Board recessed to convene in Executive Session pursuant to Vernon's Texas Civil Statutes, Article 6252-17, Sections 2(e), (f) and (g) to consider those matters set out in the Material Supporting the Agenda.

RECONVENE.--At 3:10 p.m., the Board reconvened in open session.

#### EXECUTIVE SESSION OF THE BOARD OF REGENTS

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

1. U. T. Southwestern Medical Center - Dallas, U. T. Medical Branch - Galveston, and U. T. Health Science Center - Houston: Settlements of Medical Liability Litigation.-- Chairman Beecherl reported that in Executive Session the Board heard presentations from Executive Vice Chancellor for Health Affairs Mullins and Vice Chancellor and General Counsel Farabee concerning the four (4) cases in which The University of Texas System Administration was recommending proposed settlements of medical liability litigation.

Based on these presentations, Regent Moncrief moved that the Chancellor and the Office of General Counsel be authorized to settle the following medical liability litigation matters in accordance with the individual proposals presented in Executive Session:

- a. On behalf of The University of Texas Southwestern Medical Center at Dallas:
  - The medical liability litigation filed by Winifred C. Golombeck, et al.
  - The medical liability litigation filed by Kanetra Horton, et al.
- b. On behalf of The University of Texas Medical Branch at Galveston, the medical liability litigation filed by Gerald and Bessie Simpson
- c. On behalf of The University of Texas Health Science Center at Houston, the medical liability litigation filed by Carey Scalise and John Payne, et al.

Regent Rapoport and Vice-Chairman Cruikshank seconded the motion which prevailed without objection.

2. U. T. Austin: Authorization to Purchase the Lake Austin Centre Building Located at 3001 Lake Austin Boulevard, Austin, Travis County, Texas, from The University of Texas System Common Trust Fund and Authorization for the Executive Vice Chancellor for Business Affairs and the Vice Chancellor for Asset Management to Execute All Documents Related Thereto.--Upon motion of Vice-Chairman Cruikshank, seconded by Regent Rapoport, The University of Texas at Austin was authorized to purchase the property and improvements located at 3001 Lake Austin Boulevard in Austin, Travis County, Texas, known as the Lake Austin Centre Building from The University of Texas System Common Trust Fund according to the parameters outlined in Executive Session, and the Executive Vice Chancellor for Business Affairs and the Vice Chancellor for Asset Management were authorized to execute all documents pertaining to the transaction following approval by the Office of General Counsel.

#### OTHER BUSINESS

U. T. Board of Regents: Commendation to Chairman Louis A. Beecherl, Jr., Regent Sam Barshop, and Regent W. A. "Tex" Moncrief, Jr.--Vice-Chairman Cruikshank noted that, while it is impossible to predict with accuracy, it is very likely that this will be the last official meeting of the Board of Regents before the expiration of the terms of Chairman Beecherl, Regent Barshop, and Regent Moncrief.

On behalf of the Board, Vice-Chairman Cruikshank expressed deep and sincere appreciation to Regents Beecherl, Barshop, and Moncrief for their dedication, thoughtfulness, and wise counsel during the last six years. He noted that the three had made major contributions to the development of important programs within The University of Texas System, and the System is significantly enhanced because of their leadership and vision. Mr. Cruikshank stated that, "We who remain on the Board are pleased and proud to have served with you and will cherish the roads we have traveled together."

In recognition of their dedicated service, Regents Beecherl, Barshop, and Moncrief received a standing ovation.

Regent Rapoport was recognized and made the following comments:

I would like to say, Louis, first of all that in 1930 I was a student and one of those in support of Dr. Homer Rainey, and I developed a prejudice against the Board of Regents until I got on it. I have never operated with anyone with more totality of commitment to the performance of their responsibility as the Chairman of this Board of Regents. Your personal integrity manifests itself in everything that you do. Louis, what I love about you is what's in your head comes out of your mouth.

Sam is a different character. He is someone who lived next door to my wife when he was growing up, and it pleases me to know that you never violated her. I never really did know you until I came on the Board. To know you is to love you.

Tex is very special. You and I both had character at birth. You had a mother and father, and I had a mom and pop. I was born on the wrong side of the tracks, and you were born on the right side of the tracks. My mom and pop would have pulled up in a horse and buggy, and your parents would have pulled up in front of the hospital in a Pierce Arrow. I want to tell you a lot of things about you. Your friendship will be lifelong. I will simply say that you have gotten under my skin, and I won't let you out.

The Board will be diminished by the absence of the three of you. Although you have made a mistake politically by the party that you have chosen, I am beginning to realize that the difference between the democrats and republicans is much narrower than I thought. Your friendship is very very long.

Regent Moncrief made the following comments in response to Regent Rapoport:

I was born on the kitchen table at 6104 South Louisiana Street in Little Rock, Arkansas, and weighed 13 1/2 pounds. My mother almost died and finally died at age 94. I don't know which side of the tracks it was, but it was south of the river. I have a feeling you were always more wealthy than the Moncriefs. I wish I had an hour to talk. It has been great to have served on the Board of Regents. I, like you, did not care much for the Board of Regents when I was young. My father told me I was going to graduate though. I will miss Sam and Louis, and whether I run for office or not, you will always be my PR man.

SCHEDULED MEETING.--Chairman Beecherl announced that the next scheduled meeting of the U. T. Board of Regents would be on February 11, 1993, in the Regents' Meeting Room in Austin, Texas.

ADJOURNMENT.--There being no further business, the meeting was adjourned at 3:20 p.m.

/s/ Arthur H. Dilly  
Executive Secretary

December 10, 1992