

Meeting No. 873

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

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December 2, 1993

Brownsville, Texas

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 OF  
 THE UNIVERSITY OF TEXAS SYSTEM  
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MEETING NO. 873

THURSDAY, DECEMBER 2, 1993.--The members of the Board of Regents of The University of Texas System convened in regular session at 10:10 a.m. on Thursday, December 2, 1993, in the Gorgas Board Room of Gorgas Hall at The University of Texas at Brownsville, Brownsville, Texas, with the following in attendance:

ATTENDANCE.--

Present

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

Absent

Executive Secretary Dilly

Chancellor Cunningham  
Executive Vice Chancellor Duncan  
Executive Vice Chancellor Mullins

\*Executive Vice Chancellor Burck

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

WELCOME BY DR. JULIET V. GARCIA, PRESIDENT OF THE UNIVERSITY OF TEXAS AT BROWNSVILLE.--Chairman Rapoport stated that the Board was very pleased to be holding its first formal meeting at The University of Texas at Brownsville and expressed the Board's deep appreciation for the warm hospitality that was extended at the social event last evening (December 1). He then called on Dr. Juliet V. Garcia, President of U. T. Brownsville, for any welcoming remarks on behalf of the host institution.

On behalf of the faculty, staff, and students of U. T. Brownsville, President Garcia welcomed the members of the Board and other guests to Brownsville and to the campus.

U. T. AUSTIN: INTRODUCTION OF DR. JAMES L. HILL, ASSOCIATE VICE PRESIDENT FOR ADMINISTRATION AND PUBLIC AFFAIRS.--Chairman Rapoport called on President Berdahl who introduced Dr. James L. Hill, Associate Vice President for Administration and Public Affairs at The University of Texas at Austin effective November 1, 1993. Dr. Berdahl noted that Dr. Hill formerly served as Director of the Southwest Field Office of the Educational Testing Service and prior to that position he was

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\*Executive Vice Chancellor Burck was excused because of a University litigation matter in Austin.

with the Texas Education Agency for fifteen years. President Berdahl reported that Dr. Hill will be responsible for all aspects of diversity related to recruitment and retention of undergraduate students and will be actively involved in the University's outreach and community efforts.

Dr. Hill commented that he was very excited about his new position and looked forward to his association with The University of Texas System.

U. T. BOARD OF REGENTS: APPROVAL OF MINUTES OF REGULAR MEETING HELD ON OCTOBER 8, 1993.--Upon motion of Vice-Chairman Temple, seconded by Regent Ramirez, the Minutes of the regular meeting of the Board of Regents of The University of Texas System held on October 8, 1993, in Dallas, Texas, were approved as distributed by the Executive Secretary. The official copy of these Minutes is recorded in the Permanent Minutes, Volume XLI, Pages 1 - 379.

#### SPECIAL ITEM

U. T. Board of Regents - Regents' Rules and Regulations, Part One: Amendments to Chapter I, Section 8, Subsection 8.5, Subdivisions 8.53 and 8.55 (Communications by and to the Board).--Approval was given to amend the Regents' Rules and Regulations, Part One, Chapter I, Section 8, Subsection 8.5, Subdivisions 8.53 and 8.55 regarding communications by and to the Board to read as set forth below:

- 8.53 All official material to be distributed to the Regents shall be transmitted through the Office of the Board of Regents. Copies of all official communications from administrative officers to the Regents shall be sent to the Executive Secretary. Communications from the Chancellor and Executive Vice Chancellors shall be exempt from this requirement but in such cases information copies shall be furnished to the Executive Secretary. The regular channel of communication from the faculty, staff, students and administration to the Board is through the chief administrative officer of the institution involved, the appropriate Executive Vice Chancellor and the Chancellor. A copy of any communication sent directly to a Board member should be furnished to the Chancellor, the appropriate Executive Vice Chancellor and to the chief administrative officer of the institution involved.

Except for communications from the Chancellor, the Executive Vice Chancellors and the Executive Secretary to the Board, all communications to the Board from members of the university community should be in writing.

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

RECESS FOR COMMITTEE MEETINGS AND COMMITTEE REPORTS TO THE BOARD.--At 10:15 a.m., the Board recessed for the meetings of the Standing Committees, and Chairman Rapoport announced that at the conclusion of each committee meeting the Board would reconvene to approve the report and recommendations of that committee.

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

REPORTS AND RECOMMENDATIONS OF STANDING COMMITTEES

REPORT OF EXECUTIVE COMMITTEE (Pages 4 - 17).--In compliance with Section 7.14 of Chapter I of Part One of the Regents' Rules and Regulations, Chairman Rapoport reported to the Board for ratification and approval all actions taken by the Executive Committee since the last meeting. Unless otherwise indicated, the recommendations of the Executive Committee were in all things approved as set forth below:

1. U. T. Austin: Approval of Property Exchange Agreement with the City of Austin to Convey Land in Exchange for City-Owned Property and Authorization for Executive Director of Endowment Real Estate to Execute Documents Related Thereto (Exec. Com. Letter 94-2).--In order to complete the acquisition of property for the new football practice and soccer fields at The University of Texas at Austin, which are to be built in the northeast portion of the campus between Red River Street and Interstate Highway 35, the Board, upon recommendation of the Executive Committee, authorized the property exchange agreement set out on Pages 5 - 16 by and between U. T. Austin and the City of Austin. This agreement conveys an 8,856 square foot parcel of land near the Austin Convention Center which is valued at \$292,250 to the City of Austin in exchange for vacating 33,567 square feet of city-owned street right-of-way which is valued at \$423,000 and is adjacent to University-owned land, which is part of a 1985 gift of real estate by Borden-Superior Dairies.

The agreement allows the \$130,750 balance which is due the City to be settled by exchanges of other properties between the parties over the next two years. In the event that either the University or the City owes the other any money at the end of the two-year period, the account may be settled by the payment of cash or the agreement may be extended by mutual consent of the parties. Upon completion of the transaction, the right-of-way acquired will become part of the U. T. Austin campus.

Further, the Executive Director of Endowment Real Estate was authorized to execute all documents pertaining to the exchange following approval of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, the Vice Chancellor for Asset Management, and the Office of General Counsel.

• DRAFT •

## PROPERTY EXCHANGE AGREEMENT

This agreement ("Agreement") is made and entered into by and between The University of Texas at Austin ("UT") and the City of Austin, Texas, a Texas municipal corporation (the "City").

This Agreement is based upon the desire of the parties hereto to exchange ownership of the properties described herein as Property A ("Property A"), owned by City, and Property B ("Property **B**"), owned by UT.

1. **Property A** - Property A consists of those portions of East 24th Street and Cole Street found east of Red River Street and west of I-35, being a total area of 33,567 square feet ("SF"). City values this property at 9423,000. A metes and bounds description of each street area is attached.

2. **Property B** - Property B consists of that portion of the former Borden (Superior Dairy) site, known as the UT Triangle, found east of Red River Street and north of **Waller** Creek, adjacent to the Austin Convention Center, being a total area of 8,856 SF. UT values this property at \$292,250. A metes and bounds description of this property is attached.

3. **Method of Valuation** - Each property is valued by appraisal of the subject property, or adjoining properties, by staff or independent appraisers or by the Travis Central Appraisal District, and agreed to by both parties.

The City has valued Property A at \$423,000. This is 90% of the value of 8470,000 calculated on the basis of the appraised value placed on adjoining properties by the Travis Central Appraisal District. UT owns the adjoining **property**, portions of which are valued at **\$20/SF** while other portions are valued at **\$8.50/SF**. The value is calculated by multiplying the area of 33,567 SF by **\$14.00/SF**, equal to 8469,938, rounded to \$470,000. UT has requested vacation of the streets, easements and rights-of-way from City. The reduction in value of 947,000, from \$470,000 to \$423,000, is due to the City retaining a utility easement to cover existing utilities.

These easements can be released without additional charges if UT relocates utilities at its own expense.

UT has valued Property B at \$292,250. This is calculated by multiplying the area of 8,856 SF by the value of **\$33/SF**.

4. **Balance After Exchange** - Upon completion of the exchange of ownership of the above described properties, the difference of \$130,750 between the values of **A** and **B** will represent a balance due to the City by UT. This balance may be adjusted by other real property transactions between the parties, including, but not limited to, vacation of rights-of-way and streets, the release of easements, the conveyance of easements, rights-of-way, and fee title, and such other real property transactions as the parties may later agree to include during the **term** of this agreement. The method of determining the appraised value of any such conveyance will be as described herein. Interest will not accrue on any balance due either party. For purposes of this Agreement the term, "Property", shall refer to the land transactions described in this paragraph.

5. **Designated Liaison** - Throughout the **term** of this agreement, each party shall have a designated representative who shall act as the contact person ("Liaison") regarding transactions which come under this agreement. The Liaisons shall be the principal source of contact and communication between the parties as to all matters included in or related to this agreement. The following persons are initially designated as Liaisons:

a. For the City:

Joseph Morahan  
Manager, Real Estate Services Division  
Department of Public Works and Transportation  
P. O. Box 1088  
Austin, Texas 78767-8839  
(512) 499-7036

b. For The University:

Jerry **DeCamp**  
Assistant Vice President for Business Affairs  
P. O. Box 8179  
Austin, Texas 78713-8179  
(512) 4714411

Whenever a party changes its Liaison, it shall inform the other party, in writing, of the name, address and phone number of the new Liaison, within a reasonable period of time after the change.

6. **Exchange of Other Properties** • In the event a party to this Agreement desires to acquire Property from the other, the Liaison shall contact the Liaison for the other party and describe in writing the interest they wish to acquire, including the location, intended use and other pertinent information. Upon receipt of the request the Liaison shall initiate inquiries within the party as to whether the contemplated transaction is feasible.

7. **Feasibility of Request** • The parties hereto understand and agree that Property exists, or may exist, which cannot be feasibly exchanged. Examples include, but are not limited to: Property owned for a trust fund where the intent of the donor or the fiduciary responsibility of the fund cannot be met by the exchange; Property that has previously been incorporated into a planned usage prohibiting said exchange; Property that is subject to legal restrictions prohibiting said exchange; Property, the value of which or the use of which would be adversely affected by the intended use by the requesting party; and other good faith reasons which will be clearly communicated to the requesting party. The party receiving the request will make a good faith effort to accommodate the intended purposes of the requesting party in some other manner if a property requested cannot be feasibly exchanged. The determination of feasibility shall be completed and a **written** notice thereof sent to the requesting party within thirty (30) days following receipt of the request.

6. **Balance on Completion of Exchange and Closing** • When an exchange has been approved by the parties, the party requesting the Property **shall pay** all expenses of the vacation, transfer, conveyance, etc. pertaining to the Property it is receiving, including the costs for surveys, title policies, etc. Upon Closing, the value of the Property agreed upon by the parties will be entered on the Property Exchange Transaction Log ("Transaction Log"), maintained by both Liaisons, as shown on the attached example.

9. **Term and Termination of Agreement** • This Agreement shall continue in effect for two (2) years following the date of the agreement unless continuation of the

agreement for an additional specified period is agreed upon by both parties. The ledger balance will be evaluated at the end of the two (2) year period, or the end of the continuation period, and if it has not been balanced, the party owing the balance has one additional year to pay the balance or convey additional property or both. The parties will make good faith effort to balance the ledger in the two (2) year period.

10. **Entire Agreement** - This agreement represents the entire agreement between the parties hereto as to the subject matter hereof, superseding any and all prior agreements, oral or written, and cannot be varied except by written agreement signed by the parties.

11. **Successors and Assigns** - This Agreement shall be binding upon, and shall inure to the benefit of, the parties hereto and their respective heirs, successors, legal representatives and assigns.

12. **Governing Laws** - This Agreement shall be governed by the laws of the State of Texas and of the United States of America. To the extent permitted by applicable law, the parties agree that any legal proceeding arising out of or in connection with this Agreement shall be brought in the **district** courts of Travis County, Texas or in the **United** States District Court for the Western District of Texas, Austin Division.

Executed this \_\_\_\_\_day of \_\_\_\_\_ , 1993

UT:

THE BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM

By: \_\_\_\_\_

Name: G. Charles Franklin

Title: Vice President for Business Affairs

**CITY:**

CITY OF AUSTIN, TEXAS, a municipal corporation

By: \_\_\_\_\_

Name: Joseph Morahan

Title: Manager of Real Estate Services

Attachments:

1. Property Exchange Transaction Log
2. Metes and bounds description of **Property A**
3. Metes and bounds description of Property B

P R O P E R T Y  
**Draft Example of Property Exchange Transaction Log**

Log of Property exchange transactions between The University of Texas at Austin ("UT") and the City of Austin, Texas, a Texas municipal Corporation ("City").

December 6, 1993	Transfer of Property A from City to UT	\$423,000
December 6, 1993	Transfer of Property B from UT to City	\$292,250
	Balance in favor of City	\$130,750
*****		
January 17, 1994	Balance in favor of City	\$130,750
January 17, 1994	Transfer of Property C from UT to City	\$371,160
	Balance in favor of UT	\$240,410
*****		
February 3, 1994	Balance in favor of UT	\$240,410
February 3, 1994	Transfer of Property D from City to UT	\$ 50,960
	Balance in favor of UT	\$169,450
*****		

0.314 Of One Acre

DESCRIPTION

DESCRIPTION OF 0.311 OF ONE ACRE OR 13,657 SQUARE FEET OF **LAND, SAME BEING A PORTION OF COLE STREET, AS DEDICATED IN CHRISTIAN & FELLMAN'S SUBDIVISION, A SUBDIVISION IN THE CITY OF AUSTIN, TRAVIS COUNTY, TEXAS, OF RECORD IN BOOK 1, PAGE 73. PLAT RECORDS OF TRAVIS COUNTY, TEXAS; SAID 0.314 OF ONE ACRE OF LAND SURVEYED BY MCGRAY & MCGRAY LAND SURVEYORS, INC. AND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:**

BEGINNING et . L/2 inch iron rod found at the southwest corner of this **tract, same being the southeast corner of Lot 10, of Block 57 of said Christian & Fellman's Subdivision, same being the Intersection of the north right-of-way Line of East 24th Street and the west right-of-way line of Cole Street;**

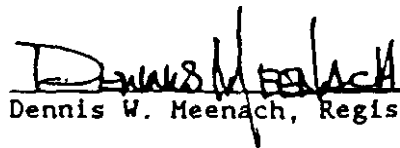
THENCE, with the west Line of this **tract, and of Cole Street, same being the east line of said Block 57, N16°00'48"E 286.98 feet to . brass disk (with punch hole) in concrete found at the northwest corner of this tract, same being the intersection of the south right-of-way Line of East 26th Street and the west right-of-way line of Cole Street, same being the northeast corner of the remainder of said Block 57;**

THENCE, with the north line of this tract, **same being the south right-of-way line of East 26th Street, S48°30'07"E 55.40 feet to . 5/8 inch iron rod found in concrete at the northeast corner of this tract, same being at the intersection of the south right-of-way line of East 26th Street and the east right-of-way Line of Cole Street. same being the northwest corner of the remainder of Block 58 of said Christian & Fellman's Subdivision;**

THENCE, with the **east line of this tract and of Cole Street. same being the west line of said Block 58, S15°59'45"W 260.78 feet to an "X" cut found in a concrete sidewalk at the southeast corner of this tract, same being the southwest corner of said Block 58, same being the intersection of the north right-of-way line of East 24th Street and the east Line of Cole Street;**

THENCE, with the south line of this tract. **same being the north right-of-way Line of East 24th Street, N74°24'07"W 50.09 feet to the POINT OF BEGINNING and containing 0.314 of on. acre of land within these metes and bounds.**

SURVEYED BY: **McGRAY & McGRAY LAND SURVEYORS, INC.**  
3301 Hancock Drive, Suite 6  
Austin, Texas 78731 451-8591



Dennis W. Meenach, Registered Public Surveyor No. 4335 Date

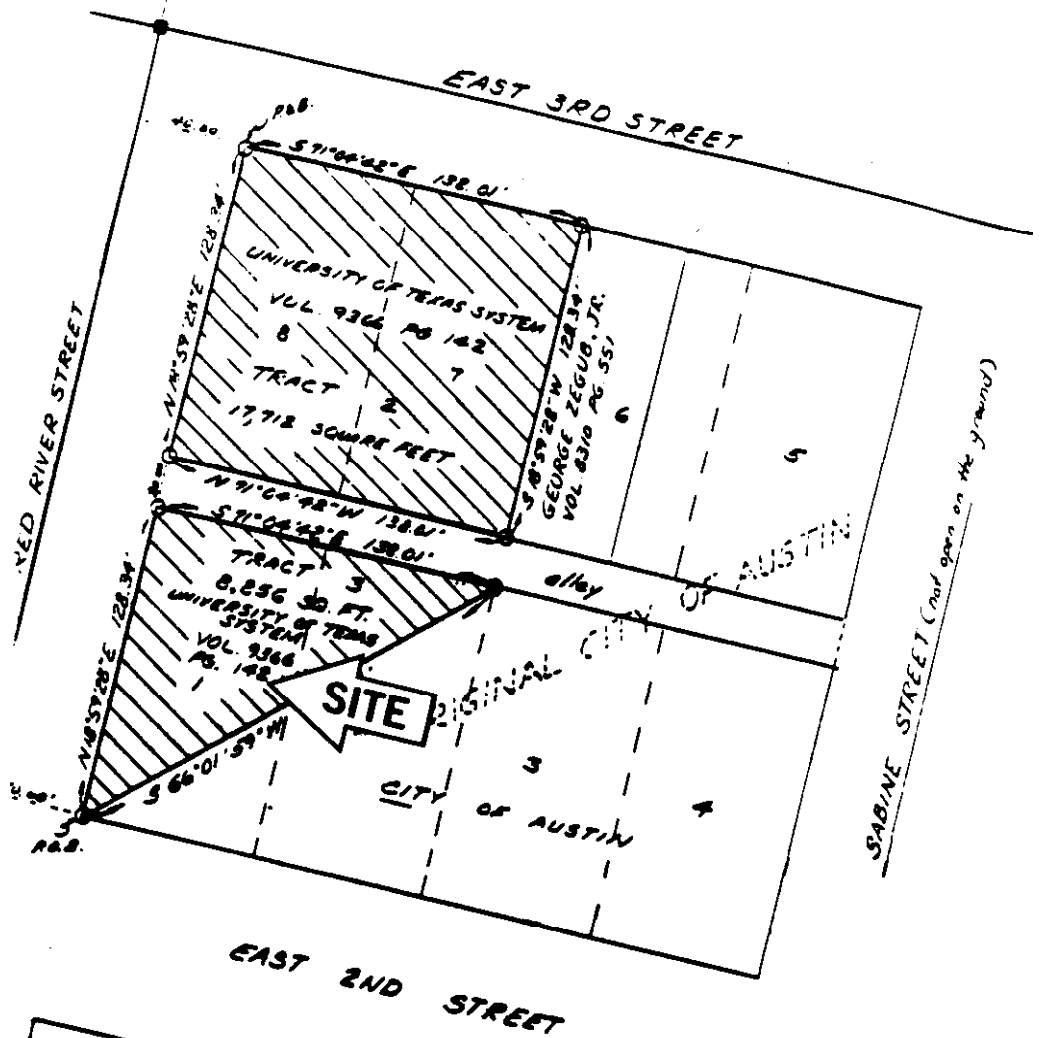
3.25.08



88042BB

Exhibit "1"

SKETCH TO ACCOMPANY FIELD NOTES  
SHEET 2 OF 2

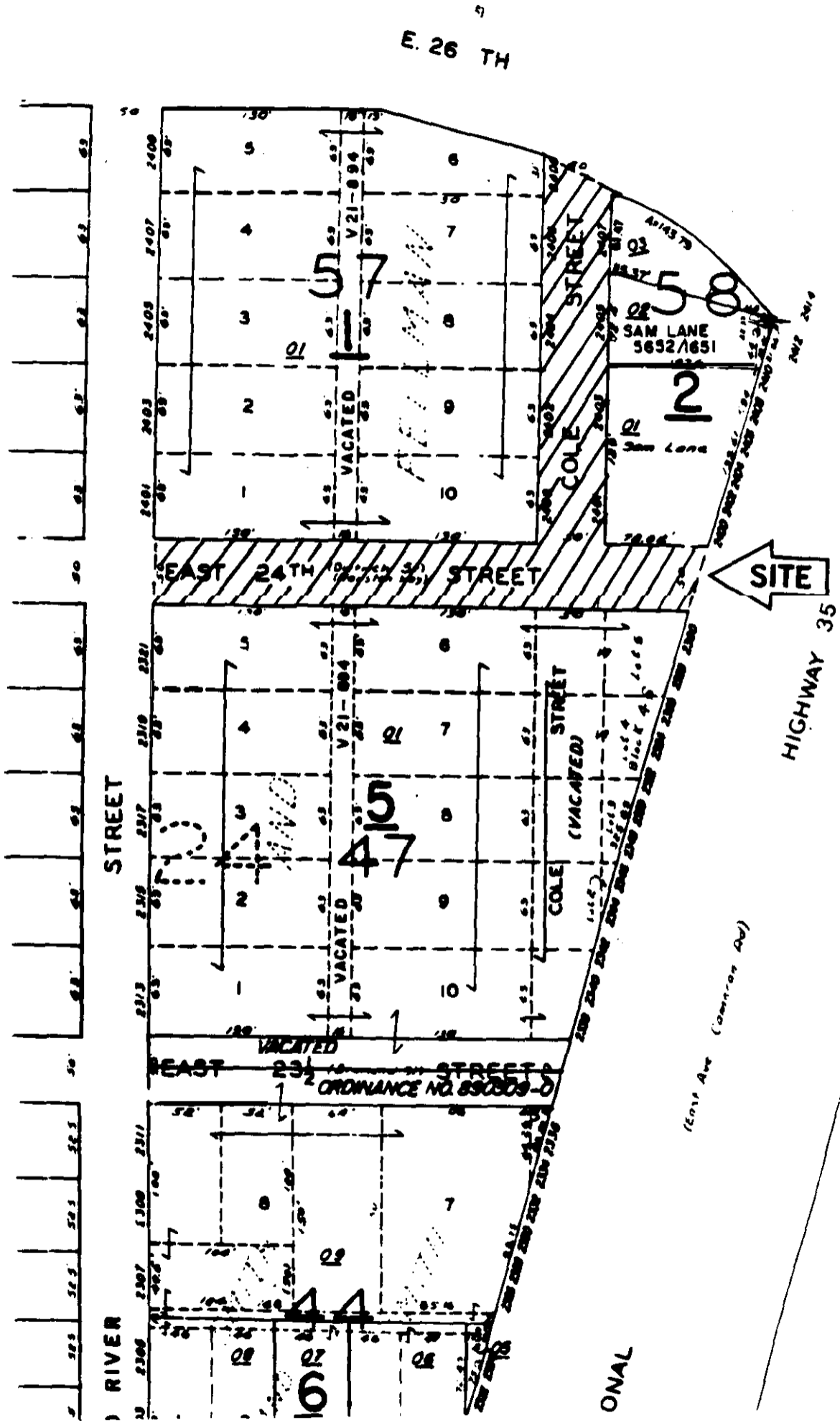


**LEGEND**

- CONCRETE MONUMENT FOUND
- GALVANIZED BOLT SET
- A-S BEARING BASIS
- ▨ AREA TO BE ACQUIRED

**EXHIBIT B**

21  
2 1307



E. 26 TH

Attachment #2 to Property  
Exchange Agreement Between  
The University of Texas at Austin  
and the City of Austin  
Description of Property A (4 Pages)

0.457 of One Acre

DESCRIPTION

DESCRIPTION OF 0.457 OF ONE ACRE OR 19.910 SQUARE FEET OF **LAND, SAME BEING** A PORTION OF **EAST 24TH STREET. SAME BEING DEITRICH STREET AS** DEDICATED IN **CHRISTIAN & FELLMAN'S** SUBDIVISION, A SUBDIVISION IN THE CITY OF AUSTIN, TRAVIS COUNTY, TEXAS, OF RECORD IN BOOK **1**, PACE **73**, PLAT RECORDS OF **TRAVIS** COUNTY, TEXAS, SAID 0.457 OF ONE ACRE OF **LAND** SURVEYED BY **MCGRAY & MCGRAY LAND** SURVEYORS, INC. AND BEING **KORE PARTICULARLY** DESCRIBED BY FOLLOWS:

BEGINNING et a **1/2** inch iron rod found at the northwest corner of this tract, same being the southwest corner of **Lot 1**, Block **57**, and of said Christian & Fellman's Subdivision, **same** being the intersection of the north right-of-way line of **East** 24th Street and the east right-of-way line of Red River Street, **same** being **Swisher** Street as dedicated in said Book 1. Page 73. Plat Records of Travis County. Texas:

**THENCE**, with the north line of this tract and of East 24th Street, same being the south line of said Block 57. **S74°12'46"E** 276.03 feet to a **1/2** inch iron rod found at the southeast corner of **said** Block 57. **same** being the intersection of the north right-of-way line of **East** 24th Street and the west right-of-way line of Cole Street;

THENCE, continuing with the north line of this **tract** and of East 24th Street, **same** being the south line of Cole Street, **S74°24'07"E** 50.09 feet to an X cut found in a concrete sidewalk at the southwest corner of **Lot 1**, of Block 58. of said Christian & Fellman's **Subdivision, same** being the intersection of the **east** right-of-way line of Cole Street and the north line of East 24th Street;

**THENCE**, continuing with the north line of this tract and of East 24th Street, same being the south line of said **Lot 1**, Block 58, **S74°15'00"E** 78.35 feet to an X cut found in a concrete sidewalk at the **northeast** corner of this tract. **same** being the intersection of the north right-of-way of East 24th Street and the west right-of-way line of Interregional Highway 35;

**THENCE**, with the east line of this tract, **same** being the west right-of-way of Interregional Highway **35**, **S30°57'09"W** 52.09 feet to a **1/2** inch iron rod found at the southeast corner of this tract, **same** being at the intersection of the south right-of-way line of East 24th Street and the west right-of-way line of Interregional **Highway** 35. **same** being in the **north line of Lot 5**, Block 46, of **said** Christian & Fellman's Subdivision;

THENCE, with the south line of this tract and of **East** 24th Street. **same** being the north line of **said** Lot 5. Block 46, the north line of a **portion** of Cole Street, and the north line of Block 47. of said Christian & Fellman's Subdivision, **N74°12'11"W** 390.78 feet to a **3/8** inch

0.457 of One Acre  
Page Two

iron rod found at the southwest corner of this tract, same being the northwest corner of said Block 47. same being the intersection of the south right-of-way line of East 24th Street and the east right-of-way line of Red River Street;

THENCE, with the west line of this tract. same being the east right-of-way line of Red River Street. N54°43'00"E 49.99 feet to the POINT OF BEGINNING and containing 0.451 of one acre of land within these metes and bounds.

SURVEYED BY: McGRAY & McGRAY LAND SURVEYORS, INC.  
3301 Hancock Drive, Suite 6  
Austin, Texas 78731 451-8591



Dennis W. Meenach 3-25-88  
Dennis W. Meenach, Registered Public Surveyor No. 4335 Date

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EXHIBIT "3"

Attachment #3 to Property  
Exchange Agreement Between The  
University of Texas at Austin and  
the City of Austin.  
Description of Property B (3 pages)

That certain 8,856 square feet of land and being 4 portion of  
Lots 1 and 2, Block 13 in the original City of Austin with metes  
and bounds 44 follow:

**BEGINNING** at 4 galvanized bolt set at the intersection of the  
east right-of-way line of Red Rives Street with the north  
right-of-way line of East 2nd Street, same being the southwest  
corner of Lot 1, Block 13 in the original City of Austin, which  
point is the southwest corner of the herein described tract of  
land;

**THENCE**, with said east right-of-way line of Red River Street  
N 18°59'28" E 128.34 feet to a galvanized bolt set at the  
northwest corner of said Lot 1, same being the northwest corner of  
the herein described tract of land, which point is in the south  
line of an alley twenty (20) feet in width;

**THENCE**, with the south line of said alley twenty (20) feet in  
width, S 71°04'42" E at 69.00 feet passing the northeast corner of  
Lot 1, same being the northwest corner of Lot 2, in all 4 distance  
of 138.01 feet to a galvanized bolt set at the northeast corner of  
said Lot 2, same being the northeast corner of the herein  
described tract of land;

**THENCE**, in 4 southwesterly direction across said Lots 1 and  
2, 566001'59" W 188.57 feet to the point of beginning.

2. U. T. M.D. Anderson Cancer Center: Authorization to Sell Real Property Located at 7000 Staffordshire Being 3.604 Acres, Lot 2, Block F, Devonshire Place Subdivision, with Improvements in Houston, Harris County, Texas (President's Residence), to Mr. Ken E. Kruse, Houston, Texas, and Approval for Executive Vice President for Administration and Finance to Execute Documents (Exec. Com. Letter 94-1).--The Executive Committee recommended and the Board approved the sale of real property located at 7000 Staffordshire, Houston, Harris County, Texas, which is currently the residence for the President of The University of Texas M.D. Anderson Cancer Center, being 3.604 acres, Lot 2, Block F, Devonshire Place Subdivision, Houston, Harris County, Texas, to Mr. Ken E. Kruse, Houston, Harris County, Texas, for \$760,000.

Further, the Executive Vice President for Administration and Finance or his delegate, on behalf of the U. T. M.D. Anderson Cancer Center, was authorized to execute all documents pertaining to the sale following approval of the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and the Office of General Counsel.

3. U. T. M.D. Anderson Cancer Center - R. E. "Bob" Smith Research Building - Upgrading and Expansion of Mechanical and Utility Systems - Phase II (Project No. 703-770): Air Handling Unit Prepurchase - Award of Procurement Contract to Brod & McClung-PACE Co., Portland, Oregon (Exec. Com. Letter 94-1).--Upon recommendation of the Executive Committee, the Board awarded a procurement contract for Air Handling Unit Prepurchase for the R. E. "Bob" Smith Research Building - Upgrading and Expansion of Mechanical and Utility Systems - Phase II at The University of Texas M.D. Anderson Cancer Center to the lowest responsible bidder, Brod & McClung-PACE Co., Portland, Oregon, for the Base Bid and Alternate Bid Nos. 1, 3, and 4 in the amount of \$970,219.

The project for Phase II of the R. E. "Bob" Smith Research Building - Upgrading and Expansion of Mechanical and Utility Systems is divided into two stages. This first stage is for the prepurchase of air handling equipment with bids for the next stage to be received at a future date.

The R. E. "Bob" Smith Research Building - Upgrading and Expansion of Mechanical and Utility Systems - Phase II is included in the FY 1994-1999 Capital Improvement Plan and the FY 1994 Capital Budget for a total project cost of \$6,000,000 from Educational and General Funds. Since this is a purchase contract for equipment from a limited number of national manufacturers and not a general construction contract, Historically Underutilized Businesses were not available for participation.

This project was approved by the Texas Higher Education Coordinating Board in October 1993.

REPORT AND RECOMMENDATIONS OF THE BUSINESS AFFAIRS AND AUDIT COMMITTEE (Pages 18 - 50).--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. 73 (Catalog Change).--Upon recommendation of the Business Affairs and Audit Committee, the Board approved Chancellor's Docket No. 73 in the form distributed by the Executive Secretary. It is attached following Page 105 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 III, Section 4, Subsection 4.1, Subdivision 4.11 (Local Institutional Funds).--Approval was granted to amend the Regents' Rules and Regulations, Part Two, Chapter III, Section 4, Subsection 4.1, Subdivision 4.11 to read as set forth below:

Sec. 4. Local Institutional Funds.

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

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

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

3. U. T. Board of Regents: Adoption of Resolution to Authorize the Call for Redemption Prior to Maturity of \$4,710,000 in Aggregate Principal Amount Outstanding of Board of Regents of The University of Texas System, The University of Texas M.D. Anderson Hospital and Tumor Institute at Houston, Endowment and Hospital Revenue Bonds, Series 1972, and \$2,245,000 in Aggregate Principal Amount Outstanding of Board of Regents of The University of Texas System, The University of Texas M.D. Anderson Hospital and Tumor Institute at Houston, Hospital Revenue Bonds, Subordinate Lien Series 1976; Appointment of McCall, Parkhurst & Horton, Dallas, Texas, as Bond Counsel; and Authorization for Appropriate Officials to Complete These Transactions.--The Board, upon recommendation of the Business Affairs and Audit Committee:
- a. Adopted a resolution substantially in the form set out on Page 20 to authorize the call for redemption prior to maturity of \$4,710,000 in aggregate principal amount outstanding of the Board of Regents of The University of Texas System, The University of Texas M.D. Anderson Hospital and Tumor Institute at Houston, Endowment and Hospital Revenue Bonds, Series 1972, and \$2,245,000 in aggregate principal amount outstanding of the Board of Regents of The University of Texas System, The University of Texas M.D. Anderson Hospital and Tumor Institute at Houston, Hospital Revenue Bonds, Subordinate Lien Series 1976
  - b. Appointed McCall, Parkhurst & Horton, Dallas, Texas, as bond counsel
  - c. Authorized the officers and employees of the Office of Business Affairs to take any and all steps necessary to carry out the intentions of the U. T. Board of Regents to complete these transactions.

On February 1, 1994, in accordance with Section 5 of the Resolution for the M.D. Anderson Endowment and Hospital Revenue Bonds, Series 1972, the bonds of this Series may be redeemed prior to their scheduled maturities for a redemption price equal to par plus accrued interest.

On January 1, 1994, in accordance with Section 5 of the Resolution for the M.D. Anderson Hospital Revenue Bonds, Subordinate Lien Series 1976, the bonds of this Series may be redeemed prior to their scheduled maturities for a redemption price equal to par plus accrued interest.

The University of Texas M.D. Anderson Cancer Center has requested the early retirement of these bonds, from funds on hand in the related bond reserve fund and interest and sinking fund accounts, in order to release excess funds in the approximate amount of \$28,000,000. U. T. M.D. Anderson Cancer Center plans to expend the excess funds to pay for a portion of the Bertner Complex.

THE STATE OF TEXAS

THE UNIVERSITY OF TEXAS SYSTEM

**WHEREAS**, there is currently outstanding \$4,710,000 in aggregate principal amount of the Board of Regents of The University of Texas System, The University of Texas M.D. Anderson Hospital and Tumor Institute at Houston, Endowment and Hospital Revenue Bonds, Series 1972 (the "Series 1972 Bonds") which are callable for redemption on February 1, 1994 at a redemption price equal to par plus accrued interest to the redemption date and \$2,245,000 in aggregate principal amount of the Board of Regents of The University of Texas System, The University of Texas M. D. Anderson Hospital and Tumor Institute at Houston, Hospital Revenue Bonds, Subordinate Lien Series 1976 (the "Series 1976 Bonds") which are callable for redemption on January 1, 1994 at a redemption price equal to Par plus accrued interest to the redemption date; and

WHEREAS, amounts are on hand in the funds securing such bond issues sufficient to pay the redemption price.

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

**Section 1. The Board of Regents of The University of Texas System, The University of Texas M. D. Anderson Hospital and Tumor Institute at Houston, Endowment and Hospital Revenue Bonds, Series 1972, dated August 1, 1972 are hereby called for redemption on February 1, 1994 at a redemption price equal to par plus accrued interest to the redemption date. The Board of Regents of The University of Texas System, The University of Texas M. D. Anderson Hospital and Tumor Institute at Houston, Hospital Revenue Bonds Subordinate Lien Series 1974 dated July 1, 1976 are hereby called for redemption on January 1, 1994 at a redemption price equal to par plus accrued interest to the redemption date.**

**Section 2 The officers and employees of the Office of Business Affairs are hereby authorized and directed to take such actions as are necessary to carry out the intent of this resolution.**

**Section 3. McCall, Parkhurst & Horton LLP. is hereby appointed to serve as bond counsel in connection with the redemption.**

4. U. T. System: Authorization to Renew the (a) Automobile Liability Insurance Policy with United Community Insurance Company, Albany, New York, Effective November 1, 1993 Through October 31, 1994, (b) Comprehensive Boiler and Machinery Insurance Policy with Arkwright Mutual Insurance Company, Waltham, Massachusetts, Effective October 1, 1993 Through October 1, 1996, and (c) Directors and Officers Executive Liability and Indemnification Policy with National Union Fire Insurance Company, Pittsburgh, Pennsylvania, Effective September 1, 1993 Through September 1, 1994.--Upon recommendation of the Business Affairs and Audit Committee, the Board renewed the following insurance policies for The University of Texas System:
- a. The Automobile Liability Insurance Policy with United Community Insurance Company, Albany, New York, from November 1, 1993 through October 31, 1994, at an annual premium of \$284,428
  - b. The Comprehensive Boiler and Machinery Insurance Policy with Arkwright Mutual Insurance Company, Waltham, Massachusetts, from October 1, 1993 through October 1, 1996, at an annual premium of \$60,674
  - c. The Directors and Officers Executive Liability and Indemnification Policy with National Union Fire Insurance Company, Pittsburgh, Pennsylvania, from September 1, 1993 through September 1, 1994, at an annual premium of \$75,000.
5. U. T. System: Amendments to Qualifications for Commissioned Law Enforcement Personnel.--The Board, upon recommendation of the Business Affairs and Audit Committee, amended the Resolution adopted by the U. T. Board of Regents in February 1991 regarding the qualifications for commissioned law enforcement personnel within The University of Texas System to read as set forth below:

QUALIFICATIONS FOR  
COMMISSIONED LAW ENFORCEMENT PERSONNEL

- I. The applicant must meet the citizenship requirement as prescribed by current statute and must meet the Minimum Standards for Appointment as required by the Rules and Regulations of the Texas Commission on Law Enforcement Officer Standards and Education.
- II. The applicant must have reached his or her 21st birthday but not his or her 45th birthday ON DATE OF COMMISSIONING.
- III. The applicant for admission to the U. T. System Police Academy must have a high school diploma or a GED and must have a minimum of sixty (60) semester college hours. The applicant may fulfill this college requirement by substituting one (1) of the following:
  - Thirty (30) semester college hours and one (1) year of continuous employment as a police guard, dispatcher, telecommunications operator, or parking controller by a component institution within The University of Texas System;

Thirty (30) semester college hours and two (2) years of active military service.

IV. Physical requirements are as follows:

A. VISION:

VISUAL ACUITY - Maximum uncorrected visual acuity of 20/200 and correctable or corrected as follows: 20/30 through 20/100 - correctable to 20/30 in each eye and binocularly.

In excess of 20/100 through 20/200 - must be corrected to 20/30 in each eye and binocularly by means of regular eyeglasses or contact lenses and accompanied by a statement from an ophthalmologist that no ocular disease exists.

FIELD OF VISION - Horizontal 60-85 degrees temporarily from a central fixation point.

MUSCULAR IMBALANCE - Zero vertical deviation, horizontal - 10 prism diopter esophoria at twenty (20) feet.

OTHER VISUAL FACTORS - Applicants will be rejected for color deficiencies as determined by the Director of Police after examination by an approved ophthalmologist. Chronic inflammation of the eye and adnexa, permanent abnormalities of either eye, or loss of either eye will be grounds for rejection.

B. HEARING - Applicant must be able to hear ordinary conversation from at least fifteen (15) feet with each ear.

C. GENERAL HEALTH - Applicant must pass the physical agility/fitness test and be capable of performing all police duties specified in the current job description.

These amendments change the citizenship requirement to conform with Attorney General's Opinion No. DM-105 (1992), upgrade the educational requirements for entry-level police officers, and require the use of a physical fitness test as a formal means to determine the physical ability of an applicant.

6. U. T. System: Approval of the System-wide Internal Audit Plan for Fiscal Year 1993-94.--In accordance with the Texas Internal Auditing Act passed by the 71st Legislature which requires in Section 4(1) that an annual audit plan be prepared using risk assessment techniques, and upon recommendation of the Business Affairs and Audit Committee, the Board approved The University of Texas System-wide Internal Audit Plan for the Fiscal Year 1993-94 as set forth on Pages 23 - 36.

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

THE UNIVERSITY OF TEXAS  
SYSTEM AUDIT OFFICE

SYSTEM-WIDE  
INTERNAL AUDIT PLAN  
for  
**FISCAL YEAR 1993-94**

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## 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. The System Audit **Office** conducted a **risk** assessment on the audit universe, which is a listing of **all** the areas considered auditable. In defining the universe, the risk **assessments** and audit plans of the component institutions were reviewed, and input **from** the component **internal** audit directors and top-level management, as **well as input from** mid- and top-level management at System Administration, was solicited and evaluated. Each area was ranked based on certain risk **factors**, which included materiality, strategic **plan/mission objectives, public/management "expectations,"** laws and regulations, and management **interest**. After **carefully assessing** the **risk of each** area, and considering management's input, the following areas were selected for review at the component institutions:

Auxiliary **Enterprises/Designated Funds**

MSRDP and Hospital Accounts Receivable Collections (medical components)

Hazardous Waste (UT Austin and UTD)

State Appropriations for Third-Year Clerkships (medical components)

NCAA **Programs (UTSA, UTEP, UTA, and UTPA)**

Internal Audit Work (**UTPB and UTB**)

State Appropriations for South **Texas Border Initiatives (UTB, UTPA, UTEP, UTSA, and UTHSCSA)**

Follow-Up on Prior Year Audit **Recommendations**

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

"The scope of work should include the **examination** and review of the adequacy and effectiveness of the system of **internal control**, and the quality of **performance** in **carrying out 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 should determine whether the **organization** is in compliance.<sup>2</sup>
- 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 planned **scope** of each of the **audits** listed above is **described under** "System Administration Audit **Plan**."

## BUDGET AND STAFFING

The budget for the System Audit Office was prepared in accordance with System Administration guidelines and was approved at the August 1993 Board of Regents' meeting.

Degrees and certifications held by the staff includes 4 auditors with advanced degrees and **10** auditors with **CPA certifications**. Career development for the staff is a strategic goal of the System Audit Office, and it is the Director's intent to create a working environment that will facilitate career opportunities for the audit **staff** within and outside the office. In the past six months, the Office has **successfully** placed three of the audit **staff** in job positions either within the UT System or within another university system. These placements indicate that the UT System Audit Office is perceived by the components and other institutions of higher education as a valuable resource for recruitment of quality professional personnel. The **Office will** continue its efforts towards developing current **staff** to its **fullest** potential through the performance of operational audits, exposure to higher levels of **management**, and training targeted at non-traditional audit areas.

# SYSTEM ADMINISTRATION AUDIT PLAN

FISCAL YEAR 1993 - 1994

## **SYSTEM ADMINISTRATION AUDITS**

**Bonds Payable** - The scope of this audit includes economy and **efficiency** of operations, compliance, and reliability and integrity of **data**. The audit will include a review of the decision-making process for issuance of long-term **debt/refinancing**, selection of bond **counsel**, **tests** of debt payments, and tests of selected financial information.

**Employee Group Insurance Program** - The **scope** of this audit includes reliability and integrity of **data, compliance**, safeguarding of **assets**, and **economy and efficiency** of operations. The audit **will** include **tests** of payments to providers and **participants** and premiums remitted by component institutions.

**Permanent University Fund/Available University Fund** - The **scope** of this audit includes reliability and integrity of **data, compliance**, and **safeguarding of assets**. The review will include the testing of **transactions, controls**, and policies and **procedures**.

**Medical Liability Fund** - The **scope** of this audit includes **reliability and integrity** of data, **compliance**, and safeguarding of assets. **This** audit **will** include **tests** of account **balances** and control processes to **assess** and **resolve malpractice** claims.

**Compensation Insurance and Unemployment** - The **scope** of **this** audit includes reliability and **integrity** of **data, compliance**, program **results**, and **safeguarding** of **assets**. The audit will include **procedures** to follow-up on **recommendations** made in the **previous** audit.

**West Texas Vineyard and Winery** - The **scope** of this audit includes reliability and integrity of data, and **compliance**. The audit **will include procedures** to follow-up on recommendations made in the previous audit.

**Endowment and Non-Endowment Real Estate** - The scope of **this** audit includes reliability and integrity of **data, compliance, and** safeguarding of **assets**. The audit will include **tests** of remittances made by **lessees** for **leased** property.

**Oil and Gas Audits** - The scope of **this** audit includes **reliability** and integrity of data, compliance, and safeguarding of **assets**. The audits will include **tests** of stock inventory and accuracy of royalties **received**, as well as **tests** for compliance with **lease provisions**.

**UT System Self-Assessments** - The scope of this audit **includes** economy and **efficiency**, and program **results** and **will** include a review of selected **operations** to **identify** opportunities for process improvements.

## **COMPONENT INSTITUTION AUDITS**

**Auxiliary Enterprises/Designated Funds** • The scope of these audits includes economy and efficiency, program results, compliance, and **reliability** and integrity of data. The audits will include a review of the decision-making process for outsourcing operations (where applicable), compliance with contractual provisions for **outsourced** operations, and a review of **vendor** performance.

**MSRDP and Hospital Accounts Receivable Collections (medical components)** • The scope of these audits includes economy and efficiency, program results, and reliability and integrity of data. These audits **will** include an **evaluation** of the **big, collection,** and write-off processes.

**Hazardous Waste (UT Austin and UTD)** • The **scope** of these audits **includes** economy and efficiency, **program results,** and compliance. The audits will include a review of the programs in place to manage hazardous waste.

**State Appropriations for Third-Year Clerkships (medical components)** • The scope of these audits will be compliance with **legislative** requirements and will include tests of **funding** sources for expenditures related to Third-Year **Clerkships.**

**NCAA Programs (UTSA, UTEP, UTA, and UTPA)** • These **audits** consist of agreed-upon procedures regarding internal controls, revenues, expenditures, and Booster Club activity related to intercollegiate athletics programs.

**State Appropriations for South Texas Border Initiatives (UTB, UTPA, UTEP, UTSA, and UTHSCSA)** • The scope of **these** audits will be compliance with **legislative** requirements and **will** include tests of expenditures **from funds** appropriated for **construction activity** .

**Internal Audit Work (UTPB and UTB)** • The scope of **internal** audit work at these components **will** include safeguarding of **assets, economy** and **efficiency, program results, compliance,** and **reliability** and integrity of data.

# COMPONENT AUDIT PLANS

FISCAL YEAR 1993 - 1994

## ACADEMIC INSTITUTIONS

TEE **UNIVERSITY** OF TEXAS AT ARLINGTON

Payroll and Fringe Benefits

**Inventories - Sales**

Cash - **Change/Purchase** Funds

State and Local Compliance:

Surplus Equipment

Faculty Sick Leave

**Compensatory Time Documentation**

Faculty Teaching Workload

Entertainment and Food

EDP:

**PC Software**

**Electronic Transcripts**

**LANs** Provided by ACS

**USAS Interface Controls**

Application **Reviews**

**Performance:**

Telephone **L/D**

**Center for Professional and Executive Development**

**Learning Resource Center**

University **Center/Vendor Income**

Bits and **Bytes**

**Development Office**

Federal Compliance:

**Disbursements/Purchasing**

Cost **Sharing**

Payroll **and Accounts** Receivable

**Travel**

**Internal Control Environment:**

**Review Internal Controls System and Update Documentation**

Finding Follow-up

**Departmental Audits:**

**Campus** Printing

**Recreational Sports**

Student **Health Center**

Academic Computing

other Areas:

**Management Request Audits**

**Assist State/System Auditors**

THE **UNIVERSITY** OF TEXAS AT AUSTIN

Cash:

Retail **Operations**  
Petty Cash  
cash Receipts  
Training

Internal **Control**, Compliance, **Federal**:

Continuing Education **Program** Funding  
Development **Office**

Spot-Check Audits: campus-wide tests on **payroll**, student **fees**, inventory, **travel**

EDP

**Federal**

Unplanned Projects:

**Investigations**  
Management **Requests**

Follow-up Audits

Performance Reviews

THE **UNIVERSITY** OF **TEXAS** AT **BROWNSVILLE**

The **audit plan** for UTB is **currently** being **developed** by **the UT System Audit Office**. The component has posted a position for an **Internal Auditor**.

**THE** UNIVERSITY OF TEXAS AT DALLAS

Lena **Callier** Trust

Follow-up Audits

**Inventories**

**Cash Counts**

Discretionary Funds

**Special Requests**

Payroll and **Personnel**

**Information Resources - Software Review and Access Controls**

Financial Aid and Student **Loans**

**Property Administration**

Telecommunication **Services**

Appropriations/State Compliance

**Journal Entries/IDTs**

Physical **Plant**

**Central Receiving/Central Stores**

**Quality Assurance Review**

**AFR Review**

**Excellence** Funds

Agency Funds  
Arts and Humanities  
Research Centers

## **THE UNIVERSITY OF TEXAS AT EL PASO**

**Athletics**  
Follow-up Audits  
**Computer Center**  
Special Audit. Requests  
General Accounting  
Performance **Audits**  
**Bursar's Office**  
**Materials Management**  
Assist **State/System Auditors**

## **THE UNIVERSITY OF TEXAS - PAN AMERICAN**

Follow-up Audits  
**Cash Counts**  
c331.1 **Receipts/Handling**  
**EDP** Application Review - **Financial Records System**  
**Bookstore**  
school of Education  
EDP- System **Development**  
Travel  
Admissions and **Records**  
**Compliance- State Appropriations**  
**EDP - Access Controls**  
Quality **Assurance Review**  
**Print Shop**  
**Physical Plant and Maintenance**  
**Computer Center**  
**Texas Academic Skills Program**

## **THE UNIVERSITY OF TEXAS OF TEE PERMIAN BASM**

The audit plan for UTPB was developed by the UT System Audit **Office**, which will provide **internal** auditing services for **UTPB**. Areas to be audited include:

Student Financial Aid  
State Appropriations  
Federal and State Contracts and Grants  
Accounts Receivable and **Payables**  
Inventories  
Follow-up Audits

## **THE UNIVERSITY OF TEXAS AT SAN ANTONIO**

Scientific Equipment Repair Services  
Cash Handling Procedures  
**Inventories**  
Physical Plant  
Texas **Folklife** Festival  
**Office** of Admissions **and** Registrar  
NCAA - **Athletics**  
Institute of Texan Cultures  
Campus Printing/Copying **Services**  
Police Department  
**Payroll/Personnel**  
Student Financial Aid  
Vehicle Operations  
Special **Projects**

## **THE UNIVERSITY OF TEXAS AT TYLER**

Deferred **Revenues**  
**Refunds**  
**Work Study Administration**  
Enrollment Reporting **Practices** • Fall 1993 **and** Spring 1994  
School of Education **and** Psychology  
School of **Sciences and Mathematics**  
**School** of Liberal Arts  
School of **Business Administration**  
Data **Processing Center**  
**Inventory**  
Petty **Cash** and Change Funds  
Million Dollar **Hole-In-One** Contest  
Follow-up **Audits**  
**Assist State/System** Auditors

## **HEALTH INSTITUTIONS**

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

MSRDP  
Physical Plant  
Human **Resources**  
Medical School  
**Payroll**  
**Revenues/Cash** Receipts  
**Expenditures\Cash Disbursements**  
EDP  
Fixed Assets  
**General Services**  
University Police  
**Service Departments**  
Administrative **Departments** • Performance Audits  
Student Financial Aid  
Allied **Health**  
**Inventory**  
Auxiliary **Enterprises**  
Annual **Financial Report**

### **THE UNIVERSITY OF TEXAS MEDICAL BRANCH AT GALVESTON**

**HRMS**  
Hospital Information **System**  
General Ledger  
student **Information System**  
**Pharmacy**  
PARS  
**Clinical Lab**  
Cash **Receipts/Handling**  
Family **Practice Residency Program**  
**Bookstore**  
TDC Contract  
**Risk Management**  
MSRDP Financial Audit  
**Ophthalmology • MSRDP**  
**Dermatology - MSRDP**  
**OB/GYN - MSRDP**  
PBS **Abstracting**  
**UTMB Network**  
Follow-q Audits  
Special Projects

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

Survey of Outside Remuneration

Inventory Adjustments

Time Reports

**Inventories**

Development Office Operational Review

Cash Receipts

Controlled **Substances and Dangerous Drugs**

Residency Program Review

**Hermann Hospital Special Fun& Review**

**Payment/Contract Analysis**

**Hermann Hospital Contract Review**

Application and Award **Process**

**Indirect Cost Review**

Budget and **Cost Management Operational Review**

**Hazardous Material Review**

Follow-up **Audits**

special Request Audits

Assist **State/System Auditors**

EDP:

**Mainframe Upgrade Acquisition Review**

**Information Resources Risk Analysis Review**

**Student Information System Acquisition Review**

**System Management Facility Review**

**Administrative LAN Applications Licensed Review**

**MSRDP:**

Medical School **Development Fund Operational Review**

Financial Audit

**Internal Medicine Operational Review**

**OB/GYN Operational review**

**Ophthalmology Operational Review**

**HCPC:**

Nursing **Services Review**

Medial **Records Review**

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

**Planning Office**

**Cash and Investments**

**Equipment Inventory**

**Appropriations**

**Accounts Payable**

**Petty Cash**

**Bursar**

**Payroll**

Federal **Grants** and Contracts

State and Local **Contracts**

Human Resource

**Communications Technology**

Computing Resources • Academic and **Administrative Services**

Computing **Resources** • General Controls, Physical Security

**MSRDP Central Office**

**MSRDP/DSRDP** Financial Review

**Institutional** safety

Vehicle Maintenance and Usage

Environmental **and** Conservation **Issues**

**Telecommunication Services**

Laboratory **Animals Resources**

**Student Services**

**Occupational Therapy**

**Community** Dentistry

Clinical Laboratory **Resources**

**General Practice**

Pediatric **Dentistry**

Physiology

Institute of Biotechnology

**Continuing Medical Education**

**Anesthesiology**

Family Practice Residency Program

Medicine

Rehabilitation Medicine

**Radiology**

**Research Imaging Center**

**University Cooperative Research Center**

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

Drug **Protocol** • Clinical **trials**

**Grants and Contracts - Private**

Annual **Financial Report - Balance Sheet** Support

**Human Resources**

Physicians' **Referral** Service

**Pediatric/Volunteer Services**

**Lab - Stat**

Lab - **Chemistry**

Lab • Hematology

**Genitourinary Oncology**

**Inventory**

Payroll Delivery

Leukemia  
Cardiopulmonary  
Melanoma/Sarcoma  
**Dental** Oncology  
Urology Diagnostic Imaging  
Ambulatory Treatment Center  
Infusion Therapy  
**Lymphoma/Bone Marrow** Transplant  
Follow-up Audits  
Petty Cash Counts  
EDP:

**Information** Systems Change **Controls, Data Processing** Controls, Physical Security, Voice  
Communication **System**

Financial Systems **Administration Accounts Payable/Purchasing,** Inventory Systems

**Medicus** Scheduling System

**Physicians' Referral Service**

**Development Monitoring:**

**Information Systems Data Security,** Disaster Recovery, LAN General Controls

Enterprise Systems **Payroll/Human Resources, Time and Attendance**

Finance Systems **Administration Electronic Data Interchange**

**Finance Systems Administration General Ledger/USAS**

Patient **Care** Information systems

**Departmental Manual**

Design and Construction

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

The audit plan for UTHCT is **currently** being developed. The **component's internal** audit committee is studying the risk assessment **process further** before **providing input** into the plan.

7. U. T. Austin: Approval of Second Amendment to the Shuttle Bus Service Contract with Capital Metropolitan Transportation Authority (Capital Metro), Austin, Texas.--The Board, upon recommendation of the Business Affairs and Audit Committee, approved an amendment to 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 38 - 40.

Regent Smiley abstained due to a possible conflict of interest.

At the December 1992 meeting, the U. T. Board of Regents provided an extension of the shuttle bus contract through August 31, 1994. This second amendment provides Capital Metro with a service contract extension for an additional year from September 1, 1994 through August 31, 1995, at the current per revenue service hour rate of \$26.00 with other provisions of the contract remaining unchanged.

The existing shuttle bus agreement requires Capital Metro to subcontract the actual operations of the bus service to a private operator. U. T. Austin Administration and the Shuttle Bus Committee, composed of students and faculty, are working with Capital Metro staff members to develop a new contract approach based on performance standards.

SECONO AMFNDMENT TO  
AGREEMENT BETWEEN THE BOARD OF REGENTS  
OF THE UNIVERSITY OF TEXAS SYSTEM  
AND THE CAPITAL METROPOLITAN TRANSPORTATION AUTHORITY

This Second 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 2nd day of December, 1993 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, on December 3, 1992, the parties amended that Agreement to extend its term an additional year; and

WHEREAS, the parties to the aforementioned Agreement do now desire again to amend that Agreement to extend the term an additional year as more fully set forth in this Second Amendment.

For and in consideration of the premises 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 substituted in lieu thereof:

"The term of this Agreement shall begin September 1, 1988 and end August 31, 1995."

2. Section IV of the Agreement after the heading shall be deleted and the following 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, 1995. 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)(2) to be inserted between paragraphs (c)(1) and paragraph (d) as follows:

"(c)(2) In Year Seven (September 1, 1994 to August 31, 1995). UNIVERSITY shall pay CAPITAL METRO the sum of Three Million Five Hundred Eighty-eight Thousand Dollars (\$3,588,000), plus the charge of Twenty-Six Dollars (\$26.00) per service hour for additional service hours, if any, as prescribed in Section VIII (a) above."

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

IN WITNESS WHEREOF, this Second Amendment has been executed as of the day and year first above written.

ATTEST:

CAPITAL METROPOLITAN TRANSPORTATION  
AUTHORITY

\_\_\_\_\_

By: \_\_\_\_\_

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

8. U. T. Southwestern Medical Center - Dallas - Rolm CBX and Voice Mail System: Authorization for Project and Appropriation of Funds and Approval of Use of Revenue Financing System Parity Debt, Receipt of Certificate, and Finding of Fact with Regard to Financial Capacity.-- Since the main campus telephone switch location at The University of Texas Southwestern Medical Center at Dallas will reach capacity in the first quarter of Fiscal Year 1994, the Board, upon recommendation of the Business Affairs and Audit Committee:
- a. Authorized a project in the amount of \$1,944,000 for the purchase of a Rolm CBX and Voice Mail System for the U. T. Southwestern Medical Center - Dallas
  - b. Appropriated \$485,978 from Unexpended Plant Funds for initial costs and authorized \$1,944,000 from Revenue Financing System Bond Proceeds in reimbursement thereof and to complete the remaining funding for the project.

In compliance with Section 5 of the Master Resolution Establishing The University of Texas System Revenue Financing System, approved by the U. T. Board of Regents in April 1990, amended February 14, 1991 and October 8, 1993, and upon delivery of the Certificate of an Authorized Representative as set out on Page 42, the Board resolved that:

- a. Parity Debt shall be issued to pay the project's cost including any project costs paid prior to the issuance of such Parity Debt
- b. Sufficient funds will be available to meet the financial obligations of the U. T. System including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System and to meet all financial obligations of the Board relating to the Financing System
- c. U. T. Southwestern Medical Center - Dallas, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its Direct Obligation as defined in the Master Resolution relating to the issuance by the U. T. Board of Regents of tax-exempt Parity Debt in the amount of \$1,944,000 for the purchase of a Rolm CBX and Voice Mail System
- d. This resolution satisfies the official intent requirements set forth in Section 1.150-2 of the U. S. Treasury Regulations.

At the October 1993 meeting, the U. T. Board of Regents ratified via the docket a lease purchase agreement between the U. T. Southwestern Medical Center - Dallas and IBM Credit Corporation with ratification contingent upon Texas Bond Review Board approval. The request for approval was withdrawn since the Revenue Financing System Commercial Paper Program offers a less expensive means of purchasing the equipment. Per an agreement with the Office of Business Affairs, the notes issued for the project will be retired over a five-year period.

PARITY DEBT CERTIFICATE OF U. T. SYSTEM REPRESENTATIVE

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

EXECUTED this 2nd day of November, 1993

  
 Executive Vice Chancellor for Business Affairs

9. U. T. System: Progress Report on the Historically Underutilized Business (HUB) Program for Fiscal Year 1993.--  
At the conclusion of the Business Affairs and Audit Committee meeting, Committee Chairman Loeffler called on Mr. Lewis Wright, Associate Vice Chancellor for Business Affairs, for a progress report on The University of Texas System Historically Underutilized Business (HUB) program for Fiscal Year 1993.

With the aid of slides, Mr. Wright presented the following report on the U. T. System Historically Underutilized Business program highlighting the experience in FY 1993:

**Report on The University of Texas System  
Historically Underutilized Business Program**

Mr. Chairman, members of the Board, Chancellor Cunningham - this third annual briefing will review the history and progress and discuss future plans for the currently titled "*Historically Underutilized Business (HUB) Program.*" A [booklet](#)\* containing all of the slides and attachments that will be used in this briefing has been provided to you.

**Slide #2 (Program Features)**

Pursuant to action by the 71st Legislature (FY 90/91 Biennium) requiring institutions of higher education to establish policies to encourage and assist minority and female-owned small businesses (MWBEs), Regental policies setting out procedures and responsibilities for program implementation were promulgated in August 1990. A copy of that policy statement is included as Attachment 1 in the handout materials. Consistent with that policy, several major steps were taken:

- First, the U. T. System established an 800 number (1-800-UT Bid 91) to facilitate dissemination of information about the program (a copy of the brochure designed to publicize the 800 number and the program is included as Attachment 2 in the handout materials).

**Slide #3 (Program Features Cont'd)**

- Second, a minority and female-owned business automated data base was established at The University of Texas Health Science Center at Houston for System-wide use,

- Third, each U. T. System institution prepared a minority and female-owned business participation plan. Significant features of those plans are published in the FY 1992 HUB report,

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

- Fourth, each U. T. System institution appointed a minority and female-owned business development coordinator. A current listing of those individuals is included in the handout materials as Attachment 3, and
- Fifth, annual reporting of total delegated purchases and the percentage of such purchases made from minority or female-owned business firms is required.
- Following the mid-FY 93 program review, additional procurement practices and administrative procedures were implemented (see Attachment 4).

**Slide #4 (H. B. 799)**

The 72nd Legislature passed H. B. 799 (FYs 92/93 Biennium) requiring state agencies to make a good faith effort to assist disadvantaged business enterprises (DBEs) to receive at least 10% of the total value of contract purchases and construction contracts.

- Further supplementing Regents' policies, the U. T. System Office of Facilities Planning and Construction implemented specific procedures for achieving DBE participation in U. T. System public works projects -- in both the design/engineering and construction phases. Copies of those procedures are included as Attachments 5 and 6, respectively, in the handout materials.

**Slide #5 (Executive Order AWR 93-7)**

The Governor's Executive Order AWR 93-7, issued March 24, 1993, requires a good faith effort to attain a goal that woman-owned and minority-owned businesses receive at least 10% of the dollar value of each agency's contracting awards, including awards made with local funds. Among several other provisions, it established the Task Force on Discrimination in Contracting. Members of this five member Task Force are Dr. Lee Elliot Brown, Director of Affirmative Action and Compliance Division, Mayor's Office, City of Houston, Governor Richards' appointee; Mr. Martin Burrell, Director, Office of Minority Affairs, Dallas Area Rapid Transit, Lt. Governor Bullock's appointee; Mr. Greg Werkinthin, Speaker's staff, Speaker Laney's appointee; Ms. Cathy Bonner, Executive Director, Texas Department of Commerce; and Mr. John Pouland, Executive Director, General Services Commission. Duties of the Task Force are detailed in the Executive Order which is included as Attachment 7 of the handout materials.

#### **Slide #6 (Outcome Measures)**

The next four (4) slides display outcome measures for the MWBE/DBE Programs operating under the policy guidance and objectives previously discussed. This first slide presents data for FY 1993. Nine (9) of sixteen (16) reporting units exceed the 10 percent goal. Within that group, three (3) units -- U. T. Dallas, U. T. El Paso, and U. T. San Antonio -- exceed 150 percent of the goal. Of the remaining seven units, three (3) exceed 8 percent and four (4) units report percentages of less than 8 percent. Total delegated purchases or the denominator of the percentage outcome measure is subject to adjustments including exclusion of expenditures for salaries, wages, grants, benefits, scholarships, etc., term contract purchases and HUB noncapacity. Hence, percentage measures will change when such adjustments are fully applied. The overall U. T. System performance for the period is 7.9 percent.

#### **Slide #7 (Outcome Measures)**

The total dollar amount expended with MWBE/DBE firms for FY 1993 is \$59.3 million. The distribution of that amount among MWBE/DBE ethnic and gender groups reveals that the largest proportion goes to woman-owned firms and the lowest proportion goes to Native-American firms.

#### **Slide #8 (Outcome Measures)**

There is a general growth trend in both the denominator and numerator of the MWBE/DBE program performance measure. Total U. T. System delegated purchases increased 65% from \$455.2 million in FY 1991 to \$752.8 million in FY 1993. Total U. T. System MWBE/DBE purchases increased 275% from \$15.7 million in FY 1991 to \$59.3 million in FY 1993. And the U. T. System MWBE/DBE utilization percentage increased from 3.4% to 7.9% over the two-year period. The U. T. System goal was to double the amount of total HUB purchases achieved in FY 1991 in FY 1992 and to double that amount again in FY 1993 or to achieve a 300% increase over the two-year period -- the equivalent of \$62.6 million. The result, \$59.3 million, represents 95.0% goal achievement. Increases in MWBE/DBE purchases for individual institutions for this period ranged from 64% to 1842%. However, goal setting also must take changes in the denominator, total delegated purchases, into account. Because total delegated purchases increased 65% rather than 37.5% (the equivalent of \$626 million), which is the increase implicit in achieving a goal of 10%, the 95.0% goal achievement based upon MWBE/DBE purchases alone, is reduced to 79% goal achievement.

**Slide #9 (Outcome Measures)**

The FY 1992 to FY 1993 comparison of expenditures by ethnic and gender groups reveals a relatively stable distribution pattern. While the amounts expended with each group increased, the relative proportion among group expenditures is essentially unchanged.

**Slide #10 (New Legislation)**

The 73rd Legislature passed a number of bills that define a new program called the Historically Underutilized Business or HUB program. The bills listed on the slide are the ones that govern, although not exclusively, HUB program implementation in higher education administration. In general, they require a good faith effort by state agencies to achieve 30% HUB utilization in the total value of contract purchases and public works contracts. A summary of these laws is included as Attachments 8 and 9.

The Disparity Study, referred to in Attachment 8, was directed by S. B. 5 and H. B. 2626 to be prepared by the Comptroller and completed not later than June 1, 1994. The Comptroller has contracted with National Economic Research Associates, Inc. (NERA) of White Plains, New York. An initial conference of the study contractor and representatives of the fifteen (15) largest spending state agencies was held on November 23, 1993. The study contractor will select six (6) of the 246 state agencies from which detailed payments data for materials, supplies, equipment and services at the level of contract/vendor or purchase order/vendor level will be requested for the study period January 1, 1989 through December 20, 1993. This part of the study will provide the HUB utilization factor. Analysis of census data will provide the HUB capacity factor.

A finding of discrimination in contracting by a disparity study provides the underpinning for employment of constitutionally allowed race/gender based remedies per S. Ct. case City of Richmond vs. J.A. Croson Company (1989).

I have enclosed a copy of the executive summary of NERA's study proposal as Attachment 10 for your reference.

The Joint Committee, referred to in Attachment 8, was established by H. B. 2626 to monitor HUB goals and to make recommendations for any necessary legislative action or remedies for the next regular session of the legislature. The Joint Committee is chaired by Senator Rodney Ellis of Houston. Other committee members include Senators Eddie Lucio, Royce West, Florence Shapiro, and Greg Luna. As of this date, House members have not been announced.

**Slide #11 and #12 (HUB Program Review)**

In the wake of the new legislation, Dr. Cunningham reaffirmed the System's commitment to make a good faith effort to achieve the new goals and initiated a system-wide review of the program.

**Slide #13 (HUB Program Review)**

Each System component institution was visited during the period August 31 - October 15, 1993 for in-depth discussion and review of the program (Slide #14 - On) covering topics shown on this slide.

**Slide #15 and #16 (HUB Program Development)**

Additionally, workshops were conducted at M.D. Anderson Cancer Center on November 4 and at U. T. Austin on November 12 for further discussion of the priority tasks that emerged from the program review shown on this slide.

**Slide #17 (HUB Program Review)**

The first three tasks are interrelated. Their completion schedule parallels the completion schedule for institutional strategic plans. The reporting and analytical tasks clearly illustrate the need to form a staff coordination group including representatives of the purchasing, physical plant, accounting, budget and information services functions and the HUB coordinator. Whereas such a group must function as the administrative center of the HUB program, the group of academic and administrative unit heads who exercise budget expenditure authority form the operational center for the program. These tasks will require everyone's special effort over the next four or five months.

**Slide #18 (HUB Program Review)**

Additional tasks are shown on this slide. The Owner Controlled Insurance Program (OCIP) is a promising new initiative. Based upon concept presentations and consultation with owners who have employed the concept, the Executive Vice Chancellor for Business Affairs has authorized a pilot project employing OCIP for Phase II - Bertner Clinic Services Complex. Responding to an RFP issued by U. T. System on November 5, 1993, proposals have been received and the evaluation process to select an OCIP insurance broker will be concluded in the next several weeks. A successful OCIP project should yield project cost savings and increased probability of HUB participation.

The U. T. System continues to play a leadership role among state agencies in supporting state-wide economic opportunity forums by making staff and physical facility resources available. A copy of the forum schedules for 1993 and 1994 are included as Attachment 11.

Attachment 12 describes the TEXCAL pilot program. This project, being conducted in the Houston area, is a collaborative program involving the State of Texas, SBA, TCB, and NationsBank. The objective of the program is to facilitate access to capital by small and/or HUB businesses. U. T. HSC - Houston is the only institution of higher education participating in the pilot study. If the pilot project is successful, this program will be implemented state-wide. More details on this program appear in Attachment 12.

The overall review of the U. T. System HUB Program also proceeds under guidelines of the General Services Commission (GSC). The cover letter that distributed the most recent guidelines, and they are significant, particularly the reporting guidelines, is enclosed as Attachment 13.

**Slide #19 (Issues)**

You have been briefed previously on the two policy issues shown on this slide. The first, dealing with the lowest responsive and responsible bid contract award procedure is considered resolved. Based upon the informally solicited opinion of the General Counsel and General Services Commission on Tuesday, November 30, 1993, the interpretation that HUB participation cannot be considered a factor either of responsiveness or responsibility has been confirmed (Ray Farabee may wish to comment further). The schedule of major construction projects to be undertaken in FY 1994, included as Attachment 14, will be administered using the weaker but legal jaw boning and suasion devices documented in Attachments 5 and 6.  
Slide #17

**Slide #20 (Conclusion)**

While the hard work of all involved in producing the results reviewed here today is recognized, I will conclude with two special acknowledgements and a glimpse of early FY 94 results in the architectural/engineering services area of OFPC operations.

U. T. System is indebted to Dr. Low and U. T. HSC - Houston for allocating staff and information systems resources to build and maintain an HUB vendor data base for System-wide use in the early days of this program. With the development of the GSC Certified Directory of over 5000 HUB vendors, however, continued maintenance of HSC Houston's data base for System-wide use cannot be justified and the request of Dr. Low to provide such support is hereby withdrawn. UTHSC - Houston's participation in the TEXCAL pilot study is noted as well.

That each institution's operating environment is unique, made so by its mission, constituencies, geographical location, regional HUB capacity, and other factors, is recognized. The analytical task previously discussed is intended to address some of these issues to remove some of the apple to orange comparisons that are inherent in the data that has been presented here today. Nevertheless, it is appropriate to recognize Dr. Rutford and U. T. Dallas for achievement of the highest HUB utilization percentage for each year of the review period.

Finally, Attachment 15 shows approximately 60% HUB utilization in eight architectural/engineering project appointments approved by the Board so far in 1994.

Following Mr. Wright's presentation, Regent Holmes expressed appreciation for this very informative report and noted that the U. T. System has a long way to go in its mission to increase business with minority and woman-owned businesses. In response to Regent Holmes' inquiry as to when the Disparity Study would be available, Mr. Wright responded that the study will be available on June 1, 1994. Regent Holmes was assured that the Board would continue to receive regular reports on the HUB program.

On behalf of the Business Affairs and Audit Committee, Mr. Loeffler thanked Mr. Wright for his report and concurred in Regent Holmes' request that the Board continue to monitor the progress of this program. Mr. Loeffler stated that he was pleased with the progress thus far and realized that the U. T. System still has a long way to go to attain the goal that woman-owned and minority-owned businesses receive at least 10% of the dollar value of each institution's contracting awards. In referring to one of the slides in Mr. Wright's presentation, Mr. Loeffler noted that he was personally concerned about the 5.8% of total purchases from minority and woman-owned businesses at The University of Texas at Austin in comparison to the 20% at The University of Texas at Dallas and called on President Berdahl to comment on that disparity.

President Berdahl noted that he also shared Regent Loeffler's concerns and stated that he could not comment on the disparity between U. T. Dallas and U. T. Austin as he did not know what U. T. Dallas had done to achieve the 20% HUB total purchases. Dr. Berdahl emphasized that U. T. Austin is instituting a number of control mechanisms to improve its performance including building a data system to record the problem areas and to identify vendors that are available for the kinds of purchases that are required. He pointed out that U. T. Austin has a very decentralized purchasing system with some 343 separate purchasing centers and as many as 5,000 authorized agents and there is a need to change the "behavior" of those agents. In closing, Dr. Berdahl reemphasized that U. T. Austin is committed to reaching the mandated goal but stated that he thought a 30% goal could be unrealistic for U. T. Austin.

Regent Loeffler expressed appreciation to Dr. Berdahl for his and his team's efforts in the HUB program and requested that Dr. Berdahl advise the purchasing agents at U. T. Austin that the Board is monitoring the HUB progress of that institution and is expecting improvement.

At this point, Mr. Loeffler called on President LeMaistre to explain the 4.9% total HUB purchases in FY 1993 at The University of Texas M.D. Anderson Cancer Center.

In response to Regent Loeffler's inquiry, Dr. LeMaistre reported that the low HUB figures relate to the nature of the purchases needed at U. T. M.D. Anderson Cancer Center, specifically cancer drugs and major medical equipment. He stated that of the \$217 million in total purchases, \$130 million of that amount is for purchases for which there are no recognized minority-owned or female-owned vendors. Dr. LeMaistre indicated that additional efforts are being made to identify specialized HUB vendors but that he anticipated this would be a continuing problem.

Chairman Rapoport acknowledged that the continued success of the HUB program is gratifying because it represents a significant expansion of economic opportunity.

In closing, Chancellor Cunningham reported that he had conferred with all the component presidents and advised them that the Board is committed to making progress in increasing the amount of business conducted with firms owned by minorities and women.

\* \* \* \* \*

Committee Chairman Loeffler noted that in response to a letter from Dr. Darren L. Reagan, Chairman and Chief Executive Officer of the Black State Employees Association of Texas, Inc., dated November 9, 1993, Chairman Rapoport had, on November 17, 1993, agreed to a request from the African-American Coalition for Higher Education to appear before the Board to address the subject of "increasing contracting opportunities with African-Americans." Mr. Loeffler reported that Dr. Reagan had neither responded to the letter dated November 17, 1993, nor was he available to make the scheduled presentation. Mr. Loeffler requested that the record reflect that Dr. Reagan had been given the opportunity to appear in accordance with the Regents' Rules and Regulations.

REPORT AND RECOMMENDATIONS OF THE ACADEMIC AFFAIRS COMMITTEE (Pages 51 - 61).--Committee Chairman Holmes reported that the Academic Affairs Committee had met in open session to consider those matters on its agenda and to formulate recommendations for the U. T. Board of Regents. Unless otherwise indicated, the actions set forth in the Minute Orders which follow were recommended by the Academic Affairs Committee and approved in open session and without objection by the U. T. Board of Regents:

1. U. T. Board of Regents - Regents' Rules and Regulations, Part Two: Amendments to Chapter I, Section 9, Subsections 9.2 and 9.4 (Official Seal, Colors, Flag, and Mascot).--Upon recommendation of the Academic Affairs and Health Affairs Committees, the Board amended the Regents' Rules and Regulations, Part Two, Chapter I, Section 9, Subsections 9.2 and 9.4 to read as set forth below:

Sec. 9. Official Seal, Colors, Flag, Logo, and Mascot.

9.2 The official colors for the System shall be orange and white; provided, however, that a component institution may adopt one additional color to be used in connection with athletic and other activities of the institution when approved by the Board upon recommendation of the chief administrative officer of the component institution, the appropriate Executive Vice Chancellor and the Chancellor.

9.4 Each component institution may adopt a theme, a logo and a mascot, provided same are approved by the Board upon recommendation of the chief administrative officer of the component institution, the appropriate Executive Vice Chancellor and the Chancellor.

These amendments clarify the component institution option to adopt a school color in addition to orange and white and to expand upon the uses of that color and require prior approval by the U. T. Board of Regents of a logo.

2. U. T. Brownsville: Permission for Dr. Juliet V. Garcia to Serve as a Member of the Governor's Council on Workforce and Economic Competitiveness [Regents' Rules and Regulations, Part One, Chapter III, Section 13, Subsections 13.(10) and 13.(11)].--Permission was granted for Dr. Juliet V. Garcia, President of The University of Texas at Brownsville, to serve as a member of the Governor's Council on Workforce and Economic Competitiveness through September 1, 1999.

Governor Richards' appointment of President Garcia to this Council is of benefit to the State of Texas, creates no conflict with her position at U. T. Brownsville, 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.

Administration/Organizational

Athletics

3.

U. T. Brownsville: A Adoption of "Scorpion" as Official Mascot for Athletic Activities (Regents' Rules and Regulations, Part Two, Chapter I, Section 9, Subsection 9.4). --In accordance with the Regents' Rules and Regulations, Part Two, Chapter I, Section 9, Subsection 9.4 relating to official mascots, the Board adopted the "Scorpion" as the designated mascot for athletic activities at The University of Texas at Brownsville.

FILE NO. IV(2)  
DOCUMENT \_\_\_\_\_  
REMARKS \_\_\_\_\_

The graphic representation of the "Scorpion" set out below will be submitted for trademark registration as a mascot and/or logo.

Following implementation of the educational partnership between U. T. Brownsville and Texas Southmost College, a committee of students, faculty, and staff reviewed an appropriate mascot for U. T. Brownsville and selected the "Scorpion" which had been the mascot for Texas Southmost College since the early 1950's.



4. U. T. Brownsville: Authorization to Establish Parking Permit and Enforcement Fees Effective with the Fall Semester 1994 (Catalog Change).--Upon recommendation of the Academic Affairs Committee, the Board established initial parking permit and enforcement fees at The University of Texas at Brownsville effective with the Fall Semester 1994 as set out below:

	<u>1994-95 Annual Fees</u>
<u>Parking Classifications</u>	
Class A - Faculty and Staff	\$60.00
Class B - Students	60.00
Class C - Disabled	No Charge*
Class D - Afternoon Students (access from 1:00-4:30 p.m. only)	6.00
<u>Replacement Permits</u>	
Replacement Fee	1.00
<u>Enforcement Fees</u>	
General Parking Violations	10.00
No Permit	25.00
Firelane, Disabled, Grass Areas, etc.	35.00
Immobilizer Charge	10.00
Late Payment Charge (60 days)	25.00

Parking permit fees are prorated if purchased for the Fall, Spring, and Summer Session(s) individually.

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

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

5. U. T. Brownsville: Establishment of Bachelor of Arts Degrees in Art, Music, Psychology, Chemistry, and Physics and Authorization to Submit the Degree Programs to the Coordinating Board for Approval (Catalog Change).--The Board, upon recommendation of the Academic Affairs Committee, established Bachelor of Arts Degrees in Art, Music, Psychology, Chemistry, and Physics at The University of Texas at Brownsville and authorized submission of the proposals to the Texas Higher Education Coordinating Board for review and appropriate action.

The Bachelor of Arts Degrees in Psychology and Chemistry are consistent with U. T. Brownsville's approved Table of Programs and institutional plans for offering quality degree programs to meet the educational needs of students. In addition, the Coordinating Board will be asked to amend the U. T. Brownsville Table of Programs to include the degree programs for Bachelor of Arts in Art, Music, and Physics. These programs are consistent with U. T. Brownsville's mission and its plans to offer quality degree programs to meet student needs.

The Bachelor of Arts Degrees in Art, Music, and Psychology will be administered by the Departments of Fine Arts and Behavioral Sciences within the College of Liberal Arts. The Bachelor of Arts Degrees in Chemistry and Physics will be administered by the Department of Physical Sciences within the College of Natural Sciences and Mathematics.

Student demand is clearly present for the Bachelor of Arts programs in Art, Music, and Psychology. It is anticipated that by the year 1998, when these three programs are fully implemented, there will be an enrollment of 125 students in Art, 71 in Music, and 264 in Psychology. These programs will enroll students starting in Fall 1994.

The programs in Chemistry and Physics are based less upon large student demand than upon the need students in this region have to gain access to these programs and upon the need of the schools of the region to encourage as many students as possible to consider majoring in and teaching in these fields. It is expected that by the year 2000, when the programs in Chemistry and Physics are fully operational, there will be 19 majors in Chemistry and 21 majors in Physics. Chemistry and Physics will enroll their first upper-division majors in the Fall of 1996, when new facilities are available.

The curriculum of each program will be comparable to Bachelor of Arts programs at other regional institutions of similar size within Texas. The admission requirements will be the same as those for other baccalaureate programs within the University.

The major programs in Chemistry and Physics will have to be supported by other disciplines to some degree on a continuing basis. Both disciplines play an important role in the core curriculum, a role which will expand substantially due to their service role to other disciplines. The University's planned expansion in Engineering Technology will require a substantial service effort from the disciplines in the Physical Sciences. While it is not expected that Physics and Chemistry will achieve self support under the formula, they will approach it because of the strong service role they will play at the lower-division level. During the first five years of program development, the University expects to add two faculty positions in Physics.

U. T. Brownsville is committed to a major library enhancement effort which will strengthen collections for these and other disciplines. As a part of that effort, the University has initiated a partnership with the General Libraries of The University of Texas at Austin to initiate a "library of the future" which will use a variety of current and emerging technologies to meet the needs of students and faculty within these programs.

The Bachelor of Arts programs in Physics and Chemistry will be housed in a new facility, support for which was appropriated during the last legislative session. The costs associated with the facilities and equipment needed to launch these programs will be covered by the \$23 million appropriation.

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

6. U. T. Brownsville: Authorization to Establish Master in Education Degrees in Curriculum and Instruction, Early Childhood Education, Educational Technology, English as a Second Language, and Special Education and to Submit the Degree Programs to the Coordinating Board for Approval (Catalog Change).--The Academic Affairs Committee recommended and the Board established Master in Education Degrees in Curriculum and Instruction, Early Childhood Education, Educational Technology, English as a Second Language, and Special Education at The University of Texas at Brownsville and authorized submission of the proposals to the Texas Higher Education Coordinating Board for review and appropriate action. These Master in Education degree programs are consistent with U. T. Brownsville's approved Table of Programs and institutional plans for offering quality degree programs to meet students' educational needs.

The Master in Education Degrees in Curriculum and Instruction, Early Childhood Education, Educational Technology, English as a Second Language, and Special Education will each require 36 credit hours of graduate work. The programs will be administered by the Department of Education within the School of Education. General policy oversight is provided by the Director for Graduate Studies within the Office of the Vice President for Academic Affairs.

Based upon a survey conducted in the University's service region and upon this fall's graduate enrollment of approximately 400, it is clear that there is strong student demand as well as a public need for these additional graduate programs. It is expected that when these programs are in full operation in 1998, the head count enrollment will be 39 graduate students in English as a Second Language, 46 in Early Childhood Education, 71 in Curriculum and Instruction, 44 in Educational Technology, and 45 in Special Education.

The admission requirements will be the same as the current University requirements for other graduate programs -- a 3.0 GPA and a minimum composite GRE score of 600 or a GMAT score above 350 for unrestricted admission.

The programs build upon the faculty base which serves the University's current well-established group of Master of Education degree programs. U. T. Brownsville currently offers the Masters of Education degree in Elementary Education, Bilingual Education, Counseling and Guidance, Educational Administration, and Supervision and Reading. Current graduate faculty available to contribute to the new programs include three faculty members in English as a Second Language, two in Early Childhood Education, three in Curriculum and Instruction and two in Special Education. While there are a number of faculty members within the University prepared to contribute to the Educational Technology program, they are so fully occupied with other demands that they will not be able to make substantial initial contributions to the program. Consequently, the Educational Technology program will be built around persons newly recruited to the University.

The increased cost to the School of Education above current levels of expenditures will be substantial. However, it is expected that the programs, when fully implemented, will be cost-effective. The School of Education currently offers graduate course work relevant to

each of the degree programs. Surveys indicate that the institution of the additional programs in Master of Education Degrees in Curriculum and Instruction, Early Childhood Education, Educational Technology, English as a Second Language, and Special Education will result in a substantial increase in graduate enrollment. This will increase current class size, making existing courses more cost-effective, while new courses will become cost-effective in a short period of time. During the first two years of the operation of these programs, the University expects to add one additional faculty member in English as a Second Language, two in Early Childhood Education, two in Educational Technology and two in Special Education. Any costs associated with these additional positions not covered by revenues resulting from the funding formula will be covered during the remainder of this biennium and the two subsequent biennia by the anticipated continuance of the special legislative appropriation for program development. Once the programs are in full operation, it is expected that the faculty salary and departmental expense funding formulas will cover the direct cost of these programs.

U. T. Brownsville is committed to a major library enhancement effort which will strengthen collections for these and other disciplines. As part of that effort, the University has initiated a partnership with the General Libraries of The University of Texas at Austin to create a "library of the future" which will use a variety of existing and emerging technologies to meet the needs of students and faculty. The library of the future will be well suited to deliver library resources to field-based programs.

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

7. U. T. Brownsville: Establishment of a Bachelor of Science Degree in Engineering Technology and Authorization to Submit the Degree Program to the Coordinating Board for Approval (Catalog Change).--Authorization was given to establish a Bachelor of Science in Engineering Technology with specialties in Manufacturing, Mechanical, and Electrical Engineering Technology at The University of Texas at Brownsville and to submit the proposal to the Texas Higher Education Coordinating Board for review and appropriate action.

In addition, the Coordinating Board will be asked to amend the U. T. Brownsville Table of Programs to reflect authorization of the degree program. The Bachelor of Science in Engineering Technology is consistent with U. T. Brownsville's mission and its plan for offering quality degree programs to meet the students' educational needs.

The Bachelor of Science in Engineering Technology, which will require 136 credit hours for the manufacturing specialty, 137 credit hours for the mechanical specialty, and 137 credit hours for the electronic specialty, will be administered by a newly created Department of Engineering Technology within the College of Natural Sciences and Mathematics.

The Engineering Technology program will initially have three specialties: Manufacturing, Mechanical, and Electrical. The University plans to later add at least two additional specialties: Environmental Engineering Technology and Materials Engineering Technology. The Engineering Technology curriculum is based in mathematics and science with a strong focus upon applications. The field falls between the design function of engineering education and the tasks orientation of occupational/technical training. The Engineering Technology program at U. T. Brownsville forms a strategic complement to the traditional engineering programs being offered at The University of Texas - Pan American and the more task-oriented nonscience and mathematics-based two-year occupational/technical programs offered at Texas State Technical College at Harlingen.

The University expects to initiate the program in the Fall of 1996 with an initial freshman class of 110. The program will be in full operation after five years with an anticipated enrollment of 578 students in all classes. These forecasts are based upon established regional needs and the student interest which will be generated by the attractiveness of the salaries which graduates of the Engineering Technology program will be able to command.

The admission standards will be the same as those applied to the students within the University. In addition, formal admissions to each of the three engineering technology specialties will require the student to pass, with a C or better, threshold courses in General Chemistry, English Composition, Analytic Geometry, Physics, and Computer Science, as well as some initial technology courses.

It is not expected that current faculty will be assigned to the program. Faculty will be recruited who have significant, relevant industry experience and appropriate academic credentials. All faculty will meet Technology Accreditation Commission of the Accreditation Board for Engineering and Technology requirements of a master's degree in Engineering or a closely related field and will have proven applied skills. The majority of the faculty will hold doctorates appropriate to their field of specialty. Faculty members should be able to communicate on technical subjects in both English and Spanish or be willing to commit themselves to make progress toward the development of work place technical biliteracy skills.

When in full operation, the program will serve 578 students with a total program faculty of 14. The faculty will be phased in with each additional class of students. Prior to opening the program to students, the department head and two faculty members will be recruited to handle the initial development of the program. During the first two years of the program, four additional faculty members will be added. Three faculty members will be recruited during each semester of the third year of the program, and the final two faculty members will be recruited during the fourth year of the program.

When in full operation, the program will be cost-effective and will receive revenue from the funding formula to support the projected faculty. From its initiation through its first five years, the program's fiscal support is premised upon the continuance of the special legislative appropriation for program development and for technology.

The Bachelor of Science in Engineering Technology program will be housed in a new facility, support for which was appropriated during the last legislative session. The costs associated with the facilities and equipment needed to launch this program will use a substantial portion of the \$23 million appropriation. The need for this program was so well understood locally that the Greater Brownsville Incentive Corporation granted the University \$2 million to help equip the new facilities.

U. T. Brownsville is committed to a major library enhancement effort which will strengthen collections for these and other disciplines. As a part of that effort, the University has initiated a partnership with the General Libraries of The University of Texas at Austin to create a "library of the future" which will use a variety of existing and emerging technologies to meet the needs of students and faculty. The library of the future will be well suited to deliver library resources to support teaching research and service in this rapidly changing field.

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

8. U. T. Brownsville: Authorization to Establish Master of Arts Degrees in English, History and Spanish and to Submit the Degree Programs to the Coordinating Board for Approval (Catalog Change).--In order to fulfill the obligation by The University of Texas at Brownsville to meet the educational needs of students and community constituents in its region, Master of Arts degrees in English, History and Spanish were established and approval was given to submit the proposals to the Texas Higher Education Coordinating Board for review and appropriate action.

In addition, the Coordinating Board will be asked to amend the U. T. Brownsville Table of Programs to reflect authorization of the degree programs. The Master of Arts degrees in English, History and Spanish are consistent with U. T. Brownsville's mission and its plans for offering quality degree programs to meet student needs.

The Master of Arts degrees in English, History and Spanish will each require 36 credit hours of graduate work and will be administered by the departments of English, Social Studies and Modern Languages. Each of these departments is within the College of Liberal Arts. General policy oversight is provided by the Director for Graduate Studies within the Office of the Vice President for Academic Affairs.

The programs will enroll the initial group of students in June 1994. It is expected that almost all of the students in this program will be practicing professionals who teach full time and enroll on a part-time basis. Based upon a survey conducted in the University's service region, as well as upon the current enrollment in the relevant Master of Arts in Interdisciplinary Studies (MAIS) courses, the University expects to have head count enrollments of 43 students in English, 34 in History and 39 in Spanish by the Fall of 1998, when these programs are in full operation.

The admission requirements will be the same as the current University requirements for other graduate programs -- a 3.0 GPA and a minimum composite GRE score of 600 or a GMAT score above 350 for unrestricted admission.

The programs will be built upon the faculty base which serves the strong and well-established undergraduate majors and MAIS concentrations in these three fields. The current graduate faculty available to the programs include eight faculty members in English, six in History and four in Spanish.

The cost to the Departments of English, History and Spanish above current levels of expenditures will be negligible. Each department is currently committed to graduate offerings through the MAIS program. The new degree programs will make those offerings more cost-effective by adding students to currently low-enrollment classes. When the programs are in full operation, it is expected that the faculty salary and departmental expense funding formulas will cover the direct costs of these programs. No new faculty members will need to be added as a consequence of the programs. As additional faculty are needed to support growth in undergraduate enrollment, they will bring strength to the graduate faculty and contribute to the graduate programs.

U. T. Brownsville is committed to a major library enhancement effort which will strengthen collections for these and other disciplines. As a part of that effort, the University has initiated a partnership with the General Libraries of The University of Texas at Austin to initiate a "library of the future" which will use a variety of existing emerging technologies to meet the needs of students and faculty within these programs.

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

9. U. T. Permian Basin: Appointment of (a) Ms. Pam Price as Initial Holder of the Mr. and Mrs. Louis Rochester Professorship in Fine Arts and (b) Dr. J. Michael Robinson as Ashbel Smith Professor Effective January 1, 1994.-- Upon recommendation of the Academic Affairs Committee, the Board approved the following appointments at The University of Texas of the Permian Basin effective January 1, 1994:
  - a. Ms. Pam Price, Professor of Art, as initial holder of the Mr. and Mrs. Louis Rochester Professorship in Fine Arts
  - b. Dr. J. Michael Robinson, Professor of Chemistry, as Ashbel Smith Professor.

10. U. T. San Antonio: Authorization to Establish a Bachelor of Arts Degree in Communication and to Submit the Degree Program to the Coordinating Board for Approval (Catalog Change).--Authorization was given to establish a Bachelor of Arts degree in Communication at The University of Texas at San Antonio and to submit the proposal to the Texas Higher Education Coordinating Board for review and appropriate action.

In addition, the Coordinating Board will be asked to amend the U. T. San Antonio Table of Programs to reflect authorization for the degree program. This new program is consistent with U. T. San Antonio's mission and its plans for offering quality degree programs to meet student educational needs.

The Bachelor of Arts degree in Communication, which is a 120 semester credit hour degree with four areas of concentration (speech communication, document production, electronic media, and public relations), will be administered by the Division of English, Classics, and Philosophy in the College of Fine Arts and Humanities. The Bachelor of Arts in Communication, building on a strong foundation in the liberal arts, will combine principles of communication theory with practical training for careers in communication. The program will also allow students to develop a strong background in business studies through interdisciplinary cooperation with existing programs in the College of Business. The curriculum emphasizes both the acquisition and the development of critical skills for problem solving in an information age. Strong oral and written components provide the basis for the program's four concentrations. It is anticipated that the first students will be enrolled in the program in the fall of 1994 with an estimated number of majors to be 30 in the first year of implementation, rising to 75 in the second year, and increasing to 500 in the fifth year.

No institution in Texas currently offers the concentrations in Document Production or Electronic Media which U. T. San Antonio will be offering with this new program, and only two Texas institutions offer a concentration in Public Relations (neither in South Texas).

In the first five years, seven new tenure-track faculty, one technical staff assistant I, a one-half time student development specialist, and a technical staff assistant V will be required to offer the program and accommodate projected enrollments. Since library resources are not sufficient to support the programs, a one-time allotment of \$11,500 would be desirable to acquire some monographs and journal backfiles before the program begins. An estimated \$5,800 per year in additional funding will be required to support this program: \$3,500 for monographs and \$2,300 in journal subscriptions. Equipment costs for the Technical Communication Lab totals \$81,011 and renovation of existing facilities totals \$8,000. Total cost for the first five years of the program is estimated to be \$1,010,361. Funding will be provided through regular State Appropriations, Program Development Funding, and the campus-based Strategic Initiative Funding.

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

11. U. T. System: Progress Report on Activities Related to the South Texas/Border Initiative Program.--At the conclusion of the Academic Affairs Committee meeting, Committee Chairman Holmes called on Dr. Mario Gonzalez, Associate Vice Chancellor for South Texas/Border Area Development, for a progress report on the current activities related to implementation of The University of Texas System South Texas/Border Initiative program.

With the aid of slides, a [copy](#) of which is on file in the Office of the Board of Regents, Dr. Gonzalez reviewed in detail the academic degree programs and construction projects at the following five component institutions of the U. T. System which are part of the South Texas/Border Initiative program:

The University of Texas at Brownsville  
The University of Texas at El Paso  
The University of Texas - Pan American  
The University of Texas at San Antonio  
The University of Texas Health Science  
Center at San Antonio.

Dr. Gonzalez reviewed the population growth in the South Texas area from 1970-1990, the projected enrollment figures at these five institutions from 1992-2005, high school graduation rate comparisons in the United States and Texas as well as El Paso, Cameron, Hidalgo, and Bexar Counties, and emphasized the current academic space deficit for the equivalent of 8,500 students at four of the institutions in the South Texas/Border Initiative program. He noted that the U. T. System's initiative for expanding higher education in the South Texas/Border region will receive a major advancement with the Board's approval of the degree programs and construction projects being considered at today's meeting.

Dr. Gonzalez also reviewed the planned expansion of academic offerings within the South Texas/Border Initiative program which will result in a few years in the addition of 57 bachelor degree programs, 65 master degree programs, and 37 doctorate degree programs to the approved academic offerings of the five U. T. System components involved in this special effort to increase access for students in this geographical area.

In addition to the ongoing development of academic programs and the planning of new facilities, Dr. Gonzalez reported that the South Texas/Border Initiative has included collaboration with officials in The Texas A&M University System to address the issue of program duplication and to promote cooperative ventures. Other activities have included a workshop for faculty, architects, and staff on design trends for academic buildings as well as plans for a newsletter to keep interested parties up-to-date.

On behalf of the Board, Chairman Rapoport commended Dr. Gonzalez on this very informative report.

REPORT AND RECOMMENDATIONS OF THE HEALTH AFFAIRS COMMITTEE (Pages 62 - 65).--Committee Chairman Ramirez reported that the Health Affairs Committee had met in open session to consider those matters on its agenda and to formulate recommendations for the U. T. Board of Regents. Unless otherwise indicated, the actions set forth in the Minute Orders which follow were recommended by the Health Affairs Committee and approved in open session and without objection by the U. T. Board of Regents:

1. U. T. Southwestern Medical Center - Dallas: Appointment of Initial Holders - (a) John W. Burnside, M.D., to The Irene Wadel and Robert Atha, Jr. Professorship of Internal Medicine, in Honor of John W. Burnside, M.D., and (b) L. David Hillis, M.D., to the James M. Wooten Chair in Cardiology Effective Immediately.--The Board approved the following initial appointments to endowed academic positions at The University of Texas Southwestern Medical Center at Dallas effective immediately:
  - a. John W. Burnside, M.D., Professor of Internal Medicine and Associate Dean, to The Irene Wadel and Robert Atha, Jr. Professorship of Internal Medicine, in Honor of John W. Burnside, M.D.  
  
See Page 84 related to the establishment of this Professorship.
  - b. L. David Hillis, M.D., Professor of Internal Medicine and Vice Chairman of the Department for House Staff Affairs, to the James M. Wooten Chair in Cardiology.
  
2. U. T. Medical Branch - Galveston: Approval to Name the Department of Anesthesiology Cerebrovascular and Cardiovascular Basic Science Laboratories as The Charles R. Allen Research Laboratories (Regents' Rules and Regulations, Part One, Chapter VIII, Section 1, Subsection 1.2, Naming of Facilities Other Than Buildings).--In accordance with the Regents' Rules and Regulations, Part One, Chapter VIII, Section 1, Subsection 1.2, relating to the naming of facilities other than buildings, approval was granted to name the Department of Anesthesiology Cerebrovascular and Cardiovascular Basic Science Laboratories at The University of Texas Medical Branch at Galveston as The Charles R. Allen Research Laboratories.

The naming of the laboratories is in honor of Charles R. Allen, M.D., a former Chairman of the Department of Anesthesiology, in recognition of his professional leadership, academic contributions, and outstanding dedication and service to The University of Texas System and the U. T. Medical Branch - Galveston.

3. U. T. Health Science Center - San Antonio (U. T. Allied Health Sciences School - San Antonio): Authorization for Program Change to Offer a Master of Physical Therapy (MPT) Degree Program to Replace the Bachelor of Science (BSPT) Degree Program within the Department of Physical Therapy and to Submit the Proposal to the Coordinating Board for Approval (Catalog Change).-- Authorization was granted to change the scope of the Physical Therapy program in the U. T. Allied Health Sciences School - San Antonio at The University of Texas Health Science Center at San Antonio from a baccalaureate degree (BSPT) to a Master of Physical Therapy (MPT) and to submit the proposal to the Texas Higher Education Coordinating Board for approval.

The current program has 40 students enrolled, and it is expected that each new Master's level class will also train 40 students. Students enrolled in the current baccalaureate level program will continue in the prescribed course and graduate in May 1996. Enrollment for the Master's level program will begin in the Fall of 1995 with the first graduate degrees to be awarded in 1998.

Developed as a "three plus three" program, students will enter the program having completed a minimum of 90 semester hours (three years) of prescribed undergraduate course work. The ability to take all prerequisite undergraduate work for this program at local community and four-year colleges will aid in making the program more accessible to students from the South Texas area.

This change recognizes a national trend to require a Master's degree as the entry level into this profession.

Since the MPT program will replace the current BSPT program, no change in the organizational structure of the Physical Therapy Department and no additional state funds will be required to support the program.

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

4. U. T. M.D. Anderson Cancer Center: Acceptance of Pledge from Mr. Albert B. Alkek, Victoria, Texas, and Approval to Waive the Regents' Rules and Regulations, Part One, Chapter VIII, Section 1, Subsection 1.1 (Naming of Buildings) to Name the Patient Care Facility of the Bertner Complex as the Albert B. and Margaret M. Alkek Hospital.--Upon recommendation of the Health Affairs Committee, the Board accepted a pledge in the amount of \$30 million from Mr. Albert B. Alkek, Victoria, Texas, to be applied toward construction of the patient care facility of the Bertner Complex at The University of Texas M.D. Anderson Cancer Center.

In addition, the Board waived the Regents' Rules and Regulations, Part One, Chapter VIII, Section 1, Sub-section 1.1, which requires that the person honored by the naming of a building "shall have been deceased at least five years," and named the patient care facility the Albert B. and Margaret M. Alkek Hospital in recognition of Mr. Alkek's generous contribution and his long history of support of various educational, health-care, and cultural institutions.

This action is subject to such additional statutory requirements related to the naming of public buildings as may pertain.

5. U. T. M.D. Anderson Cancer Center: Status Report on the Outreach Program in the South Texas/Border Area.-- At the request of Committee Chairman Ramirez, President LeMaistre presented a comprehensive overview of the Rio Grande Valley Cancer Prevention and Detection Program (RGV) which is supported by the Physicians Referral Service at The University of Texas M.D. Anderson Cancer Center and includes funding for interpreting Pap smears for women who could not afford the test. The RGV program has the goal of reducing the unusually high mortality rate from cervical cancer in South Texas and through a public/private effort, family physicians are encouraged to conduct cervical cancer screening on all their patients.

President LeMaistre noted that the program encompasses professional, patient, and public education, all of which are aimed at increasing the quality and frequency of Pap smears performed, since performance of Pap tests has been linked with the decrease in mortality rates seen nationally from this disease. He noted that the program is beginning its third year of operation and has joined efforts with a second Texas Outreach Program to provide the lower Rio Grande Valley with neuroblastoma screening for six month old infants.

Dr. LeMaistre pointed out that the RGV program has developed a network of primary care physicians in Starr, Cameron, Hidalgo, and Willacy Counties, and these physicians support U. T. M.D. Anderson Cancer Center in its cancer prevention and detection efforts and can be of future benefit to test models of cancer prevention and early detection in their patient populations. He cited that as of October 31, 1993, Pap smears have been performed and interpreted at U. T. M.D. Anderson Cancer Center for 5,293 medically indigent women who could not otherwise have afforded this test. There have been three cancers detected to date and 13.4% of Pap tests interpreted to date have abnormalities.

President LeMaistre reported that a partnership with the Texas Outreach Program for Neuroblastoma screening had been formed, and this research program will be available to all Valley residents until March 31, 1994, when funding for this project ceases. Prostate screening, which will begin January 1, 1994, will be the third cancer screening to be performed in the Valley with U. T. M.D. Anderson Cancer Center providing funding for interpretation of the PSA test through another Texas Outreach Program.

In closing, Dr. LeMaistre summarized the ripple effects of the Outreach Program noting specifically that physicians are volunteering to be part of new research and cancer prevention and detection efforts promoted by the U. T. M.D. Anderson Cancer Center.

On behalf of the people of South Texas, Regent Ramirez thanked President LeMaistre for his efforts in continuing to explore avenues for funding program expansion to surrounding counties, and Dr. LeMaistre responded that U. T. M.D. Anderson Cancer Center could not have accomplished the goals of this program without the support of Regent Ramirez.

\* \* \* \* \*

INTRODUCTION OF MS. MARY ROSE CARDENAS, CHAIRMAN OF THE BOARD OF TRUSTEES OF TEXAS SOUTHMOST COLLEGE.--At this point in the meeting, Chairman Rapoport recognized Ms. Mary Rose Cardenas, Chairman of the Board of Trustees of Texas Southmost College, who was in the audience and noted that the future looks bright for The University of Texas at Brownsville and Texas Southmost College.

REPORT AND RECOMMENDATIONS OF THE FACILITIES PLANNING AND CONSTRUCTION COMMITTEE (Pages 66 - 72).--Committee Chairman Temple reported that the Facilities Planning and Construction Committee had met in open session to consider those matters on its agenda and to formulate recommendations for the U. T. Board of Regents. Unless otherwise indicated, all actions set forth in the Minute Orders which follow were recommended by the Facilities Planning and Construction Committee and approved in open session and without objection by the U. T. Board of Regents:

1. U. T. Arlington - On-Campus Housing, Apartment Complex (Phase I): Authorization to Conclude Negotiations on a Ground Lease with Century Development (Century), a Texas Limited Partnership, Houston, Texas, as Limited Partner and Owner of General Partnership Entity in Arlington Housing Partnership I, Ltd., a Texas Limited Partnership, Houston, Texas, Lessee, and Authorization for Alternate Negotiations with Texas Campus Developers, L.C., (TCD), Austin, Texas, if Needed.--At the October 1993 meeting, the U. T. Board of Regents approved in concept initiation of a project for a student apartment complex on The University of Texas at Arlington campus and solicitation of proposals from developers to construct and possibly manage Phase I of the complex.

In accordance therewith and upon recommendation of the Facilities Planning and Construction Committee, the Board:

- a. Authorized U. T. Arlington and The University of Texas System Administration Offices of Academic Affairs, Business Affairs, and General Counsel to conclude negotiations with Century Development, a Texas limited partnership, Houston, Texas, on a Ground Lease for on-campus housing with Arlington Housing Partnership I, Ltd., a Texas limited partnership, Houston, Texas, comprised of Century Development (Century) as sole limited partner and Arlington Housing Corp., Houston, Texas, a Texas for-profit corporation, and wholly owned subsidiary of Century Development, as sole general partner
- b. Authorized, if needed, alternate negotiations with Texas Campus Developers, L.C., (TCD), Austin, Texas, a subsidiary of American Campus Lifestyles, L.L.C., Austin, Texas, on behalf of Texas Campus Properties, L.C., Austin, Texas.
- c. Directed that following successful negotiation of an arrangement with either Century or Texas Campus Developers, approval of the ground lease and related documents be processed via Executive Committee Letter.

The apartments will contain 200 units which will range from efficiency (approximately 495 square feet) to four-bedroom style suites (approximately 873 square feet) units. While the exact configuration has not been determined, the project should accommodate approximately 500 residents and will include a clubhouse, laundry facility, and parking lot. The exact number and style of each type of unit will be established during negotiations with Century Development.

Century Development will build and manage the facility pursuant to a long-term Ground Lease and an operating agreement with Century Property Management Company, a wholly owned subsidiary of Century and a Texas for-profit corporation. The working draft of the Ground Lease has a term of 40 years and currently contains the following provisions:

- Century Development is to complete construction in time for occupancy by August 15, 1994
- U. T. Board of Regents receives title to the apartment complex upon completion of the construction, subject to Partnership's leasehold interest
- U. T. Board of Regents receives base rental of \$100 per year and a percentage rental beginning with occupancy
- Subject to Texas Higher Education Coordinating Board approval requirements, U. T. Board of Regents has a right of first refusal and an option to purchase Partnership's leasehold interest at any time
- U. T. Board of Regents has first right of refusal to match bonafide third party offer to purchase leasehold interest.

Alternatively, should negotiations with Century not result in a satisfactory arrangement, U. T. Arlington was granted authority to conduct negotiations with Texas Campus Developers, L.C., (TCD), a subsidiary of American Campus Lifestyles Companies, L.L.C., on behalf of Texas Campus Properties, L.C. The TCD proposal is based upon a different business plan and includes a twenty-five year lease term. Negotiations with TCD will make clear that U. T. Arlington does not assume financial risk, either direct or implied, and review and approval of proposed legal documents will be consistent with the primary authorization.

Although neither development entity is a historically underutilized business (HUB), both developers will be expected to provide practical opportunities for HUBs to participate in the development, construction, management, maintenance, and operation of the project. The percentages of HUB subcontracting will be included in negotiations.

This project is consistent with the "Guidelines for Private Development on Campus" of the Texas Higher Education Coordinating Board. Although this project was not included in the Capital Improvement Plan (CIP) approved in August 1993, the October 1993 Board of Regents' conceptual authorization of the project technically updated the CIP.

2. U. T. El Paso - Liberal Arts/Science Renovation Projects - Physical Science Building Renovation: Authorization for Project; Appointment of Carroll Dusang and Rand, El Paso, Texas, as Project Architect to Prepare Preliminary Plans; and Appropriation Therefor.--The Board, upon recommendation of the Facilities Planning and Construction Committee:
- a. Authorized a project for the Physical Science Building Renovation at The University of Texas at El Paso at an estimated total project cost of \$2,645,000 to be funded from Tuition Revenue Bonds
  - b. Appointed the firm of Carroll Dusang and Rand, El Paso, Texas, as Project Architect to prepare preliminary plans, specifications and a cost estimate to be presented to the U. T. Board of Regents for consideration at a future meeting
  - c. Appropriated \$120,000 from Tuition Revenue Bonds and Notes issued under the Revenue Financing System for fees and administrative expenses through completion of preliminary plans.

The 73rd Session of the Texas Legislature authorized the financing of Liberal Arts/Science Renovation Projects at U. T. El Paso through Tuition Revenue Bonds in the amount of \$8,000,000 as part of the South Texas/Border Initiative. The \$8,000,000 will be divided among five campus buildings housing Liberal Arts and Science programs.

The Physical Science Building houses all the Chemistry and Physics teaching and research space at U. T. El Paso. The laboratory space is over 25 years old and is not well suited to graduate programs and associated research activities that have been developed in Chemistry and Physics in recent years. In addition, U. T. El Paso is now implementing a new Ph.D program in Materials Science and Engineering, which will draw heavily upon the teaching and research activities of the Chemistry and Physics faculty.

This project is included in the FY 1994-1999 Capital Improvement Plan and the FY 1994 Capital Budget to be funded by Tuition Revenue Bonds.

3. U. T. San Antonio - Chisholm Hall Student Dormitory Complex - Authorization for Assignment by Bach Enterprises, Austin, Texas, Current Lessee and Operator, to Century Development (Century), a Texas Limited Partnership, Houston, Texas, or its Approved Affiliate: Authorization to Review Terms of Assignment and Qualifications of Assignee and Authorization for the Executive Vice Chancellor for Academic Affairs to Execute Approval Letter and Related Documents.--The Chisholm Hall Student Dormitory and its adjacent Recreation Center at The University of Texas at San Antonio are presently owned and operated by Bach Enterprises, Austin, Texas, under Ground Leases and Management Agreements with the U. T. Board of Regents dated December 1, 1985. Bach Enterprises has recently reached an agreement with Century Development, Houston, Texas, a limited partnership, to assign the interests of Bach Enterprises as lessee and operator under the Ground Leases and Management Agreements to Century or an approved affiliate of Century.

Upon recommendation of the Facilities Planning and Construction Committee, the Board:

- a. Authorized U. T. San Antonio, the Office of Academic Affairs, and the Office of General Counsel to review the terms and conditions of the assignment by Bach Enterprises, Austin, Texas, of its rights as lessee and operator of the U. T. San Antonio Dormitory Complex (Chisholm Hall) under Ground Leases and Management Agreements with the U. T. Board of Regents to Century Development (Century), a Texas Limited Partnership, Houston, Texas, or an approved affiliate of Century
- b. Authorized U. T. San Antonio, the Office of Academic Affairs, and the Office of General Counsel to review the qualifications of Century Development, or its approved affiliate, to assume the duties of lessee and operator of the Chisholm Hall Student Dormitory Complex at U. T. San Antonio
- c. Authorized the Executive Vice Chancellor for Academic Affairs to execute an approval letter and related documents to evidence the consent of the U. T. Board of Regents to the assignment of the Chisholm Hall Ground Leases and Management Assignments from Bach Enterprises to Century Development, or its approved affiliate, 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.

Century Development, through its affiliate, University Oaks Housing Partnership I, has developed and currently operates Phases I and II of the University Oaks student apartments at U. T. San Antonio. Pursuant to action in August 1993, the U. T. Board of Regents authorized negotiation of an agreement with Century Development for Phase III of the University Oaks apartment project.

Assignment of the Chisholm Hall leasehold and operating rights to Century Development, or an approved affiliate, will provide for unified operation of all privately-owned housing at U. T. San Antonio by a single lessee/operator.

4. U. T. Health Science Center - San Antonio - Health Sciences Building Program - School of Nursing Addition and Renovation: Authorization for Project; Appointment of Garza/Bomberger & Associates, San Antonio, Texas, as Project Architect to Prepare Preliminary Plans; and Appropriation Therefor.--The 73rd Session of the Texas Legislature authorized the financing of a Health Sciences Building Program at The University of Texas Health Science Center at San Antonio to be funded through Tuition Revenue Bonds in the amount of \$25,000,000 as part of the South Texas/Border Initiative.

In compliance with that legislation, the Facilities Planning and Construction Committee recommended and the Board:

- a. Authorized a project for the School of Nursing Addition and Renovation as part of the Health Sciences Building Program at the U. T. Health Science Center - San Antonio at an estimated total project cost of \$6,500,000 to be funded with \$6,000,000 from Tuition Revenue Bonds and \$500,000 from Gifts
- b. Appointed the firm of Garza/Bomberger & Associates, San Antonio, Texas, as Project Architect to prepare preliminary plans and a cost estimate to be presented to the U. T. Board of Regents for consideration at a future meeting
- c. Appropriated \$200,000 from Tuition Revenue Bonds and Notes issued under the Revenue Financing System for fees and administrative expenses through completion of preliminary plans.

This project will be the first significant construction for the School of Nursing since the structure was built in 1974. The new addition will contain approximately 41,000 gross square feet for student learning laboratory demonstration areas, faculty research space, and faculty and student computer expansion. Faculty offices will be added along with expansion of space for staff, administration, and student locker/lounge areas.

Approval of this item will amend the FY 1994-1999 Capital Improvement Plan and FY 1994 Capital Budget to reflect a project for the School of Nursing Addition and Renovation at a total project cost of \$6,500,000 to be funded with \$6,000,000 from Tuition Revenue Bonds and \$500,000 from Gifts, and a project for Allied Health, Public Health and Research Facilities for \$19,000,000 to be funded by Tuition Revenue Bonds. The project for Allied Health, Public Health and Research Facilities will be presented to the U. T. Board of Regents for consideration at a future meeting.

5. U. T. M.D. Anderson Cancer Center - Transformers and Associated Switchgear: Authorization for Project; Appointment of Affiliated Engineers, Inc., Madison, Wisconsin, as Project Engineer to Prepare Final Plans; Authorization for Institution to Manage Project; and Appropriation Therefor.--It was reported that the thirty-year old transformers and associated switchgear in the central plant which services some of the oldest areas in the main hospital facility at The University of Texas M.D. Anderson Cancer Center reveal potential problems relating to safety and reliability.

Since the current equipment is operating at maximum capacity with no room for expansion, the Board, upon recommendation of the Facilities Planning and Construction Committee:

- a. Authorized a project for Transformers and Associated Switchgear at the U. T. M.D. Anderson Cancer Center at an estimated total project cost of \$5,500,000 over a two-year period
- b. Appointed Affiliated Engineers, Inc., Madison, Wisconsin, as Project Engineer with authorization to prepare final plans, specifications and cost estimates to be presented to the U. T. Board of Regents at a future meeting
- c. Authorized the U. T. M.D. Anderson Cancer Center Administration to manage the project in consultation with the Office of Facilities Planning and Construction
- d. Appropriated \$550,000 from Educational and General Fund Balances for fees and administrative expenses through completion of final plans.

This project, which has been included in the overall Capital Renewal/Deferred Maintenance Program, was included on the Campus Master Plan recently submitted to the Texas Higher Education Coordinating Board.

Engineering services are required to prepare the necessary systems designs and specifications for material, equipment, and other elements. In addition, engineering services will also be necessary to prepare bid documents and to provide supervision and consultation during the installation process.

Approval of this project will amend the FY 1994-1999 Capital Improvement Plan and FY 1994 Capital Budget accordingly.

6. U. T. Health Center - Tyler - Ambulatory Care Center Addition and Renovation (Project No. 801-789): Approval of Final Plans; Authorization to Advertise for Bids and for the Executive Committee to Award Contracts; and Appropriation Therefor.--Upon recommendation of the Facilities Planning and Construction Committee, the Board:

- a. Approved the final plans and specifications for the Ambulatory Care Center Addition and Renovation at The University of Texas Health Center at Tyler at an estimated total project cost of \$11,300,000
- b. Authorized the Office of Facilities Planning and Construction to advertise for bids upon completion of final review and the Executive Committee to award all contracts associated with this project within the authorized total project cost
- c. Appropriated an additional sum of \$10,735,000 which, together with \$565,000 previously appropriated from Gifts and Grants, will fund the total project cost of \$11,300,000. The additional sum will be provided by \$5,000,000 from Permanent University Fund Bond Proceeds, \$935,000 from Gifts and Grants, and \$4,800,000 from Educational and General Fund Balances.

Funding for the project is provided by \$5,000,000 in Permanent University Fund Bond Proceeds, \$1,500,000 in Gifts and Grants, and \$4,800,000 in Educational and General Fund Balances. Under a Memorandum of Understanding dated December 3, 1992, the U. T. Board of Regents accepted the proposal of the U. T. Health Center - Tyler to provide an amount of funds equal to the debt service on Permanent University Fund (PUF) Bond Proceeds issued to provide the allocated PUF support of the project. Payment of these funds is contingent upon the annual income results of the Permanent University Fund. The intent of the agreement was to allow an exception for the U. T. Health Center - Tyler to the requirements of the Available University Fund Spending Policy.

This project is included in the FY 1994-1999 Capital Improvement Plan and the FY 1994 Capital Budget and has been approved by the Texas Higher Education Coordinating Board.

REPORT AND RECOMMENDATIONS OF THE ASSET MANAGEMENT COMMITTEE (Pages 72 - 94).--Committee Chairman Cruikshank reported that the Asset Management Committee had met in open session to consider those matters on its agenda and to formulate recommendations for the U. T. Board of Regents. Unless otherwise indicated, all actions set forth in the Minute Orders which follow were recommended by the Asset Management Committee and approved in open session and without objection by the U. T. Board of Regents.

I. PERMANENT UNIVERSITY FUND

DEC - 2 1993 INVESTMENT MATTERS

1. Report on Clearance of Monies to the Permanent University Fund for September and October 1993 and Report on Oil and Gas Development as of October 31, 1993. --The following reports with respect to (a) certain monies cleared to the Permanent University Fund for September and October 1993 and (b) Oil and Gas Development as of October 31, 1993, were submitted by the Executive Vice Chancellor for Business Affairs:

Permanent University Fund	September 1993	October 1993	Cumulative Through October of this Fiscal Year (1993-1994)	Cumulative Through October of Preceding Fiscal Year (1992-1993)	Percent Change
<b>Royalty</b>					
Oil	\$3,219,982.94	\$3,096,980.73	\$ 6,316,963.67	\$ 8,636,223.41	-26.86%
Gas	1,537,271.08	1,469,391.38	3,006,662.46	2,641,635.38	13.82%
Sulphur	0.00	0.00	0.00	0.00	--
Water	154,143.05	57,302.25	211,445.30	174,082.84	21.46%
Brine	10,301.11	8,882.85	19,183.96	17,146.48	11.88%
Trace Minerals	0.00	0.00	0.00	0.00	--
<b>Rental</b>					
Oil and Gas Lease	1,342.57	33,382.05	34,724.62	136,176.47	-74.50%
Other	452.00	400.00	852.00	(5,012.30)	--
Sale of Sand, Gravel, Etc.	0.00	0.00	0.00	0.00	--
<b>Total University Lands Receipts Before Bonuses</b>	<b>4,923,492.75</b>	<b>4,666,339.26</b>	<b>9,589,832.01</b>	<b>11,600,252.28</b>	<b>-17.33%</b>
<b>Bonuses</b>					
Oil and Gas Lease Sales	0.00	0.00	0.00	69,887.70	--
Amendments and Extensions to Mineral Leases	0.00	35,481.00	35,481.00	0.00	--
<b>Total University Lands Receipts</b>	<b>4,923,492.75</b>	<b>4,701,820.26</b>	<b>9,625,313.01</b>	<b>11,670,139.98</b>	<b>-17.52%</b>
Gain or (Loss) on Sale of Securities	360,901.13	4,453,913.34	4,814,814.47	6,925,093.14	-30.47%
<b>TOTAL CLEARANCES</b>	<b>\$5,284,393.88</b>	<b>\$9,155,733.60</b>	<b>\$14,440,127.48</b>	<b>\$18,595,233.12</b>	<b>-22.35%</b>

oil and Gas Development - October 31, 1993

Acreage Under Lease = 709,765

Number of Producing Acres = 523,133

Number of Producing Leases = 2,452

2. Permanent University Fund: Report on Investments for the Fiscal Year Ended August 31, 1993.--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, 1993. 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, market value, and earnings during the year is shown below:

	<u>Fiscal Year Ended 8/31</u>		<u>Increase (Decrease)</u>	
	<u>1992</u>	<u>1993</u>	<u>Amount</u>	<u>%</u>
Book Value	\$3,656,917,262	\$4,044,284,360	\$387,367,098	10.59%
Market Value	\$4,145,368,809	\$4,468,746,378	\$323,377,569	7.80%
Investment Income	\$ 256,553,548	\$ 250,251,366	(\$ 6,302,182)	(2.46%)

## II. TRUST AND SPECIAL FUNDS

### Gifts, Bequests and Estates

1. U. T. Arlington: Acceptance of Bequest from the Estate of John Walter Edmonds, Dallas, Texas, and Transfer of Funds and Establishment of the Samuel Thomas Hughes, Jr. Professorship in the School of Nursing.--The Asset Management Committee recommended and the Board accepted a bequest of \$88,110 from the Estate of John Walter Edmonds, Dallas, Texas, and an \$11,890 transfer of previously reported gifts from current restricted funds for a total of \$100,000 and established the Samuel Thomas Hughes, Jr. Professorship in the School of Nursing at The University of Texas at Arlington.

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

2. U. T. Austin: Acceptance of Gift and Pledge from Dr. Oscar G. Brockett, Austin, Texas, and Establishment of the Oscar G. Brockett Endowed Graduate Fellowship in Theatre History and Criticism in the College of Fine Arts.--The Board accepted a \$10,000 gift and a \$15,000 pledge, payable by August 31, 1996, from Dr. Oscar G. Brockett, Austin, Texas, for a total of \$25,000 and established the Oscar G. Brockett Endowed Graduate Fellowship in Theatre History and Criticism in the Department of Theatre and Dance, College of Fine Arts, at The University of Texas at Austin.

Income earned from the endowment will be used to provide support to outstanding graduate students in theatre history and criticism.

3. U. T. Austin: Approval to Accept Gifts from Mr. Ray D. Woods, Austin, Texas, and Various Donors and Transfer of Funds for Addition to the Barbara Conrad Endowed Scholarship in Fine Arts in the College of Fine Arts and Redesignation of the Scholarship as the Barbara Smith Conrad Endowed Presidential Scholarship in Fine Arts.--Approval was given to accept \$61,916.66 in gifts from Mr. Ray D. Woods, Austin, Texas, and various donors and a \$30,958.33 transfer of funds from President's designated funds for a total of \$92,874.99 for addition to the Barbara Conrad Endowed Scholarship in Fine Arts in the College of Fine Arts at The University of Texas at Austin for a total endowment of \$103,265.99.

Further, the Scholarship was redesignated as the Barbara Smith Conrad Endowed Presidential Scholarship in Fine Arts.

4. U. T. Austin: Redesignation of the Noble Doss, Sr. Endowed Scholarship in the Department of Intercollegiate Athletics for Men as the Noble and Dorothy Doss, Sr. Endowed Scholarship.--In accordance with the donor's request, the Board redesignated the Noble Doss, Sr. Endowed Scholarship in the Department of Intercollegiate Athletics for Men at The University of Texas at Austin as the Noble and Dorothy Doss, Sr. Endowed Scholarship.

5. U. T. Austin: Acceptance of Bequest from the Estate of William H. Emis III, Temple, Texas, and Establishment of the William H. Emis III Traveling Scholarship in Architecture in the School of Architecture.--Upon recommendation of the Asset Management Committee, the Board accepted a bequest of the residue of the Estate of William H. Emis III, Temple, Texas, comprised of cash and interests in Temple Commercial Joint Venture I and Temple Properties Incorporated common stock valued at \$91,881.21, and established a quasi-endowment in the School of Architecture at The University of Texas at Austin to be named the William H. Emis III Traveling Scholarship in Architecture.

Income earned from the endowment will be used to provide support to students in the School of Architecture for study travel in Europe and Asia.

6. U. T. Austin: Acceptance of Bequest from the Estate of Olivia Jeanette Leary Gibbs, Alvarado, Texas, and Establishment of the John Calvin Leary Memorial Scholarship Fund.--The Board, upon recommendation of the Asset Management Committee, accepted a bequest of a remainder percentage in an undivided one-half interest in two tracts of land in Crosby County, Texas, more fully described as 640 acres, being Survey No. 2, Block A, Cert. 1781 and 313 acres, being the West one-half of Survey No. 7, Abstract 5, Cert. 1512, valued at \$108,630 from the Estate of Olivia Jeanette Leary Gibbs, Alvarado, Texas, and established an endowment at The University of Texas at Austin to be named the John Calvin Leary Memorial Scholarship Fund.

Income earned from the endowment will be used to support students of any academic major and any classification, based on financial need and academic merit.

7. U. T. Austin: Acceptance of Gift and Pledge from Mr. and Mrs. Alan W. (Nancy) Hamm, Bedford, Texas, and Establishment of the Alan and Nancy Hamm Endowed Presidential Scholarship in the College of Pharmacy.--The Asset Management Committee recommended and the Board accepted a \$15,000 gift and a \$10,000 pledge, payable by August 31, 1995, from Mr. and Mrs. Alan W. (Nancy) Hamm, Bedford, Texas, for a total of \$25,000 and established the Alan and Nancy Hamm Endowed Presidential Scholarship in the College of Pharmacy at The University of Texas at Austin.

Income earned from the endowment will be used to provide scholarship support to students in the College of Pharmacy, with first preference being given to students from the Birdville Independent School District or the Hurst-Euleless-Bedford School District and second preference to students from the Fort Worth area.

8. U. T. Austin: Authorization to Accept Bequest from the Estate of Dr. Fred Earl Ingerson, Sr., Austin, Texas, for Addition to the F. Earl Ingerson Graduate Research Assistance Fund in Geochemistry in the College of Natural Sciences.--Authorization was granted to accept a bequest of \$25,364 from the Estate of Dr. Fred Earl Ingerson, Sr., Austin, Texas, for addition to the F. Earl Ingerson Graduate Research Assistance Fund in Geochemistry in the Department of Geological Sciences, College of Natural Sciences, at The University of Texas at Austin for a total endowment of \$40,000.

9. U. T. Austin: Acceptance of Gift from Dr. Kent Kennan, Austin, Texas, and Establishment of the Kent Kennan Endowed Graduate Fellowship in Music Composition or Theory in the College of Fine Arts.--The Board accepted a \$25,000 gift from Dr. Kent Kennan, Austin, Texas, and established the Kent Kennan Endowed Graduate Fellowship in Music Composition or Theory in the Department of Music, College of Fine Arts, at The University of Texas at Austin.

Income earned from the endowment will be used to recruit and retain exceptional graduate students in music composition or theory.

10. U. T. Austin: Acceptance of Gift and Pledge from the College of Pharmacy Alumni Association, Austin, Texas, and Establishment of the Legends of Pharmacy Golf Tournament Endowed Presidential Scholarship in Pharmacy in the College of Pharmacy.--Upon recommendation of the Asset Management Committee, the Board accepted a \$10,000 gift and a \$15,000 pledge, payable by August 31, 1996, from the College of Pharmacy Alumni Association, Austin, Texas, for a total of \$25,000 and established the Legends of Pharmacy Golf Tournament Endowed Presidential Scholarship in Pharmacy in the College of Pharmacy at The University of Texas at Austin.

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

11. U. T. Austin: Acceptance of Gifts from Various Donors, the Texas Association of School Administrators, Austin, Texas, and the College of Education Continuing Education Program's Annual Principals' Conference, and Transfer of Funds; and Establishment of the Ken McIntyre Professorship for Excellence in School Leadership in the College of Education.--The Asset Management Committee recommended and the Board accepted the following gifts, pledges, and transfer of funds totalling \$100,000 and established the Ken McIntyre Professorship for Excellence in School Leadership in the College of Education at The University of Texas at Austin:
- a. Gifts totalling \$57,751.28 from various donors
  - b. A \$7,500 gift from the Texas Association of School Administrators, Austin, Texas
  - c. Gifts and pledges totalling \$15,000 comprised of \$7,000 in proceeds received from a dinner in tribute to Dr. Kenneth McIntyre, Austin, Texas, and \$8,000 in pledges, payable by February 1, 1994, all from the College of Education Continuing Education Program's annual Principals' Conference
  - d. A \$19,748.72 transfer of College of Education Dean's Associates discretionary funds.

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

12. U. T. Austin: Approval to Accept Gifts from Various Donors and Pledge from A. Boyd Morgan, M.D., Austin, Texas, and to Establish the Leon O. Morgan Fellowship in the College of Natural Sciences.--Approval was given to accept \$15,280 in gifts from various donors and a \$9,720 pledge, payable by August 31, 1996, from A. Boyd Morgan, M.D., Austin, Texas, for a total of \$25,000 and to establish the Leon O. Morgan Fellowship in the Department of Chemistry and Biochemistry, College of Natural Sciences, at The University of Texas at Austin.

Income earned from the endowment will be used to provide fellowship support to graduate students within the Department of Chemistry and Biochemistry.

13. U. T. Austin: Acceptance of Gift and Pledge from The Carl and Lily Pforzheimer Foundation, Inc., New York, New York, for Addition to The Carl H. Pforzheimer Endowment for the Harry Ransom Humanities Research Center and Eligibility for Matching Funds Under The Regents' Endowment Program.--The Board, upon recommendation of the Asset Management Committee, accepted a \$25,000 gift and a \$25,000 pledge, payable by August 31, 1994, from The Carl and Lily Pforzheimer Foundation, Inc., New York, New York, for a total of \$50,000 for addition to The Carl H. Pforzheimer Endowment for the Harry Ransom Humanities Research Center at The University of Texas at Austin for a total endowment of \$1,010,000.

Further, \$25,000 in matching funds will be allocated under The Regents' Endowment Program and will be used to increase the endowment to a total of \$1,035,000.

This gift is made specifically to support, from endowment income, lectures on the Pforzheimer Collection. The Pforzheimer Lecture Series will provide a forum for scholarly review of the collection, in accordance with the original intent of the endowment.

14. U. T. Austin: Redesignation of the Regents Research Professorship in Bankruptcy Law and Practice in the School of Law as the Arthur L. Moller Regents Chair in Bankruptcy Law and Practice.--At the request of the Law School Foundation, authorization was granted to redesignate the Regents Research Professorship in Bankruptcy Law and Practice in the School of Law at The University of Texas at Austin as the Arthur L. Moller Regents Chair in Bankruptcy Law and Practice.
  
15. U. T. Austin: Acceptance of Gifts and Pledges from Various Donors and Establishment of the San Antonio Pharmacists Endowed Presidential Scholarship in the College of Pharmacy.--Upon recommendation of the Asset Management Committee, the Board accepted \$11,300 in gifts and \$13,700 in pledges, payable by August 31, 1996, from various donors for a total of \$25,000 and established the San Antonio Pharmacists Endowed Presidential Scholarship in the College of Pharmacy at The University of Texas at Austin.

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

16. U. T. Austin: Acceptance of Remainder Interest in The Luisa G. G. Sanchez Charitable Remainder Trust and Appointment of the U. T. Board of Regents as Trustee of the Trust.--The Board accepted the remainder interest in The Luisa G. G. Sanchez Charitable Remainder Trust, initially funded with a gift of real estate, described as a part of Lot No. Nine (9) and all of Lot Nos. Ten (10), Eleven (11), and Twelve (12), Pedernales Subdivision No. 2, Travis County, Texas, valued at \$74,000 from Dr. Luisa G. G. Sanchez, Austin, Texas, for the benefit of The University of Texas at Austin.

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

The trust agreement provides for the annual distribution of the lesser of the trust income for the taxable year and five percent of the net fair market value of the trust assets, valued as of the first day of the taxable year to be paid quarterly to Dr. Luisa G. G. Sanchez during her lifetime. If the trust income for any taxable year exceeds the annual distribution otherwise payable for such year, the Trustee shall also pay to Dr. Sanchez

such excess income to the extent that the aggregate of the amounts paid to Dr. Sanchez in prior years is less than five percent of the aggregate fair market value of the trust assets for such years.

Upon termination of the Trust, the corpus of the Trust shall be distributed to the U. T. Board of Regents for the benefit of U. T. Austin, specifically to be added to the George I. Sanchez Centennial Professorship in Liberal Arts in the College of Liberal Arts.

17. U. T. Austin: Approval to Accept Gifts from the Seminar on the Acquisition of Latin American Library Materials, Inc., Madison, Wisconsin, and Various Donors for Addition to the Marietta Daniels Shepard Memorial Scholarship Fund in the Graduate School of Library and Information Science and to Redesignate the Scholarship as the Marietta Daniels Shepard Memorial Endowed Presidential Scholarship.--The Asset Management Committee recommended and the Board accepted an \$8,807 gift from the Seminar on the Acquisition of Latin American Library Materials, Inc., Madison, Wisconsin, and \$9,053.29 in gifts from various donors for a total of \$17,860.29 for addition to the Marietta Daniels Shepard Memorial Scholarship Fund in the Graduate School of Library and Information Science at The University of Texas at Austin for a total endowment of \$36,161.88.

Further, the endowment was redesignated as the Marietta Daniels Shepard Memorial Endowed Presidential Scholarship.

18. U. T. Austin: Carl and Agnes Stockard Memorial Endowment Fund in the Colleges of Education, Fine Arts, and Natural Sciences - Authorization to Release Investment Restrictions and Adopt Investment Policy.--In accordance with a request from the donor dated October 4, 1993, and pursuant to authorization granted in Section 163.008 of the Texas Property Code, the original investment restrictions for the Carl and Agnes Stockard Memorial Endowment Fund in the Colleges of Education, Fine Arts, and Natural Sciences at The University of Texas at Austin were released and a policy of investing in The University of Texas System Common Trust Fund will be adopted for the endowment.

19. U. T. Austin: Establishment of the Thompson, Coe, Cousins & Irons, L.L.P. Endowed Presidential Scholarship in Law in the School of Law.--The Board, at the request of The University of Texas Law School Foundation (an external foundation), established the Thompson, Coe, Cousins & Irons, L.L.P. Endowed Presidential Scholarship in Law in the School of Law at The University of Texas at Austin. The funding for this Scholarship (\$25,000) will be held and administered by the Law School Foundation in accordance with the Regents' Rules and Regulations.

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

20. U. T. Austin: Acceptance of Bequest from the Estate of Jacqueline Eckert Timm, Longwood, Florida, and Establishment of the Jacqueline Eckert Timm Endowed Scholarship in Government in the College of Liberal Arts.--Upon recommendation of the Asset Management Committee, the Board accepted a bequest of a one-fifth interest in a total of \$60,000 of certificates of deposits, valued at \$12,000, from the Estate of Jacqueline Eckert Timm, Longwood, Florida, and established a quasi-endowment in the Department of Government, College of Liberal Arts, at The University of Texas at Austin to be named the Jacqueline Eckert Timm Endowed Scholarship in Government.

Income earned from the endowment will be used to provide scholarship support to outstanding junior and senior students majoring in government.

21. U. T. Austin: Approval to Accept Gift from Wilson Oxygen and Supply Company, Austin, Texas; Establishment of the Sonia Wolf Wilson Regents Administrative Professorship in Human Ecology in the College of Natural Sciences; and Eligibility for Matching Funds Under The Regents' Endowment Program (No Publicity).--Approval was given to accept a \$100,000 gift from Wilson Oxygen and Supply Company, Austin, Texas, and to establish the Sonia Wolf Wilson Regents Administrative Professorship in Human Ecology in the Department of Human Ecology, College of Natural Sciences, at The University of Texas at Austin.

Further, \$50,000 in matching funds will be allocated under The Regents' Endowment Program and will be used to increase the endowment to a total of \$150,000.

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

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

22. U. T. Austin: Acceptance of Gift and Pledge from The Maxine and Jack Zarrow Foundation, Tulsa, Oklahoma, and Establishment of The Maxine and Jack Zarrow Foundation Endowed Presidential Scholarship in Education in the College of Education.--The Asset Management Committee recommended and the Board accepted a \$10,000 gift and a \$15,000 pledge, payable by August 31, 1996, from The Maxine and Jack Zarrow Foundation, Tulsa, Oklahoma, for a total of \$25,000 and established The Maxine and Jack Zarrow Foundation Endowed Presidential Scholarship in Education in the College of Education at The University of Texas at Austin.

Income earned from the endowment will be used to provide scholarship support to deserving students who intend to pursue careers in education.

23. U. T. Austin: Approval to Accept an Undivided One-Sixth (1/6) Interest in and to 108.5 Acres Out of the A. G. Reynolds Survey, Abstract 21 in Galveston County and Abstract 121 in Brazoria County, Texas, from the Texas Longhorn Education Foundation, Austin, Texas.--The Board, upon recommendation of the Asset Management Committee, accepted a gift of land from the Texas Longhorn Education Foundation, Austin, Travis County, Texas, conveying an undivided one-sixth (1/6) interest in and to 108.5 acres, more or less, out of the A. G. Reynolds Survey, Abstract 21 in Galveston County and Abstract 121 in Brazoria County, Texas, for the benefit of The University of Texas at Austin.

Any proceeds from the sale or lease of this property will be used for current purposes by U. T. Austin as approved at the August 1992 U. T. Board of Regents' meeting in accepting other Texas Longhorn Education Foundation assets.

24. U. T. Austin and U. T. M.D. Anderson Cancer Center: Authorization to Accept Remainder Interests in the Harry Crockett Marital Trust, Smithville, Texas.--Authorization was granted to accept a fifty percent remainder interest, benefitting The University of Texas at Austin, and a ten percent remainder interest, benefitting The University of Texas M.D. Anderson Cancer Center, in the Harry Crockett Marital Trust, initially valued at \$560,000, funded by the Estate of Harry Crockett, Smithville, Texas (to be held in trust by Mrs. Silky Ragsdale Crockett and Mr. Yerger Hill, III, both of Smithville, Texas).

The trust agreement provides for the annual distribution of the net income of the Trust to be paid quarterly to Mrs. Silky Ragsdale Crockett during her lifetime.

Of the distribution to U. T. Austin, thirty-five percent will be used to establish a scholarship in Varsity Football, thirty-five percent will be used to establish a scholarship in Varsity Ladies Basketball, fifteen percent will be used to establish a scholarship in Varsity Baseball, and fifteen percent will be used to establish a scholarship in the School of Law.

Ten percent of the remaining balance of the Trust will be distributed to the U. T. Board of Regents to establish an endowment at the U. T. M.D. Anderson Cancer Center to support the U. T. M.D. Anderson Science Park in Smithville, Texas.

25. U. T. Dallas: Report on Final Distribution from the Estate of Ida M. Green (Mrs. Cecil H.), Dallas, Texas, and Approval to Name Quasi-Endowment as the Ida M. Green Endowment and to Designate Use of Endowment Funds.--It was reported that the final distribution from the Estate of Ida M. Green (Mrs. Cecil H.), Dallas, Texas, comprised of cash and securities, had been received for a total bequest of \$1,326,000.79 for the benefit of The University of Texas at Dallas.

Further, upon recommendation of the Asset Management Committee, the Board named the quasi-endowment previously established at U. T. Dallas with the bequest from Mrs. Green's Estate as the Ida M. Green Endowment.

Income earned from the endowment will be used to fund educational excellence at U. T. Dallas.

26. U. T. Dallas: Acceptance of Gifts from Various Donors and Establishment of the James B. Urban Scholarship Fund.--The Asset Management Committee recommended and the Board accepted gifts totalling \$10,000 from various donors and established the James B. Urban Scholarship Fund at The University of Texas at Dallas.

Seventy-five percent of the income earned from the endowment will be used to award scholarships to students in the Geosciences Program at U. T. Dallas. The remaining twenty-five percent of income earned will be reinvested in the corpus of the endowment.

27. U. T. Dallas: Acceptance of Bequest from the Estate of Mary Sue Wilhelm, Dallas, Texas, and Establishment of the Dr. Oscar Wilhelm Memorial Student Research Fund.--The Board accepted the residue of the Estate of Mary Sue Wilhelm, Dallas, Texas, comprised of cash and securities valued at \$116,139.89, and established the Dr. Oscar Wilhelm Memorial Student Research Fund at The University of Texas at Dallas.

Income earned from the endowment will be used to assist graduate students in the Geoscience Program through loans or grants in connection with travel expenses, field trip expenses, mapping and the expenses incident to the drafting, preparation, reporting, and delivering of theses and dissertations and other research papers not covered by tuition which further such students' learning and research.

28. U. T. El Paso: Acceptance of Gift from Mr. and Mrs. Bob (Mary Lou) Heasley, El Paso, Texas, and Establishment of the Bob and Mary Lou Heasley Endowed Excellence Fund In Honor of President Diana Natalicio.--A gift of a paid-up life insurance policy with a cash surrender value of \$19,650 from Mr. and Mrs. Bob (Mary Lou) Heasley, El Paso, Texas, was accepted and the Bob and Mary Lou Heasley Endowed Excellence Fund In Honor of President Diana Natalicio was established at The University of Texas at El Paso.

Income earned from the endowment will be used at the discretion of the President of U. T. El Paso to support activities and programs which enable U. T. El Paso to remain responsive to community needs.

29. U. T. El Paso and U. T. M.D. Anderson Cancer Center: Approval to Accept Bequests from the Estate of Anna Martha Powell, Smithville, Texas, and to Establish the George B. Powell Nova Memorial Fund at U. T. El Paso.--Upon recommendation of the Asset Management Committee, the Board accepted a \$25,000 bequest from the Estate of Anna Martha Powell, Smithville, Texas, and established the George B. Powell Nova Memorial Fund at The University of Texas at El Paso.

Income earned from the George B. Powell Nova Memorial Fund will be used to support the U. T. El Paso quarterly magazine, Nova.

In addition, a \$150,000 bequest from the Estate was accepted for capital improvements to support the library facility at the U. T. M.D. Anderson Science Park of The University of Texas M.D. Anderson Cancer Center.

30. U. T. San Antonio: Acceptance of Gifts from Friends and Family of Mr. Mark Bruchmiller, Mr. Derek Steinbruck, and Mr. Lance Mullins and Establishment of the Mark Bruchmiller, Derek Steinbruck and Lance Mullins Memorial Scholarship Fund.--The Board, upon recommendation of the Asset Management Committee, accepted \$23,227 in gifts from friends and family of Mr. Mark Bruchmiller, Mr. Derek Steinbruck, and Mr. Lance Mullins and established the Mark Bruchmiller, Derek Steinbruck and Lance Mullins Memorial Scholarship Fund at The University of Texas at San Antonio.

Income earned from the endowment will be used to award an annual scholarship to individuals who have participated in a high school, junior college, or university golf program and who meet scholastic eligibility requirements.

31. U. T. San Antonio: Approval to Accept Gifts from Mr. and Mrs. Matthew Gdovin and Mr. and Mrs. Joe Gdovin, All of West Lebanon, New Hampshire, and Other Family and Friends of Mr. Joseph Gdovin and to Establish the Joseph Gdovin Memorial Scholarship Fund.--Approval was given to accept \$10,000 in gifts from Mr. and Mrs. Matthew Gdovin and Mr. and Mrs. Joe Gdovin, all of West Lebanon, New Hampshire, and other family and friends of Mr. Joseph Gdovin and to establish the Joseph Gdovin Memorial Scholarship Fund at The University of Texas at San Antonio.

Income earned from the endowment will be used to provide scholarships to eligible students.

32. U. T. San Antonio (U. T. Institute of Texan Cultures - San Antonio): Acceptance of Gifts from Various Donors and Transfer of Funds and Establishment of The Reagan Houston III Memorial.--The Asset Management Committee recommended and the Board accepted \$5,200 in gifts from various donors and a \$4,800 transfer of designated funds for a total of \$10,000 and established an endowment to benefit The University of Texas Institute of Texan Cultures at San Antonio at The University of Texas at San Antonio to be named The Reagan Houston III Memorial.

Income earned from the endowment will be used to provide support for the U. T. Institute of Texan Cultures - San Antonio.

33. U. T. San Antonio (U. T. Institute of Texan Cultures - San Antonio): Authorization to Accept Gifts from Various Donors and Transfer of Funds and to Establish the John R. McGiffert Endowment for Multidisciplinary Research and Education.--Authorization was granted to accept \$8,929 in gifts from various donors and a \$1,071 transfer of designated funds for a total of \$10,000 and to establish the John R. McGiffert Endowment for Multidisciplinary Research and Education to benefit The University of Texas Institute of Texan Cultures at San Antonio at The University of Texas at San Antonio.

Income earned from the endowment will be divided equally for use between multidisciplinary research and educational programs at the U. T. Institute of Texan Cultures - San Antonio.

34. U. T. Southwestern Medical Center - Dallas: Acceptance of Gift from Mrs. Irene Wadel, Dallas, Texas; Establishment of The Irene Wadel and Robert Atha, Jr. Professorship of Internal Medicine, in Honor of John W. Burnside, M.D.; Allocation of Funds from the Private Fund Development Campaign; and Eligibility for Matching Funds Under the Texas Eminent Scholars Program.--Upon recommendation of the Asset Management Committee, the Board accepted a gift comprised of 300 shares of Pfizer, Inc. common stock, 400 shares of PepsiCo, Inc. common stock, and 500 shares of Southwest Airlines Company common stock, with a total value of \$51,612.50 from Mrs. Irene Wadel, Dallas, Texas, and established The Irene Wadel and Robert Atha, Jr. Professorship of Internal Medicine, in Honor of John W. Burnside, M.D. at The University of Texas Southwestern Medical Center at Dallas.

Further, \$51,612.50 in matching funds will be allocated from the \$12,500,000 challenge fund established with MSRDP funds at the U. T. Southwestern Medical Center - Dallas as part of the Private Fund Development Campaign and will be used to increase the endowment to a total of \$103,225.

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

Additionally, the actual income that will be earned on the \$51,612.50 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.

See Page 62 related to an appointment to this Professorship.

35. U. T. Medical Branch - Galveston: Approval to Accept Gift and Pledge from Garland D. Anderson, M.D., Galveston, Texas, and Transfer of Funds and Establishment of The Rose Nelle Anderson Academic Scholarship for Medical School Students.--Approval was given to accept a \$17,600 gift and a \$7,400 pledge, payable by August 31, 1995, from Garland D. Anderson, M.D., Galveston, Texas, and a \$25,000 transfer of current restricted funds for a total of \$50,000 and to establish The Rose Nelle Anderson Academic Scholarship for Medical School Students at The University of Texas Medical Branch at Galveston.

Income earned from the endowment will be used to provide an annual scholarship to underrepresented students based on the scholarship criteria.

36. U. T. Medical Branch - Galveston: Acceptance of Gift from Harry K. Davis, M.D., Coronado, California, and Establishment of The Harry K. Davis Research and Educational Development Fund for Physician's Assistant Program.--A \$20,000 gift from Harry K. Davis, M.D., Coronado, California, was accepted and The Harry K. Davis Research and Educational Development Fund for Physician's Assistant Program was established at The University of Texas Medical Branch at Galveston.

Income earned from the endowment will be used to support research, procurement of instructional materials, and faculty enrichment programs for the Physician's Assistant Program within the U. T. Allied Health Sciences School - Galveston.

37. U. T. Medical Branch - Galveston: Authorization to Accept Transfer of Funds and Accumulated Earnings and to Establish the Arthur J. King Endowment for Pediatric Rehabilitation Services.--Authorization was granted to accept a \$164,500 transfer of current restricted funds and \$335,500 in accumulated earnings for a total of \$500,000 and to establish a quasi-endowment at The University of Texas Medical Branch at Galveston to be named the Arthur J. King Endowment for Pediatric Rehabilitation Services.

Income earned from the endowment will be used to support programs of the Pediatric Rehabilitation Services at the U. T. Medical Branch - Galveston.

38. U. T. Medical Branch - Galveston: Acceptance of Gift of Real Property Being Lot 8, Block 3, Black's Subdivision of Outlots 91 and 92, J. H. Bell 1-1/2 League Grant, Abstract 40, Located in West Columbia, Brazoria County, Texas, from Mrs. Emma Beatrice Moyer Womack, West Columbia, Texas.--The Asset Management Committee recommended and the Board accepted a gift of real property from Mrs. Emma Beatrice Moyer Womack, West Columbia, Texas, described as Lot 8, Block 3, Black's Subdivision of Outlots 91 and 92, J. H. Bell 1-1/2 League Grant, Abstract 40, West Columbia, Brazoria County, Texas, as same appears of record in Volume 5, Page 254, Plat Records, Brazoria County, Texas, together with improvements located thereon for a value of \$26,420 for the benefit of The University of Texas Medical Branch at Galveston.

39. U. T. Medical Branch - Galveston: Acceptance of Gift from Pearay L. Ogra, M.D., Galveston, Texas, and Accumulated Income and Establishment of The Vini Ogra, M.D. Pediatric Enrichment Fund.--The Board, upon recommendation of the Asset Management Committee, accepted a \$10,000 gift from Pearay L. Ogra, M.D., Galveston, Texas, and \$300 in accumulated income for a total of \$10,300 and established an endowment at The University of Texas Medical Branch at Galveston to be named The Vini Ogra, M.D. Pediatric Enrichment Fund.

Income earned from the endowment will be used to assist the Department of Pediatrics in enhancing its education and training programs for health-care personnel.

40. U. T. Medical Branch - Galveston: Approval to Accept Gift from Mr. and Mrs. Gus J. V. Oppermann, IV, Galveston, Texas, and to Establish The Katherine Shuberg Oppermann Scholarship Fund.--Upon recommendation of the Asset Management Committee, the Board accepted a \$10,500 gift from Mr. and Mrs. Gus J. V. Oppermann, IV, Galveston, Texas, and established The Katherine Shuberg Oppermann Scholarship Fund at The University of Texas Medical Branch at Galveston.

Income earned from the endowment will be used to provide scholarships for students enrolled in the U. T. Nursing School - Galveston undergraduate and graduate nursing programs.

41. U. T. Health Science Center - San Antonio: Acceptance of Gift and Pledge from Mrs. Pauline McShane Folbre, San Antonio, Texas; Establishment of the Thomas Walthall Folbre, M.D. Endowed Professorship in Otolaryngology; and Eligibility for Matching Funds Under the Texas Eminent Scholars Program.--The Asset Management Committee recommended and the Board accepted a gift of 2,000 shares of Abbott Laboratories common stock, valued at \$52,250 and a pledge of \$50,000, payable by January 31, 1994, from Mrs. Pauline McShane Folbre, San Antonio, Texas, for a total of \$102,250 and established the Thomas Walthall Folbre, M.D. Endowed Professorship in Otolaryngology at The University of Texas Health Science Center at San Antonio.

It is the donor's intention to make additional donations to the endowment with the goal of establishing a Chair. Income earned from the endowment will be reinvested in the corpus of the endowment until a future date.

Further, the actual income that will be earned on the \$52,250 gift and \$50,000 pledge, as received, 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.

42. U. T. Health Science Center - San Antonio: Acceptance of Gifts from J. Kent Trinkle, M.D., San Antonio, Texas, and Establishment of the Dr. J. Kent Trinkle Endowment in Cardiothoracic Surgery.--The Board accepted \$10,000 in gifts from J. Kent Trinkle, M.D., San Antonio, Texas, and established the Dr. J. Kent Trinkle Endowment in Cardiothoracic Surgery at The University of Texas Health Science Center at San Antonio.

It is the donor's intention to contribute additional gifts to the endowment with the goal of establishing an endowed academic position. Until that time, all income earned from the endowment will be reinvested in the corpus of the endowment.

43. U. T. Health Science Center - San Antonio: Approval to Accept Gifts from Various Donors and Transfer of Funds for Addition to The University of Texas Health Science Center at San Antonio Development Board Endowed Fund in Clinical Dentistry; Authorization to Redesignate as the Development Board Professorship in Clinical Dentistry; and Eligibility for Matching Funds Under the Texas Eminent Scholars Program.--Approval was given to accept \$36,750.34 in gifts from various donors and a \$24,575.66 transfer of funds from the President's Council Fund for a total of \$61,326 for addition to The University of Texas Health Science Center at San Antonio Development Board Endowed Fund in Clinical Dentistry at The University of Texas Health Science Center at San Antonio for a total endowment of \$100,000, and the endowment was redesignated as the Development Board Professorship in Clinical Dentistry.

Further, the actual income that will be earned on the \$100,000 in gifts and transfer of funds will be certified to the appropriate State authorities for matching under the Texas Eminent Scholars Program as set out in Chapter 51, Subchapter I of the Texas Education Code, when matching funds are made available under that act.

44. U. T. M.D. Anderson Cancer Center: Acceptance of Remainder Interests and Accumulated Earnings from the Gwin C. Blair Trust and the Ann T. Blair Trust, and Acceptance of Bequest from the Estate of Gwin C. Blair, All of Houston, Texas.--Upon recommendation of the Asset Management Committee, the Board accepted the following remainder interests in two trusts, accumulated earnings from the trusts, and the residue of an estate for a total of \$1,722,139.07 to support the construction of a specialized unit to prepare medical, surgical, and protected environment equipment for outpatient care, operating rooms, a bone marrow transplant unit, and other services at The University of Texas M.D. Anderson Cancer Center:

- a. Remainder interest in the Gwin C. Blair Trust, Houston, Texas, in the amount of \$993,547.17
- b. Remainder interest in the Ann T. Blair Trust, Houston, Texas, in the amount of \$724,257.55
- c. Accumulated earnings from the Trusts in the amount of \$2,520.12
- d. Residue of the Estate of Gwin C. Blair, Houston, Texas, in the amount of \$1,814.23.

45. U. T. M.D. Anderson Cancer Center: Acceptance of Bequest from the Estate of Fanchon Leahe Matthews, El Paso, Texas.--The Board, upon recommendation of the Asset Management Committee, accepted twenty-five percent of the residue of the Estate of Fanchon Leahe Matthews, El Paso, Texas, in the amount of \$98,531 to be used for cancer research at The University of Texas M.D. Anderson Cancer Center.

III. OTHER MATTERS

1. U. T. System: Reappointment of Mr. L. Lowry Mays, San Antonio, Texas, as a Member of the Investment Advisory Committee for a Term to Expire August 31, 1996.--The Asset Management Committee recommended and the Board reappointed Mr. L. Lowry Mays, President and Chief Financial Officer of Clear Channel Communications, Inc., San Antonio, Texas, to a second term on the Investment Advisory Committee for a three-year period from September 1, 1993 to August 31, 1996.

With this reappointment, the Investment Advisory Committee members and their respective terms will be as follows:

<u>Members</u>	<u>Term Expires</u>
Barbara Sublett Guthery	8/31/94
J. Luther King, Jr.	8/31/94
Carol Lott	8/31/95
L. Lowry Mays	8/31/96
Robert E. Wise	8/31/95
Unfilled term	8/31/95
Unfilled term	8/31/96

2. U. T. System: Amendment to the Investment Guidelines Section of the Permanent University Fund Investment Policy Statement.--In response to a consensus at the September 23, 1993, joint briefing of 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 extend the maximum weighted average maturity of the Permanent University Fund (PUF) fixed income portfolio to 17.5 years in order to minimize volatility of PUF income year to year. A 17.5 year limit will enable the Office of Asset Management to level portfolio maturities over a 30-year term and thereby reduce reinvestment risk in any given year. It is expected that weighted average portfolio maturity will range from 12.5 to 17.5 years as the fixed income portfolio is restructured over time.

The University of Texas System Permanent University Fund Investment Policy Statement as amended through December 2, 1993, is set forth in its entirety on Pages 89 - 94.

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 weighted average maturity of the fixed income portfolio shall not exceed 17.5 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.

RECONVENE.--At 11:45 a.m., the Board reconvened as a committee of the whole to consider those items remaining on the agenda.

ITEMS FOR THE RECORD

1. U. T. System: Report on Equity Ownership/Business Participation for the Fiscal Year 1992-1993 [Regents' Rules and Regulations, Part Two, Chapter XII, Section 8 (Intellectual Property)].--As required by Section 8, Chapter XII, Part Two of the Rules and Regulations of the Board of Regents of The University of Texas System and Section 51.912(c) of the Texas Education Code, the report for the record set out on Pages 96 - 100 lists employees of The University of Texas System who hold equity interests in or are directors of business entities that have agreements with the U. T. System relating to research, development, licensing, or exploitation of intellectual property owned by the U. T. System.

This report for the Fiscal Year 1992-1993 has been forwarded to Governor Richards and the Legislature as required by State law.

**U.T. SYSTEM EQUITY OWNERSHIP/BUSINESS PARTICIPATION REPORT**

FISCAL YEAR 1992-93

<b>Name and U. T. Component</b>	<b>Business Entity</b>	<b>Date and Type of Agreement</b>	<b>Amount and Type of Stock</b>	<b>Position Held</b>
G. V. Kondraske UT/ARL	Human Performance Measurement, Incorporated	License from Board of Regents to HPM 8/27/87	50,000,000 shares of common stock	Chief Executive Officer Chairman of the Board of Directors
Edwin Erbacher UT/ARL	PUSH Corp.	License from Board of Regents to PUSH 8/2/93	550 shares of common stock	President
Joseph J. Beaman UT/AUS	DTM Corporation	Patent License 12/3/87 Sponsored Research 1/1/93	9,100 shares of common stock	Consultant and Corporate Director
Adam Heller UT/AUS	E. Heller and Company	Assignment 8/1/91	25,000 shares of common stock (thru 1/93 only)	Consultant
Jeffrey A. Hubbell UT/AUS	Neocrin Corporation (formerly Trancel Corporation)	Patent and Technology License 9/1/90, 6/19/92 Sponsored Research 9/1/90, 12/4/92	49,600 shares of common stock	Consultant
Jeffrey A. Hubbell UT/AUS	Focal, Inc. (formerly Pegas Pharmaceuticals, L Inc.)	Patent and Technology License 6/11/92 Sponsored Research 6/1/92	169,660 shares of common stock	Consultant and Director of Materials Research (from 7/1/92 to 6/30/93 only)
G. Banie Kitto UT/AUS	Research Applications, Incorporated and Biotect Corporation	Patent License 8/10/89 Sponsored Research 8/10/89	166,996 shares of common stock	Corporate Director and Vice President for Technology

<b>Name and U. T. Component</b>	<b>Business Entity</b>	<b>Date and Type of Agreement</b>	<b>Amount and Type of Stock</b>	<b>Position Held</b>
G. Jack Lipovski UT/AUS	Linden Technology Limited (formerly GJL & Associates Limited)	Patent and Technology License 10/7/91	41.65% of total common stock	Consultant and Chairman of the Board of Directors
Jonathan L. Sessler UT/AUS	Pharmacyclics, Incorporated	Patent and Technology License 5/28/92 Sponsored Research 7/1/91	50,000 shares of common stock with option for 200,000 more	Consultant
William F. Weldon UT/AUS	Astec Industries, Incorporated	Patent License 8/10/89 Sponsored Research 8/10/89		Corporate Director (through 6/93 only)
Ervin J. Fenyves UT/DAL	Epikon, Incorporated	Patent License 8/13/92	300,000 shares of common stock	
James M. Gallas UT/SA	Photoprotective Technologies, Incorporated	Assignment of Patent and Know-How 12/17/89	54 percent of stock issued	Chairman of the Board of Directors
George C. Kramer UTMB/GAL	Trauma Products, Inc.	Patent License Agreement 8/1/92	1,350,000 shares of common stock	Chairman of the Scientific Board of Advisors
George C. Kramer UTMB/GAL	LifeQuest, Inc.	Research Agreement 2/1/93	Vested option to buy 96,000 shares of common stock	Consultant
K. Lance Gould UTHSC/HOU	Positron Corporation	Patent License 8/14/84	2 percent equity in the form of common, options, and preferred	Member, Board of Directors

<b>Name and U. T. Component</b>	<b>Business Entity</b>	<b>Date and Type of Agreement</b>	<b>Amount and Type of Stock</b>	<b>Position Held</b>
Nizar A Mullani UTHSC/HOU	Positron Corporation	License 8/14/84	3.2 percent equity in the form of common, options and preferred	Member, Board of Directors
I. Scott Rodkey UTHSC/HOU	Ampholife Technologies, Incorporated	Patent and Technology' License 9/1/88	3,000 shares of common stock	Consultant
Gregory R. Munday UTHSC/SA	OsteoSA Corporation	Joint Venture 7/27/88 Research 10/1/88	30,000 shares of common stock	President
A. P. Shepherd UTHSC/SA	Avox Systems, Incorporated	Patent License 7/1/90	100% of common stock	President
Kendall O. Smith UTHSC/SA	Kendall labs, Inc. Incorporated	Patent License 1/1/91	100% of common stock	President and Chairman of the Board
S. Brent Dove UTHSC/SA	RadWorks Corporation	Patent License 7/1/92	50% of common stock	President
W. Doss McDavid UTHSC/SA	RadWorks Corporation	Patent License 7/1/92	50% of common stock	Vice President, Secretary and Treasurer
A. Khokhar UTMDACC	Argus Pharmaceuticals	Patent License 10/86, 6/88	Options for 10,005 shares of common stock	Consultant
J. Klostergaard UTMDACC	Argus Pharmaceuticals, Incorporated	Patent License 10/86, 6/88	110,909 shares of common stock	Consultant
G. Lopez-Berestein (and as trustee) UTMDACC	Argus Pharmaceuticals	Patent License 10/86, 6/88	126,465 shares and options for 45,455 shares of common stock	Director, Consultant Chief Scientific Advisor and Chairman, Scientific Advisory Board
K. Mehta UTMDACC	Argus Pharmaceuticals, incorporated	Patent License 6/88	20,756 shares of common stock	Consultant

<b>Name and U. T. Component</b>	<b>Business Entity</b>	<b>Date and Type of Agreement</b>	<b>Amount and Type of Stock</b>	<b>Position Held</b>
R. Mehta UTMDACC	Argus Pharmaceuticals, Incorporated	Patent Ucense 6/88	20,756 shares d common stock	Consultant
G. Nicoson UTMDACC	Rhodon, Inc.	Patent License 6/92	250,000 shares d common stock	Director
T. Slaga (and as trustee) UTMDACC	LifeScience Corporation	Patent Ucense 8/89	140,000 shares d common stock plus 246,000 shares to be transferred back from King Resources	None
R. Perez-Sder UTMDACC	Argus Pharmaceuticals, Incorporated	Patent Ucense 6/88	110,909 shares and options for 30,000 shares of common stock	Consultant
w. Priebe UTMDACC	Argus Pharmaceuticais. Incorporated	Patent Ucense 6/88	110,999 shares d common stock	Consultant
Peter Antich UTSMC/DAL	Epikon, Inc.	Patent Ucense 8/13/92	100,000 shares d common stock	
Jon Anderson UTSMC/DAL	Epikon, Inc.	Patent License 8/13/92	100,000 shares d common stock	
Robert Parkey UTSMC/DAL	Epikon, Inc.	Patent License 8/13/92	100,000 shares d common stock	
John Johnson UTSMC/DAL	Betagene, Inc.	Patent Ucense and Sponsored Research 10/1/91	3,000 shares of common stock	
Chris Newgard UTSMC/DAL	Betagene, Inc.	Patent License and Sponsored Research 10/1/91	15,000 shares of common stock	

<b>Name and U. T. Component</b>	<b>Business Entity</b>	<b>Date and Type of Agreement</b>	<b>Amount and Type of Stock</b>	<b>Position Held</b>
Roger Unger UTSMC/DAL	Betogene, Inc.	Patent Ucense and Sponsored Research 10/1/91	15,000 shares of common stock	
J. Donald Capra UTSMC/DAL	GeneScreen	Patent Ucense 6/30/87	25,000 shares of Series A Preferred stock	
Phil Tucker UTSMC/DAL	GeneScreen	Patent License 6/30/87	25,090 shares of Series A Preferred stock	
Austin Long UT SYSTEM	Ampholife Technologies, Incorporated	<b>Exclusive</b> License 9/1/88	8,000 shares of common stock'	Director''
Austin Long UT SYSTEM	Bbtect. Inc.	Patent License and Sponsored Research 8/10/89	300,000 shares of common stock*	Director**
Thomas G. Ricks UT SYSTEM	DTM Corporation	Patent Ucense 12/3/87	200 shares of common stock*	Director**
Thomas G. Ricks UT SYSTEM	Argus Pharmaceuticals, Incorporated	<b>Exclusive</b> License 10/15/86	400,000 shares of common stock'	Director''
Thomas G. Ricks UT SYSTEM	LifeCell Corporation	<b>Exclusive</b> License 6/6/86	650,000 shares of common stock*	Direct&*

- Held by Board of Regents
- At Request Of Board Of Regents

2. U. T. Dallas: Appointment of Advisory Committee for the Selection of a Chief Administrative Officer (President).--The membership of the Advisory Committee for the Selection of a Chief Administrative Officer (President) for The University of Texas at Dallas is herewith reported for the record. This committee has been constituted pursuant to the Regents' Rules and Regulations, Part One, Chapter II, Section 13.

Advisory Committee for the Selection  
of a Chief Administrative Officer  
for  
The University of Texas at Dallas

System Administration Representatives

Chancellor William H. Cunningham  
Executive Vice Chancellor for Academic Affairs  
James P. Duncan (Chairman)

Board of Regents

Regent Zan W. Holmes, Jr.  
Regent Lowell H. Lebermann, Jr.

Chief Administrative Officers

Dr. Ryan C. Amacher, President, The University  
of Texas at Arlington  
Dr. Juliet V. Garcia, President, The University  
of Texas at Brownsville

Deans' Representative

Dr. David Dunn, Dean, School of Natural Sciences

Faculty Representatives - U. T. Dallas

Dr. Richard Caldwell, Professor of Natural Sciences  
and Mathematics  
Dr. Anthony Champagne, Professor of Social Sciences  
Dr. Sandy Friel-Patti, Professor of Human  
Development

Nonfaculty Representatives - U. T. Dallas

Ms. Gloria Williams, Special Services Coordinator  
Dr. Marianne Woods, Director of Sponsored Projects

Student Representatives

Ms. Shirley Mann  
Mr. Sanjeeb Samanta

U. T. Dallas Alumni Representative

Mr. James A. Parry

Community/External Representatives

Mr. Hollis Brashear  
Ms. Diane Price  
Mr. Pat Weber

Chairman Rapoport reported that the Board was pleased with the diversity of the committee and noted that of the eighteen members six are female and included in the membership are twelve Anglos, three African-Americans, two Hispanics, and one foreign-born of Indian nationality.

3. U. T. Southwestern Medical Center - Dallas and U. T. Medical Branch - Galveston: Hunter Family Charitable Trust, Thomas R. Hunter, III Charitable Trust, Elizabeth Gail Hunter Charitable Trust, Thomas R. Hunter, III Income Trust, and the Elizabeth Gail Hunter Income Trust - Rescission of Previous Action to Accept and Establish These Trusts.--At the December 1979 meeting, the U. T. Board of Regents accepted the following Trusts, which were to be funded from the Estate of Thomas R. Hunter, M.D., for the benefit of The University of Texas Southwestern Medical Center at Dallas and The University of Texas Medical Branch at Galveston:

Hunter Family Charitable Trust

Thomas R. Hunter, III Charitable Trust

Elizabeth Gail Hunter Charitable Trust

Thomas R. Hunter, III Income Trust

Elizabeth Gail Hunter Income Trust.

Upon termination of the Trusts, distributions from the trust corpus were to be used to establish endowments at the U. T. Southwestern Medical Center - Dallas and the U. T. Medical Branch - Galveston.

It has recently become apparent that the Trusts will never be funded. Thus the December 1979 U. T. Board of Regents' action to accept and establish the several Trusts is rescinded, and these Trusts removed from the official records.

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 next meeting of the Board for Lease of University Lands will be held on December 14, 1993, in Midland, Texas, to conduct the 84th Oil and Gas Lease Sale.

The Board will offer for lease 32,347 acres of Permanent University Fund lands that were nominated by the various oil and gas companies.

The Board will also offer for lease 532,000 acres located in areas where there has been no previous production on terms that should encourage development and exploration in that area.

The in-kind royalty oil program is being continued by the Board for the fifth year. New contracts, effective November 1, 1993, will involve approximately 4,100 barrels per day of University royalty oil. These new contracts will increase income to the Permanent University Fund of approximately \$1,275,000 of additional revenue per year which will be over and above the royalties that would have been received as traditional royalties. The premiums paid for these royalty barrels average \$.85 per barrel over the West Texas oil posting price.

This in-kind royalty program is now commencing its fifth year and this project has resulted in placing an additional \$3,500,000 in the Permanent University Fund over the past four years.

RECESS TO EXECUTIVE SESSION.--At 11:50 a.m., the Board recessed to convene in Executive Session pursuant to Vernon's Texas Civil Statutes, Article 6252-17, Sections 2(e), (f) and (g) to consider those matters set out in the Material Supporting the Agenda.

RECONVENE.--At 2:10 p.m., the Board reconvened in open session.

EXECUTIVE SESSION OF THE BOARD OF REGENTS

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

1. U. T. Southwestern Medical Center - Dallas, U. T. Medical Branch - Galveston, U. T. Health Science Center - Houston, and U. T. M.D. Anderson Cancer Center: Settlements of Medical Liability Claim/Litigation.--Chairman Rapoport reported that in Executive Session the Board heard presentations from U. T. System Administration officials concerning the five medical liability matters listed in the agenda.

Based on these presentations and upon motion of Regent Cruikshank, seconded by Vice-Chairman Lebermann, the Board authorized the Chancellor and the Office of General Counsel to settle the following medical liability claim or 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 claim brought by Paul Stephens, Jr. and Jock Stephens on behalf of the Estate of Nelda R. Oliver, deceased
- b. On behalf of The University of Texas Medical Branch at Galveston the medical liability claim brought by Rebecca Lynn Burkes
- c. On behalf of The University of Texas Health Science Center at Houston the medical liability litigation filed by Don Walker, et al.
- d. On behalf of The University of Texas M.D. Anderson Cancer Center:
  - The medical liability litigation filed by James A. Liddle, et al.
  - The medical liability litigation brought by Jimmie Ethel Patrick.

2. U. T. Austin - Balcones Research Center: Request for Authorization to Sell Approximately 8.3 Acres of Land in Austin, Travis County, Texas (Withdrawn).--Chairman Rapoport reported that the item related to the proposed sale of approximately 8.3 acres of land in Austin, Travis County, Texas, which is located in the western portion of the Balcones Research Center at The University of Texas at Austin, was withdrawn from consideration at this time.
  
3. U. T. Medical Branch - Galveston: Authorization to Acquire Real Estate Located in Galveston, Galveston County, Texas.--Vice-Chairman Temple moved that the Executive Vice President of The University of Texas Medical Branch at Galveston or his delegate be authorized to take the steps necessary to acquire land in Galveston, Galveston County, Texas, short of the use of eminent domain, for expansion of the campus of the U. T. Medical Branch - Galveston, according to the parameters outlined in Executive Session following approval of the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and the Office of General Counsel.

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

SCHEDULED MEETING.--Chairman Rapoport announced that the next scheduled meeting of the U. T. Board of Regents would be held on February 10, 1994, at The University of Texas M.D. Anderson Cancer Center.

ADJOURNMENT.--There being no further business, the meeting was adjourned at 2:15 p.m.

/s/ Arthur H. Dilly  
Executive Secretary

December 10, 1993