

Meeting No. 893

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

Pages 1 - 84

May 8-9, 1996

Houston, Texas

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 OF
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MEETING NO. 893

WEDNESDAY, MAY 8, 1996.--The members of the Board of Regents of The University of Texas System convened at 9:30 a.m. on Wednesday, May 8, 1996, in the Empress Room of The Wyndham Warwick Hotel in Houston, Texas, with the following in attendance:

ATTENDANCE.--

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

Executive Secretary Dilly

Chancellor Cunningham
Executive Vice Chancellor Mullins

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

RECESS TO EXECUTIVE SESSION.--At 9:35 a.m., the Board recessed to Executive Session pursuant to Texas Government Code, Chapter 551, Section 551.074 to interview the finalist candidates for the position of President of The University of Texas M.D. Anderson Cancer Center.

John Mendelsohn, M.D.

Edward M. Copeland III, M.D.

Charles M. Balch, M.D.

Andrew C. von Eschenbach, M.D.

RECONVENE.--At 5:05 p.m., the Board recessed to reconvene in open session at 9:30 a.m. on Thursday, May 9, 1996, in the Doctors Center at The University of Texas Health Science Center at Houston.

* * * * *

THURSDAY, MAY 9, 1996.--The members of the Board of Regents of The University of Texas System reconvened in regular session at 9:40 a.m. on Thursday, May 9, 1996, in Room 1505C of the Doctors Center at The University of Texas Health Science Center at Houston, Houston, Texas, with the following in attendance:

ATTENDANCE.--

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

Executive Secretary Dilly

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

Chairman Rapoport announced a quorum present and reconvened the meeting of the Board. He stated that yesterday (May 8) the Board convened in Executive Session to interview and discuss the finalist candidates for the presidency of The University of Texas M.D. Anderson Cancer Center. As a result of those discussions and considerations and in response to Chairman Rapoport's inquiry regarding the wishes of the Board, the following action was taken:

U. T. M.D. Anderson Cancer Center: Appointment of John Mendelsohn, M.D., as President (Chief Administrative Officer) and Approval to Discharge the Advisory Committee for the Selection of a President.--Regent Loeffler moved that John Mendelsohn, M.D., currently Chairman of the Department of Medicine at Memorial Sloan-Kettering Cancer Center in New York City, be elected President of The University of Texas M.D. Anderson Cancer Center effective at a date and compensation to be negotiated with Executive Vice Chancellor Mullins and reported to the Board via the usual budgetary procedures. Dr. Mendelsohn was one of the candidates recommended to the Board by the Advisory Committee for the Selection of a President for that component.

Regent Loeffler further moved that the Board discharge the Advisory Committee for the Selection of a Chief Administrative Officer for U. T. M.D. Anderson Cancer Center with the sincere appreciation of the Board for the diligence and careful thought it had brought to this search process.

Regent Temple seconded the motions which carried by unanimous vote.

Chairman Rapoport introduced Dr. and Mrs. Mendelsohn and noted that the Board was delighted that Dr. Mendelsohn had accepted the presidency of U. T. M.D. Anderson Cancer Center, a position of vital importance within The University of Texas System and within the nation's efforts to combat cancer. He pointed out that Dr. Mendelsohn is a distinguished medical oncologist, a researcher, a teacher, and an administrator and has the breadth of experience and the keen vision necessary for leading U. T. M.D. Anderson Cancer Center into the 21st century.

Following the recognition of Dr. and Mrs. Mendelsohn, Chairman Rapoport announced that the Board would stand in recess for a few minutes so that a press conference could be held with Dr. Mendelsohn and would then reconvene in Room 1726 of the Doctors Center to meet with the Student Advisory Group as specified in the agenda posted with the Secretary of State.

RECONVENE.--At 10:10 a.m., the Board reconvened in open session in Room 1726 of the Doctors Center to meet with representatives of The University of Texas System Student Advisory Group.

MEETING WITH REPRESENTATIVES OF THE UNIVERSITY OF TEXAS SYSTEM STUDENT ADVISORY GROUP.--Chairman Rapoport reported that the Board has a long history of sincere interest in those issues which are of concern to students within The University of Texas System. To this end, the Board supported the organization of the Student Advisory Group and has agreed to semi-annual meetings with representatives of that Group.

Chairman Rapoport welcomed the members of the Student Advisory Group and asked Mr. Keven Chen, the Chair, to make the appropriate introductions and to begin the discussions per the [agenda](#) which was before the Board and which is on file in the Office of the Board of Regents.

See Page 84 related to the annual report of the Student Advisory Group.

RECESS TO EXECUTIVE AND BRIEFING SESSIONS.--At 11:30 a.m., Chairman Rapoport announced that the Board would recess to convene an Executive Session and briefing session pursuant to Texas Government Code, Chapter 551, Sections 551.071, 551.072, and 551.074 to consider those matters listed on the Executive Session agenda.

RECONVENE.--At 2:25 p.m., the Board reconvened in open session in Room 1505C of the Doctors Center.

WELCOME BY M. DAVID LOW, M.D., PRESIDENT OF THE UNIVERSITY OF TEXAS HEALTH SCIENCE CENTER AT HOUSTON.--Chairman Rapoport stated that the Board was pleased to be meeting at The University of Texas Health Science Center at Houston and was especially delighted to have had the opportunity to meet with many of this component's friends and supporters at last evening's (May 8) very nice social event. He then called on M. David Low, M.D., President of the U. T. Health Science Center - Houston, for any welcoming remarks on behalf of the host institution.

On behalf of the faculty, staff, and students of the U. T. Health Science Center - Houston, President Low welcomed the members of the Board and other guests to Houston.

U. T. BOARD OF REGENTS: APPROVAL OF MINUTES OF REGULAR MEETING HELD ON FEBRUARY 8, 1996, AND SPECIAL MEETINGS HELD ON MARCH 1, 1996, AND MARCH 26, 1996.--Upon motion of Regent Evans, seconded by Regents Temple and Loeffler, the Minutes of the regular meeting of the Board of Regents of The University of Texas System held on February 8, 1996, in El Paso, Texas, were approved as distributed by the Executive Secretary. The official copy of these Minutes is recorded in the Permanent Minutes, Volume XLIII, Pages 699 - 1482.

Upon motion of Regent Temple, seconded by Regent Evans, the Minutes of the special meetings of the Board of Regents of The University of Texas System held on March 1, 1996, and March 26, 1996, in Austin, Texas, were approved as distributed by the Executive Secretary. The official copies of these Minutes are recorded in the Permanent Minutes, Volume XLIII, Pages 1483 - 1488.

SPECIAL ITEMS

1. U. T. Board of Regents - Regents' Rules and Regulations, Part Two: Amendments to Chapter IX, Section 2 (Authorizations Regarding Sales, Assignments, Conveyances, Receipt of Property, and Proxies) and Ratification of Certain Sales Transactions Effected on Behalf of the Board of Regents.--Approval was given to amend the Regents' Rules and Regulations, Part Two, Chapter IX, Section 2 (Authorizations Regarding Sales, Assignments, Conveyances, Receipt of Property, and Proxies) to read as set forth below:
 - a. Subsection 2.1 was amended to read as follows:
 - 2.1 Authority to Purchase, Exchange, and Sell Securities for and on Behalf of the Permanent University Fund (hereinafter sometimes referred to as "PUF") and the Board.--Pursuant to an Investment Management Services Agreement, UTIMCO shall be authorized to purchase, exchange, and sell, for and on behalf of the PUF or the Board, any and all securities of any

description whatever and from any source, including gifts and bequests, registered in the name of the PUF or the Board, or in any other form of registration of such securities held for the account of the PUF or the Board in whatever manner, including all fiduciary capacities and including those registered in the names of trusts or foundations managed and controlled by said Board. In addition, external investment managers appointed by UTIMCO may purchase, sell, or exchange securities, pursuant to written agreement with UTIMCO.

- b. A new Subsection 2.3 was added, present Subsections 2.3 through 2.7 were renumbered as Subsections 2.4 through 2.8, and renumbered Subsection 2.6 was amended to read as set forth below:

2.3 Additional Authority to Sell Securities for and on Behalf of the Board.--The Director - Estates and Trusts shall be authorized to sell, for and on behalf of the Board, any and all securities of any description whatever from any source, received as gifts and/or bequests, registered in the name of the Board, or in any other form of registration of such securities held for the account of the Board in whatever manner, including all fiduciary capacities and including those registered in the names of trusts managed and controlled by said Board.

2.4 Authority to Assign and Transfer Securities Owned by the PUF and the Board.--UTIMCO may assign and transfer any and all securities of any description whatever and from any source, including gifts and bequests, and execute any and all documents necessary to the consummation of any sale, assignment, or transfer of any securities registered in the name of the PUF or the Board, or in any other form of registration of such securities held for the account of the PUF or the Board in whatever manner, including all fiduciary capacities and including those registered in the names of trusts or foundations managed and controlled by said Board. In addition, custodian banks appointed by UTIMCO may assign and transfer securities and execute any and all documents necessary to the consummation of any sale, assignment, or transfer of any security owned by the Board.

2.5 Authority to Execute Instruments Relating to Land and Mineral Interests.--The authority to execute conveyances, deeds, surface and/or mineral leases, easements, rights-of-way, oil and gas division orders, and transfer orders, geophysical and material source permits, water contracts, pooling and unitization agreements, and any other instruments as may be necessary or appropriate from time to time, relating to

the handling, management, control, and disposition of any real estate or mineral interest held or controlled by the Board is hereby authorized as follows:

Real Estate or Mineral Interests held as part of the PUF, gift real estate or campus lands, and not held as part of an investment portfolio managed by UTIMCO:

The Chancellor or his or her delegate
The Executive Vice Chancellor for Business Affairs or his or her delegate.

- 2.6 Authority to Receive and Collect Money and/or Property.--
- (i) UTIMCO is authorized and empowered to ask, demand, collect, recover, and receive any and all sums of money, debts, dues, rights, property, effects, or demands, whatever, due, payable, or belonging, or that may become due, payable, or belonging to the PUF or the Board from investment transactions, from any person or persons, whatever, and to execute any and all necessary or proper receipts, releases, and discharges therefor and any other instruments as may be necessary or appropriate from time to time, relating to the handling, management, and control and disposition of any investment.
- (ii) The Vice Chancellor for Development and External Relations and/or the Director - Estates and Trusts are authorized and empowered to ask, demand, collect, recover, and receive any and all sums of money, debts, dues, rights, property, effects, or demands, whatever, due, payable, or belonging, or that may become due, payable, or belonging to the Board from gifts and bequests, from any person or persons, whatever, and to execute any and all necessary or proper receipts, releases, and discharges therefor and any other instruments as may be necessary or appropriate from time to time, relating to the handling, management, and control and disposition of any gift and bequest.
- 2.7 Authority to Execute Proxies and Consent to Modifications in Bond Indentures.--UTIMCO is authorized to consent to modifications in bond indentures and to execute proxies within the approved investment policies.
- 2.8 Authority to Deliver and Maintain Securities in Book-Entry Form.--Securities owned by the PUF or the Board may be delivered and maintained by a custodian bank or a member bank of the Federal Reserve System in book-entry form subject to applicable law.

Further, the Board affirmed and ratified any and all securities transactions since the February 1996 meeting of the U. T. Board of Regents.

These amendments were required due to the inadvertent omission of certain provisions from the Regents' Rules and Regulations in the amendments that were approved at the February 1996 meeting of the U. T. Board of Regents to accommodate the dissolution of The University of Texas System Office of Asset Management and the formation of The University of Texas Investment Management Company (UTIMCO).

2. U. T. System: Report of Summary of Gift Acceptance and Related Administrative Actions Conforming to Board Policy for December 1, 1995 Through February 29, 1996.--Vice Chancellor for Development and External Relations Perry reviewed the Summary of Gift Acceptance and Related Administrative Actions Conforming to Board Policy for The University of Texas System for the period December 1, 1995 through February 29, 1996, as set forth on Pages 8 - 12.

Vice Chancellor Perry reported that during this period 84 items conforming to Board policy were approved including the acceptance of \$17,164,637 in gifts and \$3,745,206 in other matching contributions. Total gifts this quarter included an \$8,750,583 gift to The University of Texas Southwestern Medical Center at Dallas from an anonymous donor to fund a distinguished chair and one other endowment. This generous gift has helped to yield a total of \$24,222,873 in gifts accepted for the first six months of this fiscal year compared to a total of \$26,440,360 in gifts accepted for all of the Fiscal Year ended August 31, 1995.

ACCEPTANCE OF **GIFTS** HELD BY BOARD

# ALL ITEMS	COMPONENT INSTITUTION	'ASSET TYPES					TRANSFERS	MATCHING FUNDS	TOTAL VALUE
		CASH	SECURITIES	REAL ESTATE	PLEDGES	OTHER			
2	U. T. System	\$25,000	\$ ---	\$ ---	\$15,000	\$ ---	\$ ---	\$ ---	\$40,000
7	U. T. Arlington	71,630	---	20,000	---	---	21,000	---	112,630
24	U. T. Austin	907,829	24,991	---	368,890	9,200	46,575	86,873 *	1,406,858
2	U. T. Dallas	20,000	---	---	---	---	---	---	20,000
3	U. T. El Paso	25,000	---	---	---	---	---	---	25,000
2	U. T. Permian Basin	22,058	---	---	15,000	---	---	---	37,058
5	U. T. San Antonio	117,121	---	---	---	---	---	---	117,121
21	U. T. SWMC-Dallas	307,087	8,786,808	---	894,758	---	1,500,000	3,658,333 *	11,488,653
14	U. T. M.B.-Galveston	2,021,083	338,646	---	---	---	1,303,353	---	3,663,082
1	UTHSC-Houston	100,000	---	---	---	---	---	---	100,000
1	UTHSC-San Antonio	---	---	---	---	---	---	---	---
2	UTMDACC	54,235	---	---	---	---	100.000	---	154.235
84	TOTAL	\$3,671,043	\$9,150,445	\$20,000	\$1,293,648	\$9,200	\$2,970,928	\$3,745,206 *	\$17,164,637

• Matching funds already held by Board not included in total.

NOTE: Compiled by Office of Development and External Relations

CLASSIFICATION OF GIFTS AND OTHER ACTIONS

<u>COMPONENT INSTITUTION</u>	<u>ENDOWMENTS</u>	<u>CHARITABLE REMAINDER TRUSTS</u>	<u>POOLED INCOME FUND</u>	<u>REMAINDER INTERESTS</u>	<u>HELD IN TRUST BY OTHERS</u>	<u>CURRENT PURPOSE</u>	<u>OTHER</u>
U. T. System	2	---	---	---		---	---
U. T. Arlington	7	---	---	---	---	---	---
U. T. Austin	21	---		---	2	1	---
U. T. Dallas	2	---		---	---	---	---
U. T. El Paso	3	---		---	---	---	---
U. T. Permian Basin	2	---		---		---	---
U. T. San Antonio	5	---		---	---	---	---
U. T. SWMC-Dallas	18	---		---	5	---	---
U. T. M.B.-Galveston	12	2	---	---		1	---
UTHSC-Houston	1	---	---	---		---	---
UTHSC-San Antonio	1	---		---		---	---
UTMDACC	1		---	---	---	1	---
TOTAL	75	2	---	---	7	3	---

PURPOSES OF GIFTS HELD BY BOARD AND OTHERS

ENDOWMENT

<u>COMPONENT</u>	<u>INSTITUTION</u>	<u>DIST.</u> <u>CHAIR</u>	<u>CHAIR</u>	<u>DIST.</u> <u>PROF'SHIP</u>	<u>PROF'SHIP</u>	<u>FACULTY</u> <u>FELL'SHIP</u>	<u>GRADUATE</u> <u>FELL'SHIP</u>	<u>SCHOLARSHIP</u>	<u>OTHER</u>	<u>CURRENT</u> <u>PURPOSE</u>	<u>OTHER</u> <u>PURPOSE</u>
U. T. System		---		---		---	1	---	1		---
U. T. Arlington		---	---	---	---	---	---	5	1		---
U. T. Austin		---	1	---	1	---		17	4	1	---
U. T. Dallas		---	---	---	---	---		---	2	---	---
U. T. El Paso		---		---		---		---	2		---
U. T. Permian Basin		---		---	---	---		2	---	---	---
U. T. San Antonio		---	---	---	---	---		4	1	---	---
U. T. SNMC-Dallas		3	2	---	1	---		---	10		---
U. T. M.B.-Galveston		---	1	2	1	---	---	5	3	1	2
UTHSC-Houston		---	---	---	1	---	---	---	---		---
UTHSC-San Antonio		---		---	---	---					---
UTMDACC		---	---		1	---		---	---	1	---
	TOTAL	3	4	2	5	---	1	33	24	3	2

Total purposes may not equal total number of items for each component, due to the fact that some items pertain to multiple purposes.

OTHER ADMINISTRATIVE ACTIONS

<u>COMPONENT INSTITUTION</u>	<u>ESTABLISH ENDOWMENT</u>	<u>REDESIGNATE ENDOWMENT LEVEL</u>	<u>OTHER REDESIGNATION</u>	<u>DISSOLVE ENDOWMENT</u>	<u>APPROVE/ALLOCATE MATCHING</u>	<u>ACCEPT TRUSTEESHIP</u>	<u>OTHER</u>
U. T. System	2	---	---	---	---	---	---
U. T. Arlington	6	---	1	---	---	---	---
U. T. Austin	19	1	3	---	4	---	1
U. T. Dallas	2	---	---	---	---	---	---
U. T. El Paso	2	1	---	---	---	---	---
U. T. Permian Basin	2	---	---	---	---	---	---
U. T. San Antonio	5	---	---	---	---	---	---
U. T. SWMC-Dallas	16	2	1	---	6	---	3
U. T. M.B.-Galveston	9	1	1	---	2	2	1
UTHSC-Houston	1	---	---	---	1	---	---
UTHSC-San Antonio	---	1	---	---	---	---	---
UTMDACC	<u>1</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>1</u>
TOTAL	65	6	6	---	13	2	6

COMPARATIVE **SUMMARY** OF GIFTS ACCEPTED VIA THE OFFICIAL ADMINISTRATIVE PROCESS

FISCAL YEAR 1996

<u>COMPONENT INSTITUTION</u>	<u>FY 1995</u>		<u>FISCAL YEAR 1996</u>	
	<u>FULL</u>	<u>YEAR</u>	<u>9/1/95 - 11/30/95</u>	<u>12/1/95 - 2/29/96</u>
U. T. System	---	---	---	\$ 40,000
U. T. Arlington	\$ 476,474	---	---	112,630
U. T. Austin	11,154,914	---	\$ 2,061,600	1,406,858
U. T. Brownsville	220,000	---	---	---
U. T. Dallas	10,578	---	600,000	20,000
U. T. El Paso	854,886	---	115,328	25,000
U. T. Pan American	524,267	---	---	---
U. T. Permian Basin	567,500	---	10,000	37,058
U. T. San Antonio	150,300	---	---	117,121
U. T. Tyler	365,000	---	86,046	---
U. T. SWMC-Dallas	4,999,190	---	750,151	11,488,653
U. T. M.B.-Galveston	3,795,794	---	3,150,000	3,663,082
UTHSC-Houston	1,068,967	---	285,111	100,000
UTHSC-San Antonio	273,834	---	---	---
UTMDACC	1,230,048	---	---	154,235
U. T. HC-Tyler	748,608	---	---	---
TOTAL	\$ 26,440,360	---	\$ 7,058,236	\$17,164,637

MATTERS RELATED TO THE UNIVERSITY OF TEXAS
INVESTMENT MANAGEMENT COMPANY (UTIMCO)

1. U. T. Board of Regents: Approval of Amendment to The University of Texas Investment Management Company (UTIMCO) Articles of Incorporation.--Upon motion of Regent Hicks, seconded by Regents Evans and Loeffler, the Board approved a new Article XIV to The University of Texas Investment Management Company (UTIMCO) Articles of Incorporation as set forth below.

This amendment to the Articles of Incorporation of UTIMCO, which limits the liability of the directors, is necessary in order to enable UTIMCO to attract and retain outside directors.

ARTICLE XIV

A Director of the Corporation shall not be liable to the Corporation or its shareholders or members, if any, for monetary damages for any act or omission in the Director's capacity as a Director, except that this Article XIV does not eliminate or limit the liability of a Director for:

- (a) a breach of a Director's duty of loyalty to the Corporation or its shareholders or members, if any;
- (b) an act or omission not in good faith or that constitutes a breach of duty of the Director to the Corporation or an act or omission that involves intentional misconduct or a knowing violation of the law;
- (c) a transaction from which a Director received an improper benefit, whether or not the benefit resulted from an action taken within the scope of the Director's office; or
- (d) an act or omission for which the liability of a Director is expressly provided for by an applicable statute.

If the Texas Miscellaneous Corporation Laws Act or the Texas Non-Profit Corporation Act is amended to authorize action further eliminating or limiting the personal liability of directors, then the liability of a Director of the Corporation shall be eliminated or limited to the fullest extent permitted by such statutes or other law, as so amended. Any repeal or amendment of such statutes or of the foregoing paragraph shall be prospective only and shall not adversely affect any right of protection of a Director of the Corporation existing at the time of such repeal or modification.

The University of Texas Investment Management Company is a Texas nonprofit corporation organized to contract with the Board of Regents of The University of Texas System to perform certain investment functions on behalf of the Board, and the Articles of Incorporation of the corporation require the U. T. Board of Regents to approve all amendments to those Articles.

2. U. T. Board of Regents: Appointment of Mr. J. Luther King, Jr., Fort Worth, Texas, and Mr. Homer L. Luther, Jr., Houston, Texas, to the Board of Directors of The University of Texas Investment Management Company (UTIMCO).--Regent Hicks reported that a substitute agenda item on yellow paper related to proposed appointments to The University of Texas Investment Management Company (UTIMCO) Board of Directors was before the Board.

In accordance with Section 66.08 of the Texas Education Code, which requires that the U. T. Board of Regents appoint all members of the Board of Directors of UTIMCO, and upon motion of Regent Hicks, seconded by Regents Evans and Loeffler, the Board appointed Mr. J. Luther King, Jr., Fort Worth, Texas, and Mr. Homer L. Luther, Jr., Houston, Texas, to fill terms on the Board of Directors to replace Mr. R. D. Burck and Mr. Arthur H. Dilly, respectively, who had been serving in an interim capacity.

Mr. King is President of Luther King Capital Management, a registered investment advisor, which manages approximately \$4.5 billion for about 340 clients. He is a Chartered Financial Analyst, a former director of the Dallas Association of Investment Analysts, and a current member of the Board of Governors of the Investment Counsel Association of America.

Mr. Luther of Homer Luther Interests is a private investor with emphasis on technology and specialty consumer products. He was a founder and former Chairman of Eagle Management & Trust Company, a Houston-based investment management firm with managed assets of \$2.0 billion at the time of his departure in 1989. Mr. Luther was formerly a shareholder, Director and Vice President of Fayez Sarofim & Co. and a Corporate Finance Associate for Dean Witter & Co. in Los Angeles.

3. U. T. System: Reports on Investments.--On behalf of The University of Texas Investment Management Company, Regent Hicks reviewed the Reports on Investments for The University of Texas System for the fiscal quarter ending February 29, 1996, as referenced below. He noted that during this three-month period total Permanent University Fund and U. T. System investment assets under the fiduciary control of the Board increased from approximately \$8.5 billion to slightly in excess of \$9 billion.
 - a. Permanent University Fund
(See Page 16.)
 - b. Long Term Fund
(See Page 17.)
 - c. Short/Intermediate Term Fund
(See Page 18.)
 - d. Separately Invested Assets
(See Pages 19 - 21.)

a. PERMANENT UNIVERSITY FUND

Summary Investment Report at February 29, 1996.--

PERMANENT UNIVERSITY FUND'
SUMMARY REPORT
(\$ millions)

	<u>FY94-95</u>	<u>FY95-96</u>		<u>Total</u>
	<u>Full Year</u>	<u>1st Otr</u>	<u>2nd Otr</u>	
Beginning Market Value	4,428.0	4,958.5	5,153.7	4,958.5
PUF Lands Receipts ²	57.1	16.4	13.8	30.2
Investment Income	249.5	64.6	60.1	124.7
Investment Income Distributed	(249.5)	(64.6)	(60.1)	(124.7)
Realized Gains (Losses)	105.5	46.3	34.2	80.5
Change in Unrealized Gains (Losses)	<u>367.9</u>	<u>132.5</u>	<u>79.0</u>	<u>211.5</u>
Ending Market Value	4,958.5	5,153.7	5,280.7	5,280.7
AUF Income				
Investment Income	249.5	64.6	60.1	124.7
Surface Income	3.6	0.3	1.6	1.9
Other Income	<u>0.3</u>	<u>0.1</u>	<u>0.1</u>	<u>0.2</u>
Total	253.4	65.0	61.8	126.8

*Excludes PUF Lands mineral and surface interests with estimated values of \$328.6 million and \$157.8 million, respectively.

²As of February 29, 1996: 794,625 acres under lease, 519,738 producing acres, 2,634 active leases and 2,052 producing leases.

Report prepared in accordance with Sec. 51.0032 of the Texas Education Code.

b. LONG TERM FUND

Summary Investment Report at February 29, 1996.--

LONG TERM FUND
SUMMARY REPORT
(\$ millions)

	<u>FY94-95</u>		<u>FY95-96</u>	
	Full Year	1st Otr	2nd Otr	Total
Beginning Net Assets	1,226.3	1,558.8	1,628.5	1,558.8
Net Contributions	202.3	19.6	17.9	37.5
Investment Return	203.4	69.9	68.8	138.7
Expenses	(2.8)	(0.7)	(0.9)	(1.6)
Distributions (Payout)*	(68.5)	(18.9)	(19.1)	(38.0)
Distribution of Gain on Participant Withdrawal*	(1.9)	(0.2)	(0.3)	(0.5)
Ending Net Assets	<u>1,558.8</u>	<u>1,628.5</u>	<u>1,694.9</u>	<u>1,694.9</u>
Net Asset Value per Unit	3.661	3.778	3.890	
No. of Units (End of Period)	425,751,253	431,062,475	435,717,737	
Distribution Rate per Unit	0.175	0.04375	.04375	

Report prepared in accordance with Sec. 51.0032 of the Texas Education Code.

*Prior period reporting has been restated to conform with current period.

c. SHORT/INTERMEDIATE TERM FUND

Summary Investment Report at February 29, 1996.--

**SHORT/INTERMEDIATE TERM FUND
SUMMARY REPORT
(\$ millions)**

	<u>FY94-95</u>		<u>FY95-96</u>		<u>Total</u>
	<u>Full Year</u>	<u>1st Otr</u>	<u>2nd Otr</u>		
Beginning Net Assets	945.3	1,129.5	1,232.9		1,129.5
Net Contributions	175.7	94.4	39.8		134.2
Net Investment Income Earned	58.4	16.8	17.9		34.7
Distributed Net Income	(58.4)	(16.8)	(17.9)		(34.7)
Realized Gains (Losses)	(2.8)	(0.1)	4.2		4.1
Change in Unrealized Gains (Losses)	11.3	9.1	110.11		(1.0)
Ending Net Assets	1,129.5	1,232.9	1,266.8		1,266.8

Report prepared in accordance with Sec. 51.0032 of the Texas Education Code.

d. **SEPARATELY INVESTED ASSETS**
(Managed by Office of Asset Management)

Summary Investment Report at February 29, 1996.--

ASSET TYPES	FUND TYPE													
	CURRENT PURPOSE				ENDOWMENT & SIMILAR FUNDS		ANNUITY & LIFE INCOME FUNDS		AGENCY FUNDS		OPERATING FUNDS		TOTAL	
	DESIGNATED		RESTRICTED		BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET
Cash & Equivalents:														
Increase/(Decrease) 9/1/95	2,592,933	2,592,933	1,884,960	1,234,966	(4,907,320)	(4,907,320)	591,594	591,594	312,637	312,637	526,244,809	526,244,809	550,344,651	550,344,651
Ending value 2/29/96	3,532,458	3,532,458	135	1,902,035	16,113,803	16,113,803	1,157,995	1,157,995	4,130,174	4,130,174	593,460,074	593,460,074	620,296,344	620,296,344
Debt Securities:														
Beginning value 9/1/95	16,035,065	15,998,975	7,366	3,574	37,418,233	38,325,865	7,736,485	8,065,972			64,543,437	64,296,966	125,740,586	126,691,352
Increase/(Decrease)	(1,307,796)	(1,221,607)	184	184	7,723,022	7,794,486	28,657	122,326			(11,822,348)	(11,496,467)	(5,378,465)	(4,801,078)
Ending value 2/29/96	14,727,269	14,777,368	7,366	3,758	45,141,255	46,120,351	7,765,142	8,188,298			52,721,089	52,800,499	120,362,121	121,890,274
Equity Securities:														
Beginning value 9/1/95	52,450	305,300	62,576	68,207	15,546,569	18,086,879	3,183,008	3,700,713	3	56			18,844,606	22,161,155
Increase/(Decrease)		(234,017)	(3,087)	(9,933)	(2,128,660)	(1,740,698)	1,206,237	1,458,850	4	281,659			(925,506)	(244,139)
Ending value 2/29/96	52,450	71,283	59,489	58,274	13,417,909	16,346,181	4,389,245	5,159,563	7	281,715			17,919,100	21,917,016
Other:														
Beginning value 9/1/95			330,027	330,027	271,473	271,473	-	-					601,500	601,500
Increase/(Decrease)			(330,023)	(330,023)	(271,466)	(271,466)	-	-					(601,489)	
Ending value 2/29/96			4	4	7	7								

Report prepared in accordance with Sec. 51.0032 of the Texas Education Code.
Details of individual assets by account furnished upon request.

SEPARATELY INVESTED ASSETS-(continued)
(Managed by Office of Real Estate)

Summary Investment Report at February 29, 1996.--

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ASSET TYPES	FUND TYPE												TOTAL				
	CURRENT PURPOSE				ENDOWMENT & SIMILAR FUNDS		ANNUITY & LIFE INCOME FUNDS		AGENCY FUNDS		OPERATING FUNDS						
	DESIGNATE"		RESTRICTED		BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET			
Real Estate																	
Land & Buildings:																	
Beginning value 9/1/95			14,334,998	20,687,653	24,622,668	72,530,300	2,698,648	2,231,990	- ?	- ?					41,656,316	95,449,945	
Increase/(Decrease)			(194,752)	(19,490)	(207,000)	(124,431)	1,417,502	1,417,502	2	2					924.85	963,581	
Ending value 2/29/96			14,140,246	20,668,163	24,415,668	72,405,869	4,116,150	3,649,492							42,581,167		
Other Real Estate:																	
Beginning value 9/1/95			187,307	613,922	778,743	778,743									966,050	966,050	
Increase/(Decrease)			613,922	613,922	115,383	115,383									729,305	729,305	
Ending value 2/29/96			801,229	1,227,844	894,126	894,126									1,695,355	1,695,355	

Report prepared in accordance with Sec. 51.0032 of the Texas Education Code.
 Details of individual assets by account furnished upon request.

SEPARATELY INVESTED ASSETS-(continued)
(Managed by Component Institutions)

Summary Investment Report at February 29, 1996.--

ASSET TYPES

Time Deposits:

	<u>BOOK</u>	<u>MARKET</u>
Beginning value 9/1/95	3,705,000	3,705,000
Increase/(Decrease)	1,379	1,379
Ending value 2/29/96	<u>3,706,379</u>	<u>3,706,379</u>

Report prepared in accordance with Sec. 51.0032 of the Texas Education Code
Details of individual assets by account furnished upon request.

RECESS FOR COMMITTEE MEETINGS AND COMMITTEE REPORTS TO THE BOARD.--At 2:35 p.m., the Board recessed for the meetings of the Standing Committees, and Chairman Rapoport announced that at the conclusion of each committee meeting the Board would reconvene to approve the report and recommendations of that committee.

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

REPORTS AND RECOMMENDATIONS OF STANDING COMMITTEES

REPORT OF EXECUTIVE COMMITTEE (Page 23).--In compliance with Section 7.14 of Chapter I of Part One of the Regents' Rules and Regulations, Chairman Rapoport reported that there were no actions by the Executive Committee since the last meeting for ratification and approval by the U. T. Board of Regents except for Executive Committee Letters 96-7 through 96-14 as noted below:

U. T. System: Approval of Executive Committee Letters 96-7 Through 96-14 Via the Chancellor's Docket Process.--Chairman Rapoport noted that in keeping with approved procedures Executive Committee Letters 96-7 through 96-14, which had been distributed since the February 1996 meeting of the Board and which had received the prior approval of the Executive Committee, now appear in the U. T. System Administration Docket on Pages ECL 1 - 11 and would be considered for approval or ratification on the agenda of the Business Affairs and Audit Committee as set out on Page 24.

REPORT AND RECOMMENDATIONS OF THE BUSINESS AFFAIRS AND AUDIT COMMITTEE (Pages 24 - 40).--Committee Chairman Smiley reported that the Business Affairs and Audit Committee had met in open session to consider those matters on its agenda and to formulate recommendations for the U. T. Board of Regents. Unless otherwise indicated, the actions set forth in the Minute Orders which follow were recommended by the Business Affairs and Audit Committee and approved in open session and without objection by the U. T. Board of Regents:

1. U. T. System: Approval of Chancellor's Docket No. 85 (Catalog Change).--Upon recommendation of the Business Affairs and Audit Committee, the Board approved Chancellor's Docket No. 85 in the form distributed by the Executive Secretary. It is attached following Page 84 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.

To avoid any appearance of a possible conflict of interest, Regent Hicks was recorded as abstaining from any vote on Item 30 on Page A - 28 of The University of Texas at Austin Docket related to a trademark license agreement with Crain Industries, Inc., d/b/a Baseline, Fort Smith, Arkansas.

2. U. T. Board of Regents: Adoption of Resolution Exercising Option to Redeem \$20,480,000 of Board of Regents of The University of Texas System, The University of Texas at Austin Building Revenue Refunding Bonds, Series 1986, on July 1, 1996; Authorization to Appropriate Reserve Fund for the Bonds and up to \$16,480,000 of U. T. Austin General Use Fee Balances for the Redemption; Approval to Appropriate an Amount Equal to the Annual Debt Service for the Redeemed Bonds to the U. T. Austin Excellence Program Through the Final Maturity of July 1, 2004; and Authorization for Officers of the U. T. System to Complete All Transactions.--The Board, upon recommendation of the Business Affairs and Audit Committee:
 - a. Adopted the Resolution set forth on Page 26 to exercise an option to redeem \$20,480,000 of Board of Regents of The University of Texas System, The University of Texas at Austin Building Revenue Refunding Bonds, Series 1986, on the first call date of July 1, 1996
 - b. Appropriated the Reserve Fund for the Bonds in the amount of \$4,000,000 and up to \$16,480,000 of U. T. Austin General Use Fee Balances for the redemption

- c. Appropriated, in addition to the amount representing not less than the minimum percentage to be received by U. T. Austin under the Available University Fund Spending Policy, an amount equal to the annual debt service for the redeemed bonds to the U. T. Austin Excellence Program. The annual debt service for the fiscal year through the final maturity is as follows:

1997	\$3,826,600.00
1998	\$3,733,893.75
1999	\$3,375,087.50
2000	\$3,385,006.25
2001	\$3,391,581.25
2002	\$3,394,050.00
2003	\$3,401,650.00
2004	\$3,427,856.25

- d. Authorized appropriate officers and employees of the U. T. System to take any and all actions necessary to carry out the intentions of the U. T. Board of Regents to complete the transactions as provided in the Resolution.

The University of Texas at Austin Building Revenue Refunding Bonds, Series 1986, were issued in May 1986 in the aggregate principal amount of \$36,410,000 with a final maturity of July 1, 2004. Debt service for the bonds is paid from funds appropriated to U. T. Austin from the Available University Fund. After the July 1, 1996, debt service payment, the outstanding bonds in the amount of \$20,480,000 carry a coupon rate of 7.625% and are callable July 1, 1996, at par. The current investment rate for funds held by U. T. Austin is approximately 5.5%. By using reserve funds and cash held by U. T. Austin, a present value savings of approximately \$1.4 million could be achieved by redemption of the outstanding higher rate debt on July 1, 1996.

Cash for the redemption will be provided by \$16,480,000 of General Use Fee Balances at U. T. Austin and the \$4 million Reserve Fund for the outstanding bonds. Recovery by U. T. Austin of these funds will be achieved by continuing to appropriate, from the Available University Fund, an amount equal to the annual debt service amount for the outstanding bonds through July 1, 2004, to the U. T. Austin Excellence Program. In addition, the appropriation provides U. T. Austin with a return of 7.625% plus the \$4,000,000 Reserve Fund currently held to support the bonds.

3. U. T. Board of Regents: Approval in Principle for the Delegation of Selected Contract Approval Authority to Designated U. T. System Administration and Component Officials Effective September 1, 1996.--In June 1994, The University of Texas System Process Review Committee, under the chairmanship of Regent Lowell Lebermann, was appointed by Chairman Rapoport to review and make recommendations to the U. T. Board of Regents regarding ways in which the responsibilities of the Board could be discharged more effectively and efficiently without diminishing the Board's oversight and involvement in important policy matters. As a result of the Committee's recommendations at the December 1994 meeting, the U. T. Board of Regents implemented (1) routine quarterly meetings of the Board and required quarterly committee meetings or briefings, (2) approval of certain routine and noncontroversial matters via the Docket process, (3) the delegation of certain development matters to the Chancellor, (4) a revised operating budget approval process, and (5) a revised and simplified process for the approval and oversight of the capital improvement process, including the Capital Improvement Program, the Capital Budget, and the individual capital projects. These procedural and process changes have resulted in a typical Material Supporting the Agenda of approximately 40 items rather than 100 which permits the U. T. Board of Regents to concentrate on policy and governance matters and facilitates the conduct of routine business between the U. T. System component institutions and U. T. System Administration.

In June 1995, the U. T. System Process Review Committee recognized that the passage of House Bill 1877, amending Chapter 65 of the Texas Education Code, by the 74th Texas Legislature presented an opportunity to further "streamline" the administrative process by permitting the U. T. Board of Regents to delegate to a "committee, officer, employee, or other agent of the board" the power to enter into contracts on behalf of the Board within guidelines and limitations established by the Board. Operationally, the legislation will permit the delegation of contracting authority and responsibility to campus and U. T. System officials and remove from the Docket process the need for the U. T. Board of Regents to ratify literally hundreds of routine and noncontroversial contracts and agreements.

Upon recommendation of the U. T. System Process Review Committee and the Business Affairs and Audit Committee, the Board agreed in principle that effective September 1, 1996, the authority to execute the seventeen (17) types of contracts and agreements set forth in Exhibit A (Pages 29 - 32) be delegated to the U. T. System administration or institutional official designated therein within the guidelines, conditions, and restrictions also set forth in Exhibit A. It is understood that, except where the U. T. Board of Regents has established total project costs in the case of capital budget projects, consulting contracts with a value of \$250,000 or more and all other contracts and agreements with a value of \$500,000 or more will continue to require approval by the U. T. Board of Regents via the Docket, Executive Committee Letter, or agenda process.

The effective date of September 1, 1996, will permit required extensive revisions to the Regents' Rules and Regulations to be brought to the August 1996 meeting of the U. T. Board of Regents and allow U. T. System Administration officials time to develop new Docket guidelines and instruct component staff in the revised and greatly reduced requirements for the docketing of contractual matters.

Until the passage of House Bill 1877 by the 74th Texas Legislature, state law required that all contracts and agreements receive the approval/ratification of the governing board, many of which were routinely formalized via the Docket process.

An analysis of the Docket by the U. T. System Process Review Committee revealed that there were twenty-one (21) types of contractual matters reported for approval via the Docket (see Exhibit A). As permitted by House Bill 1877, authority to execute seventeen (17) types of contracts and agreements, Items 1-17, will be delegated to designated U. T. System administration and component officials and the remaining four (4), Items 18-21, will continue to require Regental approval via the Docket. It is understood, however, that except as specified above, consulting contracts with a value of \$250,000 or more and all other contracts and agreements with a value of \$500,000 or more will continue to require Regental approval via the Docket, Executive Committee Letter, or agenda process.

The U. T. System Process Review Committee also reviewed the noncontractual items which are routinely approved by the U. T. Board of Regents via the Docket, see Exhibit B, Items 22-32 (Pages 33 - 34), and determined that these represent important actions which should continue to require Regental approval. It is recognized that under the delegated investment responsibility to The University of Texas Investment Management Company, Item 32 (Investment Report) may become an agenda item rather than a Docket item.

Exhibit C (Page 35), Items 33-36, indicates items which, through actions at the November 1995 and February 1996 meetings of the Board, no longer require Docket approval. Item 37 represents an administrative decision that teaching overloads no longer require Regental approval.

On behalf of the Board, Committee Chairman Smiley expressed appreciation to Regent Lebermann and the U. T. System Process Review Committee for the many outstanding recommendations that have been implemented which allow the Board to discharge its responsibilities more effectively and efficiently without diminishing the Board's oversight and involvement in important policy matters.

Regent Lebermann responded that the U. T. System Process Review Committee has worked diligently to increase the economy and efficiency of the Board's processes and procedures and is now focusing on the U. T. System's information technology activities.

EXHIBIT A

RECOMMENDATIONS FOR FUTURE HANDLING OF ROUTINE CONTRACTUAL
EXECUTIVE COMMITTEE LETTER AND **DOCKET** ITEMS

NATURE OF CONTRACT	WHERE PRESENTLY APPROVED	DELEGATION TO	GUIDELINES, CONDITIONS, AND RESTRICTIONS
<p>(1) Award of new construction contracts in excess of \$300,000 and renovation contracts in excess of \$600,000, and</p> <p>(2) Award of furniture/fixture contracts</p>	<p>Executive Committee Letter and Ratified In System Docket</p>	<p>Chancellor or delegate</p>	<p>Award must (1) be to the lowest responsible bidder and be within the total project cost previously approved by the Board in the Capital Improvement Program and Capital Budget. (2) be in compliance with all special instructions issued by the appropriate Executive Vice Chancellor, and (3) be in compliance with legal guidelines issued by the Office of General Counsel. Any exceptions must receive Board approval via a " Executive Committee Letter. In addition, information about these contract awards must be included in periodic HUB reports to the Business Affairs and Audit Committee as well as to all the members of the Board of Regents.</p>
<p>(3) Permanent University Fund Land matters: easements, leases, permits (coordinated by University Lands • Surface Interests • Admin.)</p>	<p>System Docket</p>	<p>Executive Vice Chancellor for Business Affairs or delegate</p>	<p>Must (1) be in compliance with all special instructions issued by the appropriate Executive Vice Chancellor, (2) be in compliance with legal guidelines issued by the Office of General Counsel, and (3) be within the current Rate and Damage Schedule previously approved by the Board. Exceptions must receive Board approval.</p>
<p>(4) Report of Trust Fund real estate transactions (sales/leases)</p>	<p>System Docket</p>	<p>Executive Vice Chancellor for Business Affairs or delegate</p>	<p>Must (1) be within fair market value and comply with Trust Fund Real Estate Policy previously approved by the Board, (2) be in compliance with all special instructions issued by the appropriate Executive Vice Chancellor, and (3) be in compliance with legal guidelines issued by the Office of General Counsel.</p>
<p>(5) Contract for Systemwide student insurance</p>	<p>System Docket</p>	<p>Chancellor or delegate</p>	<p>Must (1) be in compliance with all special instructions issued by the appropriate Executive Vice Chancellor, (2) be in compliance with legal guidelines issued by the Office of General Counsel, and (3) be based upon the recommendation of the Executive Officers, the Office of Employee Group Insurance, and the Systemwide Student Insurance Advisory Committee with an expectation of periodic bidding, as appropriate.</p>

NATURE OF CONTRACT	WHERE PRESENTLY APPROVED	DELEGATION TO	GUIDELINES, CONDITIONS, AND RESTRICTIONS
(6) Easements (other than PUF lands)	Component Docket	Executive Vice Chancellor for Business Affairs or delegate	Must be submitted on a standard form and must be in compliance with all special instructions issued by the appropriate Executive Vice Chancellor end with legal guidelines issued by the Office of General Counsel.
(7) Business Contracts for services, including software acquisitions, budding space leases and minor construction (\$300,000 or less per project)	Component Docket	Executive Vice Chancellor for Business Affairs or delegate for System matters and matters affecting more than one System institution; to the Chief Administrative Officer or delegate for the component institution	Must (1) be in compliance with all special instructions issued by the appropriate Executive Vice Chancellor, (2) be in compliance with legal guidelines issued by the Office of General Counsel, and (3) be in accordance with related Business Procedures Memoranda (BPM) for specific contracts. NOTE: Recommend that the BPM for various contracts be revised to include approval or review by Executive Vice Chancellors for Academic or Health Affairs, as appropriate.
(8) Contracts/Grants for research, development, clinical, and education	Component Docket	Chief Administrative Officers or delegate with prior approval of appropriate Executive Vice Chancellor	Must (1) be in compliance with all special instructions issued by the appropriate Executive Vice Chancellor, (2) be in compliance with legal guidelines issued by the Office of General Counsel, and (3) be in accordance with the appropriate BPM which would be revised so that approvals are based on guidelines as outlined in these procedures. NOTE: The Interagency Cooperation Contract (IAC) report has already been delegated, and the Vice Chancellor and General Counsel should continue to prepare report on foreign grants as required by law.
(9) Standard Affiliation Agreements	Component Docket	Chief Administrative Officer or delegate	Must (1) be in compliance with all special instructions issued by the appropriate Executive Vice Chancellor, (2) be in compliance with legal guidelines issued by the Office of General Counsel, and (3) be submitted on the standard form approved by the Office of General Counsel. Non-standard affiliation agreements will require review by the appropriate Executive Vice Chancellor to determine if Regental approval via the docket is necessary.

NATURE OF CONTRACT	WHERE PRESENTLY APPROVED	DELEGATION TO	GUIDELINES, CONDITIONS, AND RESTRICTIONS
(10) Trademark License Agreements	Component Docket	Vice Chancellor and General Counsel or delegate	Must (1) be in compliance with all special instructions issued by the appropriate Executive Vice Chancellor, (2) be in compliance with legal guidelines issued by the Office of General Counsel, and (3) be submitted at previously established rates and terms.
(11) Teaming/consortium Agreements	Component Docket	Chief Administrative Officer or delegate	Must (1) be in compliance with all special instructions issued by the appropriate Executive Vice Chancellor, (2) be in compliance with legal guidelines issued by the Office of General Counsel, and (3) be submitted on the standard form
(12) New/continuing appointments to endowed positions NOTE: Request that RBC indicate whether appointment is the initial one for purposes of record keeping	Component Docket	Chief Administrative Officer or delegate	Must receive prior approval of Request for Budget Change (RBC) by the appropriate Executive Vice Chancellor in accordance with budget policies and in compliance with legal guidelines issued by the Office of General Counsel. NOTE: Budget instructions should include a request for a Listing of appointments to professorships as part of the budget review process.
(13) Sale to/Purchase from employees	Component Docket	Chief Administrative Officer or delegate	Must be justified as unique or sole source and be at fair market value. Must receive prior approval by the appropriate Executive Vice Chancellor and be in compliance with legal guidelines issued by the Office of General Counsel unless a public sale pursuant to the Regents' <u>Rules and Regulations</u> .
(14) Phased Retirement contracts (Faculty)	Component Docket	Chief Administrative Officer or delegate	Must (1) be in compliance with all special instructions issued by the appropriate Executive Vice Chancellor, (2) be in compliance with legal guidelines issued by the Office of General Counsel, and (3) be submitted on the standard form.
(15) Sale of art or rare volumes	Component Docket	Chief Administrative Officer or delegate	Must (1) be in compliance with all special instructions issued by the appropriate Executive Vice Chancellor, (2) be in compliance with legal guidelines issued by the Office of General Counsel, and (3) be within the fair market value.

NATURE OF CONTRACT	WHERE PRESENTLY APPROVED	DELEGATION TO	GUIDELINES, CONDITIONS, AND RESTRICTIONS
(16) Donor Courtesy Car Agreements	Component Docket	Chief Administrative Officer or delegate.	Must (1) be in compliance with all special instructions issued by the appropriate Executive Vice Chancellor and (2) be in compliance with legal guidelines issued by the Office of General Counsel.
(17) Amendments/Edits to Component Catalogs	Component Docket	Executive Vice Chancellor for Academic or Health Affairs, as appropriate	In accordance with the Regents' <u>Rules</u> , Part One, Chapter IV, Section 2, Subsection 2.6 pertaining to Changes in Degree Requirements and special instructions provided by the appropriate Executive Vice Chancellor and legal guidelines issued by the Office of General Counsel.
(18) Appointments/Changes of Title/Salary Increases for tenured faculty, those receiving tenure, and upper level administrative staff -- defined as those reporting directly to a President, Vice President or the equivalent [including off cycle tenure and promotion recommendations)	Component Docket	Continue to Docket	Must be within approved budget policies and receive prior approval of the appropriate Executive Vice Chancellor.
(19) Coaches' salaries	Component Docket	Continue to Docket	Must be approved by the Executive Vice Chancellor for Academic Affairs prior to inclusion in the institutional docket.
(20) Bowl Games: Budget and financial report	Component Docket	Continue to Docket	Must be approved by the Executive Vice Chancellor for Academic Affairs prior to inclusion in the institutional docket.
(21) Licenses Agreements/Board Intellectual Property to Third Parties	Component Docket	Continue to Docket except for Selected Intellectual Property Agreements which may be delegated per OGC guidelines	Must be in compliance with legal guidelines issued by the Office of General Counsel and the Regents' <u>Rules</u> , Part Two, Chapter XII relating to Intellectual Property.

EXHIBIT B

RECOMMENDATIONS FOR FUTURE HANDLING OF NONCONTRACTUAL ROUTINE DOCKET ITEMS

NONCONTRACTUAL ROUTINE DOCKET ITEMS	WHERE PRESENTLY APPROVED	SHOULD APPROVAL AUTHORITY BE DELEGATED	GUIDELINES, CONDITIONS, AND RESTRICTIONS
(22) MSRDP/PRS Report	System Docket	No -- Continue to Docket	Information is due to Executive Vice Chancellor for Health Affairs on a quarterly basis and reported for informational purposes in the System Docket. Specific instructions and formats are issued by the Executive Vice Chancellor for Health Affairs.
(23) System-wide Personnel Pay Plan	System Docket	No -- Continue to Docket	Coordinated by the Office of Human Resources in accordance with the Regents' <u>Rules</u> , Part Two, Chapter V, Section 1 and any related personnel memoranda approved by the appropriate System Administration officials.
(24) General Property Deposit (Changes only)	System Docket	No -- Continue to Docket	Coordinated by the Office of the Executive Vice Chancellor for Academic Affairs and the Office of the Executive Vice Chancellor for Health Affairs for the February docket each year.
(25) Incidental Fees (annual cumulated update)	System Docket	No -- Continue to Docket	These fees are required to be reported in the February System Administration docket each year. Instructions will be issued by the Executive Vice Chancellors for Academic and Health Affairs.
(26) Small Class Reports	Component Docket	No -- Continue to Docket	In accordance with the rules and regulations of the Coordinating Board and the <u>Texas Education Code</u> .
(27) Lab, Supplemental Fees, end Other Student Fees end Charges	Component Docket	No -- Continue to Docket	An annual update of lab, supplemental, end course-specific fees is required to be reported in the February institutional dockets each year. Other fees and charges may be docketed throughout the year. Appropriate instructions will be issued by the Executive Vice Chancellors for Academic and Health Affairs.
(28) Dual Positions of Honor, Trust, or Profit	Component Docket	No -- Continue to Docket	In accordance with the Regents' <u>Rules</u> , Part One, Chapter III, Section 13, Subsections 13.(10) and 13.(11) end with any additional instructions issued by the appropriate Executive Vice Chancellor.

NONCONTRACTUAL ROUTINE DOCKET ITEMS	WHERE PRESENTLY APPROVED	SHOULD APPROVAL AUTHORITY BE DELEGATED	GUIDELINES, CONDITIONS, AND RESTRICTIONS
(29) Naming of Facilities Other Than Buildings	Component Docket	No -- Continue to Docket	In accordance with the Regents' Rules , Part One, Chapter VIII, Section 1, Subsection 1.2 pertaining to the naming of facilities other than buildings.
(30) Logos and Colors	Component Docket	No -- Continue to Docket	In accordance with the Regents' Rules , Part Two, Chapter I, Section 9 pertaining to the adoption of a logo, color, theme or mascot. 1
(31) Student Constitution Amendments	Component Docket	No -- Continue to Docket	In accordance with special instructions issued by the appropriate Executive Vice Chancellor for Academic or Health Affairs.
(32) Investment Report	System Docket	Undecided	Appropriate method for UTIMCO to provide its investment report is under discussion at this time.

EXHIBIT C

Items No Longer Requiring Board Approval Via the Docket as of 2/8/96

NATURE OF ROUTINE DOCKET ITEM	WHEN APPROVAL AUTHORITY CHANGED	APPROVAL AUTHORITY	GUIDELINES, CONDITIONS, AND RESTRICTIONS
(33) Creation of endowments, acceptances of bequests and trusts, redesign&ions, etc., (items previously approved via the agenda) handled through the Office of Estates and Trusts	November 1995 Board approval of new gift guidelines	Vice Chancellor for Development and External Relations to report actions to the Regents at each quarterly Board meeting	Must comply with the U. T. System gift policy guidelines approved by the Board in November 1995 and must be reported to the Board in the Quarterly Gift Report provided in the <u>Material Supporting the Agenda (MSA)</u> .
(34) Ongoing gifts of less than \$50,000 to established endowments NOTE: Gifts of more than \$50,000 to established endowments will be reported in the institutional docket	November 1995 Board approval of new gift guidelines	Chief Administrative Officers	Must comply with the U. T. System gift policy guidelines approved by the Board in November 1995 and be included in the Annual Gift Report presented to the Board in February each year.
(35) Gifts • Unrestricted of less than \$500,000 NOTE: Restricted and Unrestricted gifts of more than \$500,000 will be reported in the institutional docket	November 1995 Board approval of new gift guidelines	Chief Administrative Officers	Must comply with the U. T. System gift policy guidelines approved by the Board in November 1995 and be included in the Annual Gift Report presented to the Board in February each year.
(36) Agreements for second- and third-year leaves of absence	February 1996 Board approval of amendment to Regents' <u>Rules</u>	Chief Administrative Officers	Prior approval of the appropriate Executive Vice Chancellor for third year only per February 1996 amendment to Regents' <u>Rules</u> , Part One, Chapter 111, Section 16.
(37) Teaching Overloads (U. T. Brownsville and U. T. Pan American only)	March 1996 following review by the Academic Affairs Office	Chief Administrative Officers	Must receive prior approval of the Executive Vice Chancellor for Academic Affairs and be in compliance with policy guidelines.

4. U. T. System: Approval of Monthly Insurance Premiums for the Self-Funded Medical and Dental Plans, Health Maintenance Organizations (HMOs), and Vision Service Plan to be Effective September 1, 1996.--Committee Chairman Smiley noted that supplemental material related to the proposed FY 1996-1997 medical, dental, and vision insurance premiums for employees and retirees of The University of Texas System was before the Board on yellow paper.

Upon recommendation of the Business Affairs and Audit Committee, the Board approved the monthly insurance premiums for the U. T. System self-funded medical and dental plans, health maintenance organizations (HMOs), and vision service plan to be effective September 1, 1996, as follows:

U. T. SYSTEM SELF-FUNDED MEDICAL PLAN PREMIUMS FOR FY 1996-97			
EMPLOYEE CATEGORY	POINT-OF- SERVICE PLAN WHERE OFFERED	PLAN A/ \$200 DEDUCTIBLE WHERE OFFERED	PLAN B/ \$500 DEDUCTIBLE WHERE OFFERED
Employee	\$165.35	\$165.35	\$133.14
Employee + Spouse	\$324.66	\$324.66	\$276.74
Employee + Child(ren)	\$302.97	\$302.97	\$231.53
Employee + Family	\$457.09	\$457.09	\$333.46

FREESTANDING INSURED HMO PREMIUMS FOR FY 1996-97			
EMPLOYEE CATEGORY	Prudential HealthCare Austin	Prudential HealthCare Houston	Kaiser
Employee	\$159.95	\$163.87	\$125.01
Employee + Spouse	\$310.15	\$314.04	\$300.02
Employee + Child(ren)	\$279.90	\$284.13	\$250.02
Employee + Family	\$407.65	\$409.49	\$362.53

U. T. SYSTEM SELF-FUNDED HMO PREMIUMS FOR FY 1996-97			
EMPLOYEE CATEGORY	PCA Austin	Pacificare Galveston	NYLCare Austin
Employee	\$162.11	\$162.85	\$164.12
Employee + Spouse	\$307.13	\$311.77	\$310.27
Employee + Child(ren)	\$277.75	\$286.61	\$283.94
Employee + Family	\$406.24	\$434.90	\$415.90
(Self-Funded HMO Premium Rates Continued)			
EMPLOYEE CATEGORY	UT South- western Health Plan Dallas	PCA San Antonio	NYLCare Valley
Employee	\$161.32	\$164.39	\$163.30
Employee + Spouse	\$308.04	\$318.74	\$310.27
Employee + Child(ren)	\$286.36	\$295.90	\$280.02
Employee + Family	\$428.80	\$448.18	\$415.65

DENTAL PLAN PREMIUMS FOR FY 1996-97		
EMPLOYEE CATEGORY	U. T. SYSTEM SELF-FUNDED DENTAL PREMIUMS Delta Dental	UNITED DENTAL (Dental HMO)
Employee	\$17.99	\$10.83
Employee + Spouse	\$30.65	\$20.16
Employee + Child(ren)	\$38.99	\$26.48
Employee + Family	\$48.63	\$31.83

SMOKER PREMIUM RATE

A rate of \$10.00 will be added to either a U. T. System self-funded medical or dental plan for employees or retirees who do not sign an affidavit stating they are nonsmokers.

VISION PLAN PREMIUMS FOR FY 1996-97

EMPLOYEE CATEGORY	
Employee	\$ 6.61
Employee + Spouse	\$10.26
Employee + Child(ren)	\$10.49
Employee + Family	\$16.91

5. U. T. System: Establishment of a Self-Funded Freestanding Exclusive Provider Organization (EPO) to Service the Edinburg Area; Establishment of a Self-Funded Freestanding Health Maintenance Organization (HMO) to Service the San Antonio Area; and Appointment of NYLCare Health Plans of the Gulf Coast, Inc. (NYLCare), Houston, Texas, as Administrative/Fiscal Agent for an EPO in the Edinburg Area, and PCA Health Plans of Texas, Inc. (PCA), Austin, Texas, as Administrative/Fiscal Agent for an HMO in the San Antonio Area to be Effective September 1, 1996.-- Committee Chairman Smiley reported that supplemental material related to the proposed establishment of self-funded freestanding Health Maintenance Organizations to service The University of Texas System employees and retirees in the Edinburg and San Antonio areas and appointment of administrative/fiscal agents for each of the organizations was before the Board on yellow paper.

As a result of an extensive review of the competitive proposals by the U. T. System Employee Group Insurance Program and upon recommendation of the Business Affairs and Audit Committee, the Board:

- a. Approved the establishment of a self-funded freestanding Exclusive Provider Organization (EPO) providing Health Maintenance Organization type benefits to service the employees and retirees of the U. T. System located in the Edinburg area
- b. Approved a self-funded freestanding Health Maintenance Organization (HMO) to service the employees and retirees of the U. T. System located in the San Antonio area

c. Approved the appointment of the following administrative/fiscal agents to be effective September 1, 1996:

1. NYLCare Health Plans of the Gulf Coast, Inc. (NYLCare), Houston, Texas, for an EPO in the Edinburg area
2. PCA Health Plans of Texas, Inc. (PCA), Austin, Texas, for an HMO in the San Antonio area.

Upon further review of the proposals received, it was decided by appropriate U. T. System Administration officials that no recommendation would be made at this time to establish a self-funded freestanding HMO in the Houston area because no proposal offered a combination of pricing and a provider network satisfactory to the needs of the U. T. System employees and retirees in that area.

6. U. T. System: Acceptance of Change in Benefit Design to Allow a Basic Plan and Supplemental Plan for the Group Term Life Insurance Coverage and Approval of Rates to be Effective September 1, 1996.--Before the Board on yellow paper was a recommendation related to the proposed benefit design change for the group term life insurance coverage for employees of The University of Texas System.

In order to eliminate imputed income for plan participants with coverage over \$50,000, the Business Affairs and Audit Committee recommended and the Board approved changes to the U. T. System group term life insurance program to allow for two separate benefit designs to be entitled the Basic Plan for coverage up to \$50,000 and the Supplemental Plan for coverage over \$50,000 to be effective September 1, 1996.

Further, the Board approved the rate structure for the two benefit plans to be effective September 1, 1996, as set forth on Page 40.

MONTHLY PREMIUMS FOR GROUP TERM LIFE INSURANCE FOR FY 1996-97		
	BASIC PLAN RATES	SUPPLEMENTAL PLAN RATES
Automatic Coverage (\$ per \$1,000 coverage)	\$0.276	n/a
Employee Only \$10,000 (\$ per \$1,000 coverage)	\$0.276	n/a
Optional Coverage (\$ per \$1,000 coverage)		
Under age 35	\$0.068	\$0.061
35 - 39	0.087	0.078
40 - 44	0.122	0.109
45 - 49	0.188	0.168
50 - 54	0.293	0.261
55 - 59	0.459	0.409
60 - 64	0.695	0.620
65	1.049	0.936
66 & over	1.308	1.167
Retired Employees (for \$2,500 coverage from age 70)	5.34*	n/a
Dependent Coverage (for flat amount)	2.50	n/a
*Age 70 years only. Rates increase slightly as age increases.		

The Basic Plan will provide life insurance coverage up to \$50,000 at current premium rates. Premiums can be paid with premium sharing or with before tax dollars via UTFlex. Employees and retirees electing coverage in excess of \$50,000 will be directed to the Supplemental Plan where all premiums must be paid with after tax dollars. Any individual with coverage under the Supplemental Plan will have their first \$50,000 of coverage under the Basic Plan.

REPORT AND RECOMMENDATIONS OF THE ACADEMIC AFFAIRS COMMITTEE (Pages 41 - 62).--Committee Chairman Lebermann reported that the Academic Affairs Committee had met in open session to consider those matters on its agenda and to formulate recommendations for the U. T. Board of Regents. Unless otherwise indicated, the actions set forth in the Minute Orders which follow were recommended by the Academic Affairs Committee and approved in open session and without objection by the U. T. Board of Regents:

1. U. T. Board of Regents - Regents' Rules and Regulations, Part One: Amendments to Chapter III, Section 1, Subsection 1.8, Subdivisions 1.83 and 1.84 (Academic Titles).-- Upon recommendation of the Academic Affairs and Health Affairs Committees, the Board amended the Regents' Rules and Regulations, Part One, Chapter III, Section 1, Subsection 1.8, Subdivisions 1.83 and 1.84 regarding academic titles to read as set forth below:

1.8 Academic Titles.

. . .

1.83 . . .

- (i) In the general academic institutions with health-related clinical programs, persons appointed to full-time positions for the primary purpose of patient care and other service activities shall be given one of the following titles, even though the individuals may be assigned teaching or research responsibilities:

(1) Professor of Clinical

(title of specialty)

(2) Associate Professor of Clinical

(title of specialty)

(3) Assistant Professor of Clinical

(title of specialty)

(4) Instructor in Clinical

(title of specialty)

For persons appointed to positions pursuant to this Item, all appointment letters, personnel forms, budgets and other official documents shall state in parenthesis following the name and title of the individual either "(nontenure-track clinical appointment)" or "(nontenure-track appointment)," as appropriate, and service in such positions shall not be credited as faculty service toward calculation of any maximum probationary period.

(j) In the health components, persons appointed to full-time positions for the primary purpose of either research activities or patient care and other service activities shall be given one of the following titles, even though the individuals may be assigned teaching responsibilities:

(1) Professor of

(title of specialty)

(2) Associate Professor of

(title of specialty)

(3) Assistant Professor of

(title of specialty)

(4) Instructor in

(title of specialty)

For persons appointed to positions pursuant to this Item, all appointment letters, personnel forms, budgets and other official documents shall state in parenthesis following the name and title of the individual either "(nontenure-track clinical appointment)" or "(nontenure-track research appointment)," as appropriate, and service in such positions shall not be credited as faculty service toward calculation of any maximum probationary period.

1.84 Prefixes to academic and staff positions in which tenure cannot be acquired:

(a) Visiting Professor, Visiting Associate Professor, and Visiting Assistant Professor. These titles are used only for temporary appointments of persons either visiting from other institutions where they hold similar ranks or who are brought to the University on a trial basis. Such appointments are limited to two years unless an exception is approved in writing by the appropriate Executive Vice Chancellor.

These amendments clarify that clinical faculty at the health components or in health-related clinical programs at the academic components may engage in clinical teaching activity without limitation that the teaching be "incidental."

The amended Subdivision 1.84, Item (a) makes the current appointment term limit of two years for visiting faculty positions more flexible upon written administrative approval.

2. U. T. Board of Regents - Regents' Rules and Regulations: Amendments to Part One, Chapter III, Section 13, Subsection 13.7 (Outside Employment) and Part Two, Chapter XII, Section 2, Subsection 2.3 (Intellectual Property).--The Academic Affairs and Health Affairs Committees recommended and the Board amended the Regents' Rules and Regulations, Part One, Chapter III, Section 13, Subsection 13.7 (Outside Employment) to read as set forth below:

13.7 Every member of the faculty or staff who gives professional opinions must protect the System and its component institutions against the use of such opinions for advertising purposes. If the employee does work in a private capacity, the employee must make it clear to those who employ him or her that the work is unofficial and that the name of the System and its component institutions is not in any way to be connected with the employee's name, except when used to identify the employee as the author of work related to the employee's academic or research area as more fully described in Part Two, Chapter XII, Section 2, Subsection 2.3.

Further, the Board amended the Regents' Rules and Regulations, Part Two, Chapter XII, Section 2, Subsection 2.3 (Intellectual Property) to read as set forth below:

2.3 The Board will not assert an interest in faculty authored scholarly works, art works, musical compositions and dramatic and non-dramatic literary works related to the faculty member's professional field, regardless of the medium of expression, unless such work is commissioned by the System or a component institution of the System or is a work for hire pursuant to Subsection 2.4.

These amendments expand the definition of faculty authored scholarly works to cover new types of publications such as CD-ROM products and allow a faculty member to retain intellectual property rights for scholarly works which are related to the faculty member's professional field and which are not commissioned by the University.

3. U. T. Board of Regents - Regents' Rules and Regulations: Amendments to Part One, Chapter VI, Section 6 (Use of University-Owned Facilities) and Part Two, Chapter X, Section 9 (Student Union Facilities).--The Board, upon recommendation of the Academic Affairs and Health Affairs Committees, amended the Regents' Rules and Regulations, Part One, Chapter VI, Section 6 regarding use of university-owned facilities to read as set forth below:

Sec. 6. Use of University Facilities. This Section applies only to property, buildings, and facilities owned or controlled by the U. T. System or component institutions that are maintained and used for programs and activities related to the role and mission of the U. T. System or component institutions.

6.1 The property, buildings, or facilities owned or controlled by the U. T. System or component institutions are not open for assembly, speech, or other activities as are the public streets, sidewalks, and parks. The responsibility of the Board of Regents to operate and maintain an effective and efficient system of institutions of higher education requires that the time, place, and manner of assembly, speech, and other activities on the grounds and in the buildings and facilities of the U. T. System or component institutions be regulated. Acting pursuant to the general authority of Chapter 65 of the Texas Education Code and the specific authority of Chapter 51 of the Texas Education Code, the Board of Regents adopts and promulgates this Section relating to the use of buildings, grounds and facilities for purposes other than programs and activities related to the role and mission of the U. T. System or component institution.

6.2 No person, organization, group, association, or corporation may use property, buildings, or facilities owned or controlled by the U. T. System or a component institution for any purpose other than in the course of the regular programs or activities related to the role and mission of the U. T. System or component institution, unless authorized by the Regents' Rules and Regulations. Any authorized use must be conducted in compliance with the provisions of the Regents' Rules and Regulations, the approved rules and regulations of the component institution, and applicable federal, state, and local laws and regulations.

6.3 Identification Required.--Pursuant to the authority conferred upon the Board of Regents by Section 51.209, Texas Education Code, in order to protect the safety and welfare of students, employees, patients, and other participants in the programs and activities of the U. T. System and component institutions and to protect the property, buildings, and facilities of the U. T. System and component

institutions, it shall be unlawful for any person who is on any property or in a building or facility owned or controlled by the U. T. System or a component institution to refuse to identify himself or herself in response to a request by an institutional representative. For the purpose of this Subsection, a person identifies himself or herself by: (1) giving his or her name and complete address substantiated by a current driver's license, voter registration card, or other official documentation; and (2) stating truthfully whether he or she is a student or employee of the U. T. System or a component institution.

6.31 For the purpose of this Subsection, an "institutional representative" is:

- (a) any member of the Board of Regents of the U. T. System or the Executive Secretary to the Board;
- (b) any executive officer or administrative officer of the U. T. System;
- (c) any administrative officer of a component institution;
- (d) any attorney of the U. T. System or a component institution; and
- (e) any peace officer or security officer of the U. T. System or component institution acting pursuant to authority of Texas law.

6.32 Any person who refuses to identify himself or herself in accordance with this Subsection may be convicted of a misdemeanor punishable by a fine of not more than \$200.

6.33 Students, faculty, or staff who refuse to identify themselves in accordance with this Subsection are also subject to disciplinary action.

6.4 Protection of Artificial Bodies of Water, and Other Property.--Pursuant to the authority conferred upon the Board of Regents by Sections 51.202 and 51.204, Texas Education Code, in order to protect the safety and welfare of students, faculty, and staff and to protect the property, buildings, and facilities of the U. T. System and component institutions, it shall be unlawful for any person to enter, walk, run, lie, play, remain, or be in the water of any fountain or other artificial body of water, which is not designed and maintained for recreational or therapeutic purposes, located on property owned or controlled by the U. T. System or a component institution unless such person has the prior written permission of the chief administrative officer of the U. T. System or the component institution to enter, remain, or be in such water.

6.41 It shall further be unlawful for any person to dump, throw, place, or cause any material, object, person, animal, trash, waste, or debris to be placed in such fountain or other artificial body of water.

- 6.42 It shall also be unlawful for any person to damage, deface, or remove any portion of any fountain, monument, building, statue, structure, facility, tree, shrub, or memorial located on property owned or controlled by the U. T. System or a component institution.
- 6.43 Any person who violates any provision of this Subsection may be convicted of a misdemeanor punishable by a fine of not more than \$200.
- 6.44 Students, faculty, or staff who violate any portion of this Subsection are also subject to disciplinary action.
- 6.5 Alcoholic Beverages.--The use of alcoholic beverages is prohibited on property and in buildings and facilities owned or controlled by the U. T. System or a component institution. However, the chief administrative officer of the U. T. System or a component institution may waive this prohibition with respect to any event sponsored by the U. T. System or the component institution. An event is sponsored if a budgeted office, department, or division of the U. T. System or the component institution is responsible for organizing the event, inviting attendees, and paying expenses related to the event, including the purchase of food and beverages. Meetings or events organized and presented by registered faculty, staff, or student organizations are not events sponsored by the U. T. System or the component institution. This Subsection does not apply to areas that are licensed under state law for the sale and service of alcoholic beverages, to a Special Use Facility during use by a noninstitutional individual, group, association, or corporation for purposes permitted by Subsection 6.(10), or to property, buildings, or facilities that are occupied by a third party pursuant to a written lease or occupancy agreement that does not specifically exclude alcoholic beverages. State law relating to alcoholic beverages will be strictly enforced at all times on property and in buildings and facilities owned or controlled by the U. T. System or a component institution.
- 6.6 Solicitation.--The term "solicitation" means the sale, lease, rental or offer for sale, lease, rental of any property, product, merchandise, publication, or service, whether for immediate or future delivery; an oral statement or the distribution or display of printed material, merchandise, or products that is designed to encourage the purchase, use, or rental of any property, product, merchandise, publication, or service; the oral or written appeal or request to support or join an organization other than a registered student, faculty, or staff organization; the receipt of or request for any gift or contribution; or the request to support or oppose or to vote for or against a candidate, issue, or proposition appearing on the ballot at any election held pursuant to state or federal law or local ordinances.

- 6.61 No solicitation shall be conducted on property or in any building, structure, or facility owned or controlled by any component institution or the U. T. System unless permitted by the Regents' Rules and Regulations. The following activities shall not be deemed solicitations prohibited by this Subsection when conducted in accordance with the approved rules and regulations of the U. T. System or the component institution. Such activities must be conducted in a manner that does not disturb or interfere with the academic programs or administrative activities of the U. T. System or the component institution or any program or activity that is conducted by or is authorized by the U. T. System or component institution; does not interfere with entry to or exit from a building, structure, or facility; does not interfere with the flow of pedestrians or vehicular traffic on sidewalks or streets; and does not violate applicable state, federal, or local law or regulation:
- (a) The distribution, sale, or offer for sale of a newspaper, magazine, or other publication by means of an unattended rack or vending machine in area(s) designated in advance by the chief administrative officer of the U. T. System or a component institution or his or her delegate for the conduct of such activity.
 - (b) The sale or offer for sale of food, drink, or any other product that may be lawfully sold by means of a vending machine that is operated by the U. T. System or component institution or a subcontractor of either, under an approved written agreement, in an area designated in advance by the chief administrative officer of the U. T. System or the component institution or his or her delegate.
 - (c) The sale or offer for sale by the U. T. System or component institution or a subcontractor of either, under an approved written agreement, of any publication of the U. T. System or the component institution or of any book or other printed material to be used in the regular academic work of the component institution.
 - (d) Any service or service facility for the convenience of the students, staff, faculty, patients, or bona fide visitors that is operated or maintained by the U. T. System or component institution or by a

subcontractor or lessee of either, under an approved written agreement, including, but not limited to: (1) any bookstore, specialty store, laundry, pharmacy, cafeteria, or food service; (2) a child care facility limited to children or bona fide dependents of students, faculty, or staff; (3) a state or federal credit union with membership limited primarily to students, faculty, and staff of the component institution and other area institutions of higher education or other component institutions and the U. T. System, and the officers and employees of organizations closely related to the component institution's educational mission, such as officially recognized alumni associations and cooperative bookstores; (4) private post office boxes under an approved written agreement that limits the use to students, faculty, and staff of the component institution; (5) unmanned teller machines and drop-boxes for express delivery services that are located and maintained under an approved written agreement that prohibits advertising the location of the unmanned teller machine or drop-boxes to the general public; or (6) a travel agency under an approved written agreement that limits the use primarily to students, faculty, and staff of the component institution and prohibits advertising the institutional location of the travel agency to the general public.

- (e) The sale or offer for sale by the U. T. System or component institution or a subcontractor of either, under an approved written agreement, of food, drink, souvenirs, novelty items, and programs at athletic contests or other programs or events sponsored or authorized by the U. T. System or component institution.
- (f) The sale of merchandise, food, or nonalcoholic beverages by the students' association or by a registered student, faculty, or staff organization. A students' association or a registered student, faculty, or staff organization may not conduct such solicitation activities on behalf of or for the benefit of any individual, association, organization, corporation, or group of individuals that is not registered as a student, faculty, or staff organization.
- (g) The collection of membership fees or dues by registered student, faculty, or staff organizations at meetings of such organizations scheduled in accordance with the facilities use regulations of any component institution.

- (h) The collection of admission fees for the exhibition of movies or for other programs that are sponsored or presented by the U. T. System or component institution or, if permitted by and scheduled in accordance with the approved rules and regulations of the component institution, by the students' association or by a registered student, faculty, or staff organization.
- (i) Solicitation of funds by any organization that can present to the chief administrative officer of the U. T. System or component institution, or his or her delegate, written evidence from the Internal Revenue Service that the organization has been granted an exemption from taxation under Section 501(c)(3), Internal Revenue Code. Such solicitation must be conducted in an area(s) designated for that purpose by such chief administrative officer or his or her delegate. Persons soliciting on behalf of an organization must have credentials identifying them as authorized agents of the organization. Permission to solicit shall not be used by the organization as an endorsement by the U. T. System or the component institutions. No organization may solicit under this subdivision for more than a total of fourteen days, whether continuous or intermittent, during each state fiscal year.
- (j) Occasional sales or offers of sales of goods or services that comply with applicable federal, state, and local laws and regulations and are conducted solely for the resident(s) of an individual university residence hall room or an individual apartment when a resident of such room or apartment has given specific invitation in advance for salespersons to come to the individual residence hall room or individual apartment for that purpose. This exception does not authorize sales or offers of sales of goods or services within a university residence hall room or apartment by the occupant, door-to-door sales or offers of sales of goods or services, or sales or offers of sales of goods or services to persons who are present in an individual residence hall room or apartment but are not residents of such room or apartment.
- (k) The acknowledgement of a sponsor of an athletic event or an advertisement announced over a public address system, displayed on a scoreboard or electronic message center or displayed by other means in athletic facilities at locations designated for that purpose pursuant to an approved policy of the component institution.

- (l) Advertising displayed on an outdoor electronic marquee or message center owned and operated by the U. T. System or a component institution.
- (m) Advertising and merchandise displayed at an athletic tournament that is sanctioned by the official national or international organization for such athletic competitions; provided that, such advertising and merchandise is required to be displayed under the terms of one or more contractual agreements between such organization and one or more sponsors and such contracts were in effect prior to the date that a component institution was selected as the site for the tournament.
- (n) The sale or offer for sale by a registered student organization of charitable raffle tickets on behalf of an organization that is authorized to conduct a charitable raffle under the provisions of Article 179f, Vernon's Texas Civil Statutes.
- (o) The display and demonstration by manufacturers and distributors of personal computer hardware and software suitable for use by students and faculty in the academic programs of a component institution and the presentation of information and demonstrations related to remote networks for personal computers by entities that provide access to such networks. Such activities may be conducted once each academic year upon invitation by the chief administrative officer of the component institution or his or her delegate and must be limited to the time and place designated by and under guidelines specified and controlled by the component institution. A manufacturer or distributor of personal computer hardware or software or an entity that provides access to remote networks for personal computers may not make sales or take orders.
- (p) The distribution or presentation to officers and employees of the U. T. System and component institutions of material related to health benefit plans, life insurance, tax sheltered annuities, retirement plans or programs, or other benefits that are available to such officers and employees. Such material may be distributed or presented only at the Office of Human Resources of the U. T. System or component institutions or at meetings scheduled for that purpose pursuant to guidelines established by the U. T. System Office of Human Resources.
- (q) Solicitation by the officers or employees of the U. T. System or component institution acting in the course and scope of their authority.

(r) The distribution, at no cost, by a students' association or a registered student, faculty, or staff organization of a newspaper, magazine, or other publication that contains paid advertising and is published by such organization at its sole expense.

6.62 No solicitation shall be conducted on the grounds, sidewalks, or streets of any component institution or of the U. T. System, except by the agents, servants, or employees of the U. T. System or component institution acting in the course and scope of their agency or employment, or by the students' association of that institution, or by a registered student, faculty, or staff organization at that institution when authorized under Subsection 6.61. Such solicitation must be conducted in a way that: (a) does not disturb or interfere with the academic programs or administrative activities of the U. T. System or the component institution or any program or activity that is conducted by or is authorized by the U. T. System or component institution; (b) does not interfere with the free and unimpeded flow of pedestrian and vehicular traffic on sidewalks and streets and at places of ingress and egress to and from property, buildings, or facilities; and (c) does not harass, embarrass, or intimidate the person or persons being solicited. If, after reasonable investigation (which investigation shall afford the accused student, employee, or organization every right guaranteed by the due process clauses of the United States and Texas Constitutions) it is determined that solicitation is being or has been conducted in violation of the Regents' Rules and Regulations or the approved rules and regulations of the U. T. System or component institution (1) a student or employee will be subject to such disciplinary action as may be appropriate, and (2) the offending organization shall be prohibited from solicitation for such period or periods of time as shall be appropriate and in the case of repeated violations the registered status of the offending organization may be cancelled or other appropriate penalties may be imposed.

6.63 The students' association and each registered student organization shall, within thirty days after the beginning of each long session semester, file with the Dean of Students or other appropriate official a statement fully disclosing the sources and amounts of money obtained from solicitations during the preceding semester or summer session and fully

disclosing the purposes and amounts of the expenditures made during the preceding semester or summer session. Any organization failing to comply with the provisions of this Subsection shall be prohibited from solicitation activities until the organization files the required report.

- 6.7 Use of Property, Buildings, or Facilities by Students' Associations; Registered Student, Faculty, or Staff Organizations; or Officially Recognized Alumni Associations.--Subject to constitutional and statutory restrictions on the use of state property for religious or political purposes, a students' association; a registered student, faculty, or staff organization; or an officially recognized alumni association that qualifies under Subdivision 6.61(i) of this Section and whose fund-raising activities are dedicated to the benefit of the U. T. System or a component institution, may reserve and use buildings, grounds, and facilities owned or controlled by the U. T. System or component institution in compliance with reasonable and nondiscriminatory time, place, and manner provisions of the approved regulations of the U. T. System and component institution. Such regulations shall specify the procedures under which such organizations may reserve the buildings, grounds, and facilities for their use. Such use must be for purposes permitted by the Regents' Rules and Regulations and be conducted in compliance with Subsection 6.61 and Subsection 6.62. Groups of students, faculty, or staff who are not registered or groups of alumni other than officially recognized alumni associations whose fund-raising activities are dedicated to the benefit of any component institution may not use the institution's buildings, facilities, or grounds.
- 6.71 A students' association, a registered student, faculty, or staff organization, or an alumni association may not reserve or use property, buildings, or facilities owned or controlled by the U. T. System or a component institution for the purpose of engaging in any project or program with any association, organization, or corporation, or with any individual or group of individuals that are not registered.
- 6.72 Students, faculty, or staff, a students' association, or a registered student, faculty, or staff organization, with prior written authorization, may petition, post signs, set up booths, or peacefully demonstrate on property owned or controlled by the U. T. System or component institution.

- 6.73 No person, including a student or employee of a component institution, shall distribute any petition, handbill, object, or piece of literature; post or carry any sign, placard, or banner; or engage in speech or conduct on property or in buildings or facilities owned or controlled by the U. T. System or a component institution if it is obscene, libelous, or directed to inciting or producing imminent lawless action and is likely to incite or produce such action.
- 6.8 Student Center or Student Union.--The use of student center or student union facilities of a component institution shall be subject to Regents' Rules and Regulations and to the approved rules and regulations of the component institution.
- 6.9 Joint Sponsorship of the Use of Property, Buildings, or Facilities.--Except as permitted in Subdivision 6.61, Subsection 6.(10), and Subsection 6.(11), the use of property, buildings, or facilities owned or controlled by the U. T. System or a component institution by individuals who are not students, faculty, or staff; by groups that are not registered student, faculty, or staff organizations; or by associations or corporations for programs or activities must be jointly sponsored by the U. T. System or the component institution and shall be subject to the following conditions.
- 6.91 The program or activity must be upon the invitation of the U. T. System or component institution. Only the chief administrative officer of the U. T. System or component institution, or his or her delegate, can authorize joint sponsorship.
- 6.92 In order for joint sponsorship to be appropriate, the educational implications of a program or activity must be self-evident, must directly supplement the educational purposes of the U. T. System or component institution, and must not result in financial gain for the invited individual, group, association, or corporation.
- 6.93 The U. T. System and component institutions established as public institutions without regard to political affiliation or religious faith cannot be a joint sponsor for political or sectarian gatherings.
- 6.94 The U. T. System or component institution will be responsible for all details of the program or activity, and reserves the right to approve all copy for advertising and news releases, and may require an accounting of the income and expenses directly related to the program or activity.

- 6.95 The scheduling of property, buildings, or facilities for programs or activities of the U. T. System or component institution shall always have priority over the scheduling for programs or activities that are jointly sponsored.
- 6.96 The fee to be paid by the invited individual, group, association, or corporation will be a matter for negotiation in each case and will be specified in the agreement providing for the joint sponsorship. At a minimum, the fee must ensure recovery of the cost incurred by the U. T. System or component institution.

- 6.(10) Special Use Facilities.--Notwithstanding any other provisions of this Chapter, the chief administrative officer of a component institution may designate specific facilities, such as special event centers, conference centers, concert halls, theaters, or auditoria, as Special Use Facilities. The chief administrative officer shall cause to be prepared and submitted for approval, as a part of the Handbook of Operating Procedures of the component institution, appropriate rules and regulations for the reservation and use of Special Use Facilities. The rules and regulations must restrict the reservation and use of such facilities in accordance with the following:
- 6.(10)1 Designation as a Special Use Facility shall not constitute the facility a public facility or forum that is open to use by individuals, groups, associations, or corporations on a first come, first served basis.
- 6.(10)2 Priority in the reservation and use of Special Use Facilities shall be given to programs and activities of the U. T. System or component institution that are in furtherance of and related to the educational, cultural, recreational, and athletic programs of the U. T. System or component institution.
- 6.(10)3 As a lower priority, the rules and regulations may provide for reservation and use of Special Use Facilities by individuals, groups, associations, or corporations without the necessity of joint sponsorship by the U. T. System or component institution. Rates must be charged for the use of the Special Use Facility that, at a minimum, ensure recovery of that part of the operating cost of the facility attributable directly or indirectly to such use. If the user charges those attending an event any admission or registration fee, or accepts donations from those in

attendance, the component institution shall require the user to make a complete account of all funds collected and of the actual cost of the event. If the funds collected exceed the actual cost of the event, the user shall be required to remit such excess funds to the component institution as an additional charge for the use of the Special Use Facility.

6.(10)4 Subject to all constitutional and statutory provisions relating to the use of state property or funds for religious or political purposes, and subject to Subsection 6.(10)3, Special Use Facilities may be made available for religious and political conferences or conventions. Religious organizations applying for use of a Special Use Facility must submit written evidence from the Internal Revenue Service that the organization has been granted an exemption from taxation under Section 501(c)(3) of the Internal Revenue Code. Political organizations applying for use of a Special Use Facility must present written evidence that the organization had candidates for either federal, state, district, or local offices listed on the ballot at the last general election.

6.(10)5 The rules and regulations applicable to a Special Use Facility may provide for the rental of space for display of advertising and the display of samples of merchandise in designated areas inside the Facility that have been approved by the chief administrative officer of the component institution or his or her delegate, and for advertising by displays on an electronic scoreboard or message center inside the Facility or on the Facility's outdoor electronic marquee or message center. Such rules and regulations may further provide for the sale of advertising space on ticket envelopes for events sponsored by the Facility and in any publication of the Facility distributed in connection with a sponsored event or announcing future sponsored events.

- 6.(11) Use of Property, Buildings, or Facilities for Filming Motion Pictures or Television Productions.--The chief administrative officer of the U. T. System or a component institution or his or her delegate may authorize the use of property, buildings, or facilities owned or controlled by the U. T. System or component institution for filming motion pictures or television productions under a written agreement approved pursuant to U. T. System procedures. Requests to film a motion picture or television production will be reviewed and considered on a case by case basis and, subject to the provisions of this Subsection, it shall be within the discretion of the chief administrative officer or his or her delegate to determine whether to grant the request. The safety of students, faculty, and staff; the potential for damage to buildings, facilities, or property and for disruption of administrative or academic programs or other scheduled activities; and the subject matter of the film shall be of primary consideration in determining whether to grant a filming request.
- 6.(11)1 The chief administrative officer or his or her delegate will be responsible for assuring that scheduled time(s) and location(s) for filming do not interfere with administrative and academic programs or other scheduled activities of the U. T. System or component institution.
- 6.(11)2 The U. T. System or a component institution shall not be identified as the filming location in the film credits or in any media advertising for the film. The film may not include any building, statue, fountain, facility, mark, symbol, or logo that identifies the U. T. System or a component institution as the filming location. This prohibition shall not apply to the filming of an approved script that relates to the life and accomplishments of a present or former officer or employee of the U. T. System or of the component institution at which the script is filmed.
- 6.(11)3 The script for the motion picture or television production must be approved by the chief administrative officer or his or her delegate.

- 6.(11)4 The production company must have been in existence for at least three (3) years and produced one or more motion pictures that have been distributed and exhibited nationwide or one or more television programs that have been broadcast by a major television network, e.g. ABC, CBS, FOX, NBC.
- 6.(11)5 The production company must provide a policy of comprehensive general liability and property damage insurance issued by a company authorized to do business in the State of Texas naming the Board of Regents, the U. T. System, the component institution, and the officers and employees of each as additional insureds, providing coverage for bodily injury and death of persons and damage to property that result directly or indirectly from the negligent or intentional act or omission of, or from the use or condition of any property, equipment, machinery, or vehicle used, operated, or controlled by, the production company or its officers, employees, agents, or subcontractors while on property owned or controlled by the U. T. System or a component institution. The limits of coverage shall be determined by the chief administrative officer or his or her delegate on the basis of the nature and extent of the activities to be conducted by the production company and the property, buildings, or facilities to be utilized. In no event shall the limits of liability for each occurrence be less than five million dollars (\$5,000,000.00) for bodily injury or death of a person and one million dollars (\$1,000,000.00) for property damage.
- 6.(11)6 A use fee will be established in each case based upon the nature and extent of the activities of the production company and the U. T. System or component institution property, buildings, facilities, personnel, and services that are required to accommodate such activities. The use fee must be paid in advance by a certified or cashier's check made payable to the U. T. System or component institution. If the production company cancels a scheduled use, the deposit, less any expense incurred by the U. T. System or component institution in preparation for such use, will be refunded.

Further, the Board amended the Regents' Rules and Regulations, Part Two, Chapter X, Section 9 regarding student union facilities to read as set forth below:

Sec. 9. Student Center and Student Union Facilities.-- Rules and regulations for the establishment, administration and operation of student center or union facilities shall be promulgated by administrative officials and the chief administrative officer at the institution concerned, provided that such rules and regulations shall not be effective until approved by the appropriate Executive Vice Chancellor for inclusion in the institutional Handbook of Operating Procedures. Rules and regulations for the use of student center or union facilities shall be consistent with the provisions of the Regents' Rules and Regulations, Part One, Chapter VI, Section 6.

The changes to the Regents' Rules and Regulations, Part One, Chapter VI, Section 6 are intended to clarify permissible activities and use of facilities including solicitation on institutional and U. T. System property and to provide more flexibility to conduct desirable fund raising activities.

The amendment to Part Two, Chapter X, Section 9 adds a clarifying cross-reference between Section 9 and the primary rules governing use of student union and student center facilities contained in Part One, Chapter VI, Section 6.

4. U. T. System: Approval to Exempt Students 55 Years of Age or Older from Certain Testing Requirements.--Authorization was given for the general academic institutions of The University of Texas System to develop policies subject to approval by the Executive Vice Chancellor for Academic Affairs to exempt non-degree-seeking or non-certificate-seeking students who are 55 years of age or older on the first class day of any given semester or term from the testing requirements of the Texas Academic Skills Program.

The 74th Texas Legislature, Regular Session, amended Section 51.306, Subsection (q) of the Texas Education Code to allow institutions to exempt non-degree-seeking or non-certificate-seeking persons 55 years of age or older from the Texas Academic Skills Program (TASP) testing requirements that are imposed by that Section as a condition for enrollment in a public institution of higher education. By providing the exemption, a campus can remove a barrier for eligible students who wish to take only one or a few courses and not seek a degree. Proposed policies will be submitted for approval by the Executive Vice Chancellor for Academic Affairs.

5. U. T. Austin: Authorization to Establish a Bachelor of Science Degree in Geosystems Engineering and Hydrogeology and to Submit the Degree Program to the Coordinating Board for Approval (Catalog Change).--Upon recommendation of the Academic Affairs Committee, the Board established a Bachelor of Science degree in Geosystems Engineering and Hydrogeology at The University of Texas at Austin and authorized submission of the proposal to the Texas Higher Education Coordinating Board for review and appropriate action. The bachelor's degree program is consistent with U. T. Austin's approved Table of Programs and institutional plans for offering quality degree programs to meet student needs.

The Bachelor of Science (B.S.) degree in Geosystems Engineering and Hydrogeology is a 136 semester credit hour program designed to educate students in the fundamental principles of multiphase chemical and energy transport through permeable media, petrophysics, physical and chemical processes involved in cycling of surface and groundwater, and associated interactions with the environment. The program will provide a balanced approach to theory, laboratory investigations, and field work. The academic studies will be oriented to applications by which engineering and hydrogeology assist in solving real-world problems in energy and mineral development and management of the natural environment. The program will be administered jointly through two existing departments: Petroleum and Geosystems Engineering in the College of Engineering and Geological Sciences in the College of Natural Sciences. No new organizational entity will be created as a result of this program. The anticipated date for enrolling the first students is the Fall of 1996.

Admission requirements will be the same as those for other programs in Petroleum and Geosystems Engineering or Geological Sciences.

No new costs are projected for the program and current resources will support its activities. Only one new undergraduate geostatistics course will need to be developed in the Petroleum and Geosystems Engineering (PGE) Department for the program. The current teaching load in that department averages above 3 courses per year per faculty member. The PGE faculty have agreed to a marginal increase in course load to be able to offer the program. Courses scheduled for the degree are already established in the Geological Sciences Department and have been taught at least one time. U. T. Austin has excellent library resources and no new holdings will be necessary. Additionally, the existing equipment and facilities are adequate to support the program.

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

6. U. T. Austin: Establishment of an Additional Off-Campus Location for the Master of Business Administration (Option II) Degree at the Instituto Tecnològico de Estudios Superiores de Monterrey, Mexico City, Mexico, and Authorization to Submit the Location to the Coordinating Board for Approval (Catalog Change).--Authorization was granted for The University of Texas at Austin to establish an additional location for the Master of Business Administration (Option II) (MBAIL) at the Instituto Tecnològico de Estudios Superiores de Monterrey (ITESM) in Mexico City, Mexico, and to submit the off-campus location to the Texas Higher Education Coordinating Board for review and appropriate action.

The content of the program will be essentially the same as in the state-funded executive MBAIL program offered in Austin, but no state funds will be used to support the program offered in Mexico.

The additional location for the Master of Business Administration (Option II) (MBAIL) at the Instituto Tecnològico de Estudios Superiores de Monterrey (ITESM) is designed to target Mexican executives who have traditionally come to elite U. S. graduate schools of business for MBA degrees, usually at great out-of-pocket expense and loss of productivity. The ITESM is widely regarded as the top institution of higher education in Mexico, especially in engineering and business. This ITESM-based "Executive MBA" program will allow these executives to remain productive in their key positions and still have the opportunity to complete an MBA in a reasonable period of time. The curriculum has been adapted from the rigorous and successful Option II MBA program currently taught in Austin by adding a Western Hemispheric dimension. The program includes fifteen organized courses and one independent study requirement (48 graduate credit hours) to be delivered over two years, including three one-week "summer camps." Anticipated implementation of the program is Summer 1996.

Classes held during the four regular semesters (every other Friday and Saturday, over two years) will meet at the library of ITESM in Mexico City, which has an executive classroom facility. Faculty from U. T. Austin will commute to Mexico City for classes and will be assisted by on-site ITESM faculty. The first two "summer camps" will be held at or near the U. T. Austin campus. The third and last "summer camp" will be held at a conference facility in Cuernavaca, Mexico, just south of Mexico City.

One distinct international difference in the program is that the curriculum will be taught partly in English and partly in Spanish and will be oriented to Western Hemispheric business issues. All courses conform to the U. T. Austin Graduate Catalog.

Because the program will be delivered primarily outside the State of Texas, formula funding will not be used. Instead, the program will be offered on a full-cost-recovery basis, with faculty being compensated at an extra-duty rate. No state funds are required to implement this program.

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

7. U. T. Austin and U. T. Pan American: Authorization to Advance the Cooperative Doctor of Education (Ed.D.) Degree in Educational Administration to Step 3 and to Submit the Change to the Coordinating Board for Approval (Catalog Change).--The Board, upon recommendation of the Academic Affairs Committee, authorized The University of Texas at Austin and The University of Texas - Pan American to advance the currently established cooperative Doctor of Education (Ed.D.) degree in Educational Administration to Step 3 of the Texas Higher Education Coordinating Board's classification for cooperative degree programs and authorized submission of the proposal to the Coordinating Board for review and appropriate action. This advancement is the last step of a three-step plan for establishment of an independent Doctor of Education degree program in Educational Administration at U. T. Pan American.

A cooperative Doctor of Education (Ed.D.) degree program in Educational Administration between U. T. Austin and U. T. Pan American was approved by the U. T. Board of Regents in October 1992 and by the Texas Higher Education Coordinating Board in October 1993. Those approvals allowed the Ed.D. degree to be awarded by U. T. Austin with instruction to be provided by both components at U. T. Pan American. Progression to Step 2 of the three-part program was approved by the U. T. Board of Regents in May 1995, and awaits approval by the Coordinating Board. This step provided for increased participation by the U. T. Pan American faculty including the teaching of selected doctoral-level courses and playing a more active role on dissertation committees. U. T. Austin continued its roles for student admissions, faculty mentoring, and curriculum design. Progressing to Step 3 will permit U. T. Pan American to award degrees independently of U. T. Austin, which will then continue only in a supportive role.

To accommodate current enrollment and prepare for the eventuality of its own program, U. T. Pan American increased its faculty in this program from three in 1992 to eight in January 1996. Additional doctoral program infrastructure improvements have included establishing a position for an Associate Vice President for Academic Affairs for Graduate Programs, establishing university guidelines for theses and dissertations, clarifying admissions standards, and setting standards for membership on the U. T. Pan American Graduate Council.

Upon Coordinating Board approval, the next appropriate catalogs published at U. T. Austin and U. T. Pan American will be amended to conform to this action.

8. U. T. Pan American: Approval to Establish a Master of Science Degree in Rehabilitation Counseling and to Submit the Degree Program to the Coordinating Board for Approval (Catalog Change).--Upon recommendation of the Academic Affairs Committee, the Board approved the establishment of a Master of Science degree in Rehabilitation Counseling at The University of Texas - Pan American and submission of the proposal to the Texas Higher Education Coordinating Board for review and appropriate action. The master's degree program is consistent with U. T. Pan American's approved Table of Programs and institutional plans for offering quality degree programs to meet student needs.

The Master of Science degree in Rehabilitation Counseling is a 48 semester credit hour program administered by the College of Health and Human Services at U. T. Pan American. Students will be required to complete a three semester credit hour practicum course consisting of a minimum of 100 clinical hours. In addition, students will be required to complete a nine semester credit hour internship in preparation for certification as a Certified Rehabilitation Counselor. Students may opt to complete a thesis instead of the internship if certification is not desired. The anticipated date for implementation is Fall 1996 or upon Coordinating Board approval.

The University currently employs three faculty members with a background in rehabilitation science and the rehabilitation counseling subspecialty. Two of those individuals received their doctorates in rehabilitation counseling in 1993 and the third anticipates receiving a doctorate in rehabilitation counseling in 1996. Thus, the three core members of the faculty for this program bring to it the perspective of recent graduates who have been actively engaged in research for their dissertations and who have observed cutting-edge practice. Two additional faculty members are expected to be added to the program within the first five years. It is anticipated that these two additional individuals will have doctoral degrees in rehabilitation counseling or a closely-related field and will have several years of experience as rehabilitation counselors. The University plans to make new hires at the assistant professor level.

Most of the anticipated costs in the first two years will be borne by South Texas/Border Initiative funds. Starting in the third year, approximately 50 percent of the costs will be funded through the formula process. A modest amount of federal training grant money, to total approximately eleven percent of the total program cost, is anticipated to support the program. The program will become self-sustaining through the formula process after the fifth year.

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

REPORT AND RECOMMENDATIONS OF THE HEALTH AFFAIRS COMMITTEE (Pages 63 - 64).--Since Committee Chairman Loeffler had to depart for another commitment prior to the meeting of the Health Affairs Committee, Regent Deily, a member of that Committee, reported that the Health Affairs Committee had met in open session to consider those matters on its agenda and to formulate recommendations for the U. T. Board of Regents. Unless otherwise indicated, the actions set forth in the Minute Orders which follow were recommended by the Health Affairs Committee and approved in open session and without objection by the U. T. Board of Regents:

1. U. T. Health Science Center - Houston and U. T. Health Science Center - San Antonio: Approval to Transfer the Post-Baccalaureate Certificate Program in Cytogenetics from the U. T. Allied Health Sciences School - Houston to the U. T. Allied Health Sciences School - San Antonio and to Submit the Proposal to the Coordinating Board for Approval (Catalog Change).--Upon recommendation of the Health Affairs Committee, the Board approved the transfer of the Post-Baccalaureate Certificate Program in Cytogenetics from the U. T. Allied Health Sciences School - Houston at The University of Texas Health Science Center at Houston to the U. T. Allied Health Sciences School - San Antonio at The University of Texas Health Science Center at San Antonio and authorized submission of the proposal to the Texas Higher Education Coordinating Board for approval.

As part of the U. T. Health Science Center - Houston's realignment of institutional program priorities with an emphasis on graduate education, the institution plans to close the Post-Baccalaureate Certificate Program in Cytogenetics in the U. T. Allied Health Sciences School - Houston. This program is one of only ten certified educational programs in cytogenetics in the nation. Recognizing the importance of this program to the State of Texas, interest in transferring the program to another component within The University of Texas System was pursued and agreement was reached for the successful transfer to the U. T. Allied Health Sciences School - San Antonio.

The program will be administratively placed in the Department of Clinical Laboratory Sciences within the U. T. Allied Health Sciences School - San Antonio.

There are no new costs associated with the transfer of the program for faculty, facilities, or equipment. Terms of the transfer agreement include equipment and supplies and in addition the state appropriated salary money to support one faculty FTE through the current biennium.

Upon approval by the Coordinating Board, the next appropriate catalogs published at both institutions will be amended to reflect this action.

2. U. T. Health Science Center - San Antonio: Authorization for Dr. Barbara Boyan to Serve as Chairman of the Board of Directors and Chief Scientific Officer of OsteoBiologics, Inc., San Antonio, Texas.--Authorization was given for Dr. Barbara Boyan, Professor in the Department of Orthopaedics at The University of Texas Health Science Center at San Antonio, to serve as Chairman of the Board of Directors and Chief Scientific Officer of OsteoBiologics, Inc., San Antonio, Texas.

Dr. Boyan and others have created inventions for which patent applications have been filed. In June 1993, the U. T. Board of Regents approved an agreement whereby the inventions were licensed to OsteoBiologics, Inc. for purposes of commercializing the technology. In August 1993, the U. T. Board of Regents approved the acquisition by Dr. Boyan and others of equity in OsteoBiologics, Inc., San Antonio, Texas, along with a waiver of the right to receive any portion of royalties paid by OsteoBiologics, Inc. to the U. T. Board of Regents pursuant to the license agreement.

OsteoBiologics, Inc. has entered into a strategic alliance with a major manufacturer in the field of orthopaedic devices and implants, resulting in a need for Dr. Boyan to assume the position of Chairman of the Board of Directors and Chief Scientific Officer of the company. The company will reimburse the U. T. Health Science Center - San Antonio for one-third of Dr. Boyan's salary in recognition of the time spent on behalf of the company. Appropriate steps have been taken to obviate the potential for conflict of interest on the part of Dr. Boyan.

REPORT AND RECOMMENDATIONS OF THE FACILITIES PLANNING AND CONSTRUCTION COMMITTEE (Pages 65 - 79).--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. Austin - Dorothy Gebauer Building Restoration (Project No. 102-820): Authorization to Increase Total Project Cost; Approval of Preliminary Plans; Authorization to Prepare Final Plans and Specifications; Submission of the Project to the Coordinating Board; Advertisement for Bids and Executive Committee Award of Contracts; and Additional Appropriation Therefor.--Following a brief overview by President Berdahl, the preliminary plans and specifications for the Dorothy Gebauer Building Restoration at The University of Texas at Austin were presented to the Facilities Planning and Construction Committee by Ms. Carol Warkoczewski, Architect/Project Manager in The University of Texas System Office of Facilities Planning and Construction, and Mr. Juan Cotera and Mr. Phil Reed, representing the Project Architect, Cotera, Kolar & Negrete, Austin, Texas.

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

- a. Authorized an increase in the estimated total project cost for the Dorothy Gebauer Building Restoration at U. T. Austin from \$7,800,000 to \$8,200,000 to be funded by \$400,000 from General Fee Balances
- b. Approved preliminary plans and specifications at the estimated total project cost of \$8,200,000
- c. Authorized preparation of final plans and specifications
- d. Authorized submission of the project to the Texas Higher Education Coordinating Board
- e. Upon completion of final review, authorized the Office of Facilities Planning and Construction to advertise for bids and the Executive Committee to award all contracts associated with this project within the authorized total project cost
- f. Appropriated \$8,100,000 from General Fee Balances which amount, combined with previous appropriations of \$100,000 from the same source, provides total project funding of \$8,200,000.

The \$400,000 increase in total project cost from \$7,800,000 to \$8,200,000 will provide funds for the abatement of hazardous materials.

This project is included in the FY 1996-2001 Capital Improvement Program and the FY 1996 Capital Budget with funding in the amount of \$7,800,000 from U. T. Austin General Fee Balances. Approval of this item amends the total project cost to \$8,200,000 with all funds from General Fee Balances.

2. U. T. Austin - Welch Hall - Renovation of West Wing (Project No. 102-830): Approval to Increase Total Project Cost; Approval of Preliminary Plans; Submission of the Project to the Coordinating Board; Authorization to Prepare Final Plans, Advertise for Bids, and Award Contracts; and Additional Appropriation Therefor.--Upon recommendation of the Facilities Planning and Construction Committee, the Board:
 - a. Authorized an increase in the estimated total project cost from \$4,500,000 to \$6,200,000 for The University of Texas at Austin - Welch Hall - Renovation of West Wing to be funded by \$1,500,000 in General Fee Balances and \$200,000 from Designated Funds
 - b. Approved preliminary plans at an estimated total project cost of \$6,200,000
 - c. Authorized submission of the project to the Texas Higher Education Coordinating Board
 - d. Authorized preparation of final plans, bidding, and award of all contracts within the authorized total project cost
 - e. Appropriated \$5,850,000 from General Fee Balances, \$150,000 previously appropriated from the same source, and \$200,000 from Designated Funds for total project funding of \$6,200,000, and amended the FY 1996-2001 Capital Improvement Program and the FY 1996 Capital Budget to reflect the increase in total project cost.

The Welch Hall Renovation Project was originally approved by the U. T. Board of Regents in February 1994. Since that time, substantial planning and design work has indicated that an increase in project cost will be necessary to complete the required renovations in an efficient and effective manner.

The west wing of Welch Hall was constructed in 1960 and is currently used to support research efforts in the Department of Chemistry and Biochemistry. The project will replace and upgrade plumbing, air handling, and electrical systems as required to meet current and future laboratory demands.

3. U. T. Dallas: Authorization to Amend the FY 1996-2001 Capital Improvement Program (CIP) to Reduce the Funding and Scope of (a) the Founders Building Project and (b) the Berkner/Founders Annex Renovation; Appropriation of Funds with Authorization to Complete Final Plans, Submission of Projects to Coordinating Board, Advertisement for Bids and Executive Committee Award of All Contracts; and Approval to Increase Funding and Scope of the Campus Equipment and Rehabilitation Project.--The Facilities Planning and Construction Committee recommended and the Board:
- a. Amended the FY 1996-2001 Capital Improvement Program (CIP) to reduce the Permanent University Fund Bond Proceeds - Special Program allocated for the project to renovate the Founders Building at The University of Texas at Dallas on CIP Page D.44 by \$1,950,000, reducing the estimated project cost from \$2,900,000 to \$950,000
 - b. Amended the FY 1996-2001 CIP to reduce the Permanent University Fund Bond Proceeds - Special Program allocated to the Berkner/Founders Annex Renovation at U. T. Dallas on CIP Page D.45 by \$950,000, reducing the estimated project cost from \$1,500,000 to \$550,000
 - c. Appropriated \$950,000 of Permanent University Fund Bond Proceeds - Special Program for the Founders Building Project and \$550,000 of Permanent University Fund Bond Proceeds - Special Program for the Berkner/Founders Annex Renovation, and authorized completion of final plans, submission of the projects to the Texas Higher Education Coordinating Board as required, advertisement for bids, and Executive Committee award of all contracts
 - d. Amended the FY 1996-2001 CIP to increase the estimated project cost for the Campus Equipment and Rehabilitation Project at U. T. Dallas from \$1,900,000 to \$3,800,000 by addition of \$2,900,000 in Permanent University Fund Bond Proceeds - Special Program, reduce Revenue Financing System Bond Proceeds - Special Program by \$1,000,000 and retaining \$900,000. The \$1,000,000 in Revenue Financing System Bond Proceeds - Special Program removed from this project will be added to the U. T. Dallas Activities Center project (See Page 68).

U. T. Dallas estimates that total renovation of the Founders Building and Berkner/Founders Annex Renovation will cost approximately \$8,000,000. The institution has determined it to be more cost effective to address the total renovation of these buildings at a later date when there are sufficient funds available for these projects.

These amended projects will address critical ADA requirements as well as needs for new teaching and research activity. Estimated costs for these projects are based on an analysis of comparable projects recently completed at U. T. Dallas. With the exception of the initial \$550,000 phase of the Berkner/Founders Annex Renovation, projects will be planned and designed through The University of Texas System Office of Facilities Planning and Construction.

The Campus Equipment and Rehabilitation Project at U. T. Dallas will consist of the purchase of campus computing resources and will provide infrastructure for campus computing as well as the purchase of other necessary equipment to support the instruction and research efforts of the campus. Campus renovation projects will be small institutionally-managed projects, each less than \$200,000. Projects will be focused on attracting new faculty and enhancements to the academic program. A specific request to appropriate funds with an outline of the program for this project will be presented to the U. T. Board of Regents at a later date.

4. U. T. Dallas - Activities Center (Formerly Multipurpose Recreation Center) (Project No. 302-852): Authorization to Increase Total Project Cost; Approval of Preliminary Plans; Authorization to Prepare Final Plans and Specifications; Submission of the Project to the Coordinating Board; Advertisement for Bids and Executive Committee Award of Contracts; Appropriation Therefor; and Approval of Use of Revenue Financing System Parity Debt, Receipt of Certificate, and Finding of Fact with Regard to Financial Capacity.--Following opening remarks by President Jenifer, the preliminary plans and specifications for the Activities Center (formerly Multipurpose Recreation Center) at The University of Texas at Dallas were presented to the Facilities Planning and Construction Committee by Mr. David Marsee, representing the Project Architect, MPI Architects, Dallas, Texas.

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

- a. Approved an increase in the total project cost of the Activities Center at U. T. Dallas from \$10,300,000 to \$11,300,000 with the increase to be funded from Revenue Financing System Bond Proceeds - Special Program transferred from the Campus Equipment and Rehabilitation Project (See Page 67.)
- b. Approved preliminary plans and specifications at the increased total project cost of \$11,300,000
- c. Authorized preparation of final plans and specifications

- d. Authorized submission of the project to the Texas Higher Education Coordinating Board
- e. Upon completion of final review, authorized the Office of Facilities Planning and Construction to advertise for bids and the Executive Committee to award all contracts associated with this project within the authorized total project cost
- f. Appropriated \$6,800,000 from Revenue Financing System Bond Proceeds supported by student fees, and \$4,500,000 from Revenue Financing System Bond Proceeds - Special Program for total project funding of \$11,300,000.

In compliance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System, adopted by the U. T. Board of Regents on February 14, 1991, and amended on October 8, 1993, and upon delivery of the Certificate of an Authorized Representative as set out on Page 70, 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 U. T. Board of Regents relating to the Financing System
- c. U. T. 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 for the construction cost of the Activities Center in the amount of \$11,300,000
- d. This resolution satisfies the official intent requirements set forth in Section 1.150-2 of the U. S. Treasury Regulations.

Within the FY 1996-2001 Capital Improvement Program (CIP), which was adopted by the U. T. Board of Regents in August 1995, is a project for a Multipurpose Recreation Center at U. T. Dallas at a project cost of \$10,300,000 to be funded with \$3,500,000 from Revenue Financing System Bond Proceeds - Special Program and \$6,800,000 from Revenue Financing System Bond Proceeds.

U. T. Dallas currently utilizes an undersized and out-dated 14,300 gross square foot recreational facility to serve the needs of 9,000 students. National standards suggest that a university of 9,000 students should have a recreational facility of about 110,000 gross square feet. However, with 12,500 students projected by the year 2003, approximately 150,000 gross square feet of space will be needed.

Preliminary plans have been prepared for the Activities Center which will contain 07,000 gross square feet as a major step toward meeting the wellness, recreation, and special event needs of the institution. This new facility will provide modern academic instructional and recreational space for activities such as basketball, volleyball, badminton, indoor soccer, swimming, weight training, and cardiovascular conditioning; special event space for commencements, concerts, distinguished speakers, and spectator basketball and volleyball; and space for necessary support such as offices, lockers, laundry, concessions, ticketing, and storage.

The estimated total project cost is \$11,300,000 requiring an increase of \$1,000,000 to be funded by Revenue Financing System Bond Proceeds - Special Program. Approval of this item amends the FY 1996-2001 Capital Improvement Program for the U. T. Dallas Activities Center at a project cost of \$11,300,000 to be funded with \$6,800,000 from Revenue Financing System Bond Proceeds supported by student fees, and \$4,500,000 from Revenue Financing System Bond Proceeds - Special Program.

PARITY DEBT CERTIFICATE OF U. T. **SYSTEM** REPRESENTATIVE

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

EXECUTED this 9 day of May 9 6
John R. Brown
Assistant Vice Chancellor for Finance

5. U. T. Dallas - McDermott Library Renovation: Authorization for Project; Approval to Prepare Final Plans, Bidding, and Award of Contracts with Management by the Office of Facilities Planning and Construction; Submission of the Project to the Coordinating Board; and Appropriation Therefor.--The Board, upon recommendation of the Facilities Planning and Construction Committee:
- a. Authorized a project for the McDermott Library Renovation at The University of Texas at Dallas at an estimated cost of \$1,000,000
 - b. Authorized preparation of final plans, bidding, and award of all contracts within the authorized project cost with management by the Office of Facilities Planning and Construction
 - c. Authorized submission of the project to the Texas Higher Education Coordinating Board
 - d. Appropriated \$1,000,000 from Permanent University Fund Bond Proceeds - Special Program for total project funding.

The McDermott Library at U. T. Dallas was constructed in 1975. This project will involve interior renovations to modernize and enhance the main level and entrance of the library and will make existing space more functional, as well as address necessary ADA requirements.

The Permanent University Fund Bond Proceeds - Special Program funds for this project in the amount of \$1,000,000 are matched by \$500,000 in scholarship funds provided by the McDermott family.

6. U. T. El Paso - Indoor Swimming Pool Facility (Project No. 201-810): Authorization to Change Building Name to Swimming and Fitness Center (Regents' Rules and Regulations, Part One, Chapter VIII, Section 1, Subsection 1.1, Naming of Buildings) and Approval of Plaque Inscription.--In order to better reflect the function of the Indoor Swimming Pool Facility at The University of Texas at El Paso, the Board:
- a. Changed the name of the Indoor Swimming Pool Facility at U. T. El Paso to the Swimming and Fitness Center pursuant to the Regents' Rules and Regulations, Part One, Chapter VIII, Section 1, Subsection 1.1 relating to naming of buildings

- b. Approved the inscription set out below for a plaque to be placed on the building in keeping with the standard pattern approved by the U. T. Board of Regents in June 1979.

SWIMMING AND FITNESS CENTER
1995

BOARD OF REGENTS

Bernard Rapoport Chairman	William H. Cunningham Chancellor, The University of Texas System
Thomas O. Hicks Vice-Chairman	Diana S. Natalicio President, The University of Texas at El Paso
Martha E. Smiley Vice-Chairman	
Linnet F. Deily	Moore Nordell Kroeger Project Architect
Donald L. Evans	Arrow Building Corporation General Contractor
Zan W. Holmes, Jr.	
Lowell H. Lebermann, Jr.	
Tom Loeffler	
Ellen Clarke Temple	

7. U. T. San Antonio - Downtown Campus Building - Phase II (Project No. 401-855): Approval of Preliminary Plans; Authorization to Prepare Final Plans and Specifications; Submission of the Project to the Coordinating Board; Advertisement for Bids and Executive Committee Award of Contracts; Appropriation Therefor; and Approval of Use of Revenue Financing System Parity Debt, Receipt of Certificate, and Finding of Fact with Regard to Financial Capacity.--Following brief remarks by President Kirkpatrick, Mr. John Kell and Mr. Humberto Saldana, representing the Project Architect, Saldana & Associates, Inc./Kell Munoz Wigodsky, Inc., A Joint Venture, San Antonio, Texas, presented the preliminary plans and specifications for the Downtown Campus Building - Phase II at The University of Texas at San Antonio to the Facilities Planning and Construction Committee.

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

- a. Approved preliminary plans and specifications for the Downtown Campus Building - Phase II at U. T. San Antonio at an estimated total project cost of \$32,000,000
- b. Authorized preparation of final plans and specifications
- c. Authorized submission of the project to the Texas Higher Education Coordinating Board

- d. Upon completion of final review, authorized the Office of Facilities Planning and Construction to advertise for bids and the Executive Committee to award all contracts associated with this project within the authorized total project cost
- e. Appropriated \$12,100,000 from Permanent University Fund Bond Proceeds - Special Program, \$18,900,000 from Revenue Financing System Bond Proceeds - Special Program, and \$1,000,000 from Unexpended Plant Funds for a total project funding of \$32,000,000.

In compliance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System, adopted by the U. T. Board of Regents on February 14, 1991, and amended on October 8, 1993, and upon delivery of the Certificate of an Authorized Representative as set out on Page 74, 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 U. T. Board of Regents relating to the Financing System
- c. U. T. San Antonio, 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 \$18,900,000
- d. This resolution satisfies the official intent requirements set forth in Section 1.150-2 of the U. S. Treasury Regulations.

The FY 1996-2001 Capital Improvement Program (CIP) was adopted by the U. T. Board of Regents in August 1995. Within this CIP is a project for Downtown Campus Building - Phase II at U. T. San Antonio at an estimated total project cost of \$32,000,000.

Preliminary plans and specifications have been prepared for a building of approximately 150,000 gross **square** feet containing academic classrooms and laboratories, a library, student services, faculty offices, and support space including a central thermal energy plant. The building will be adjacent to and connect with the first Downtown Building.

This project is included in the FY 1996-2001 Capital Improvement Program and the FY1996 Capital Budget at a total project cost of **\$32,000,000** and is funded by **\$12,100,000** from Permanent University Fund Bond Proceeds - Special Program, **\$18,900,000** from Revenue Financing System Bond Proceeds - Special Program, and **\$1,000,000** from Unexpended Plant Funds.

PARITY DEBT CERTIFICATE OF U. T. SYSTEM REPRESENTATIVE

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

EXECUTED this 9 day of May, 1996

John G. Row
Assistant Vice Chancellor for Finance

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8. U. T. Health Science Center - Houston - Doctors Center Building: Request for Approval to Name Building (Regents' Rules and Regulations, Part One, Chapter VIII, Section 1, Subsection 1.1, Naming of Buildings) and Approval of Plaque Inscription (Withdrawn).--The item related to the proposed name and plaque inscription for the Doctors Center Building at The University of Texas Health Science Center at Houston was withdrawn at the request of the institution for consideration at a future meeting.

9. U. T. Health Science Center - Houston - Addition of Student Apartments (Project No. 701-856): Authorization to Increase Total Project Cost; Approval of Preliminary Plans; Authorization to Prepare Final Plans and Specifications; Submission of the Project to the Coordinating Board; Advertisement for Bids and Executive Committee Award of Contracts; Appropriation Therefor; Authorization for the Executive Vice Chancellor for Business Affairs to Negotiate the Purchase of Approximately Six Acres of Land Located on the Northwest Corner of El Paseo and Cambridge Streets in Houston, Harris County, Texas; and Approval of Use of Revenue Financing System Parity Debt, Receipt of Certificate, and Finding of Fact with Regard to Financial Capacity.--Following a brief overview by President Low, Mr. Charles Figari, Assistant Vice President for Auxiliary Enterprises, and Mr. Jerry Daniels, representing the Project Architect, SDT Architects, Inc., Houston, Texas, presented the preliminary plans and specifications for the Addition of Student Apartments project at The University of Texas Health Science Center at Houston to the Facilities Planning and Construction Committee.

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

- a. Approved an increase in the total project cost of the Addition of Student Apartments at the U. T. Health Science Center - Houston from \$2,904,083 to \$3,676,000 with all funding from Revenue Financing System Bond Proceeds

- b. Approved the preliminary plans and specifications at the increased total project cost of \$3,676,000

- c. Authorized preparation of final plans and specifications

- d. Authorized submission of the project to the Texas Higher Education Coordinating Board

- e. Upon completion of final review, authorized the Office of Facilities Planning and Construction to advertise for bids and the Executive Committee to award all contracts associated with this project within the authorized total project cost

- f. Appropriated \$3,676,000 from Revenue Financing System Bond Proceeds for total project funding

- g. Authorized the Executive Vice Chancellor for Business Affairs or his delegate to negotiate the acquisition of approximately six acres of land located on the northwest corner of El Paseo and Cambridge Streets in Houston, Harris County, Texas, at fair market value as supported by an MAI appraisal and to execute all documents associated with the acquisition of the land.

In compliance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System, adopted by the U. T. Board of Regents on February 14, 1991, and amended on October 8, 1993, and upon delivery of the Certificate of an Authorized Representative as set out on Page 77, 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 U. T. Board of Regents relating to the Financing System
- c. U. T. Health Science Center - Houston, 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 \$3,676,000
- d. This resolution satisfies the official intent requirements set forth in Section 1.150-2 of the U. S. Treasury Regulations.

The FY 1996-2001 Capital Improvement Program (CIP) was adopted by the U. T. Board of Regents in August 1995. Within this CIP is a project for the Addition of Student Apartments at the U. T. Health Science Center - Houston at an estimated total project cost of \$2,904,083 to be funded from Revenue Financing System Bond Proceeds.

With a current waiting list of approximately 200 student households for apartments, the institution has a need to provide student housing which is affordable, convenient to campus, secure, and designed to encourage interaction and improve the quality of student life. The project includes the construction of 96 apartments in a mix of one and two-bedroom units, a laundry building, swimming pool, and paved parking within a fenced and landscaped enclosure adjacent to the 500 existing apartments.

In August 1995, the U. T. Board of Regents authorized the U. T. Health Science Center - Houston to negotiate a long-term ground lease of approximately six acres on the west side of Cambridge Street and south of Old Spanish Trail and to accept an exchange of property of approximately six acres of land located on the northwest corner of El Paseo and Cambridge Streets in Houston, Harris County, Texas. This exchange property is the site chosen for the construction of the 96 apartments. Negotiations have been postponed with the ground lessee; therefore, the necessity for authorization to negotiate the purchase of the land. In the event that purchase negotiations are not consummated, an alternative site located north of the existing student apartments and owned by U. T. Health Science Center - Houston will be the location for the apartments.

The cost estimates prepared during the preliminary design indicate a need to increase the estimated total project cost from **\$2,904,083** to **\$3,676,000**. With approval of this item, the FY 1996-2001 Capital Improvement Program will be amended to include the Addition of Student Apartments at a project cost of **\$3,676,000**, with all funding from Revenue Financing System Bond Proceeds.

PARITY DEBT CERTIFICATE OF U. T. SYSTEM REPRESENTATIVE

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

EXECUTED this 9 day of May, 1996
John A. Roan
Assistant Vice Chancellor for Finance

10. U. T. Health Science Center - San Antonio: Authorization to Amend the FY 1996-2001 Capital Improvement Program (CIP) to Add a Project for a Research Building in the Texas Research Park.--Approval was given to amend the FY 1996-2001 Capital Improvement Program (CIP) to add The University of Texas Health Science Center at San Antonio Research Building in the Texas Research Park at a preliminary project cost of \$18,000,000 to be funded by \$12,000,000 in Gifts and Grants and \$6,000,000 in Permanent University Fund Bond Proceeds. The purpose of adding this Research Building to the CIP at this time is to facilitate the timely planning and construction of this project.

This research building will provide approximately 88,000 gross square feet of space of which 53,000 gross square feet will be devoted to research laboratories. The balance of the space, some 35,000 gross square feet, will provide for telecommunications facilities, a library, as well as dining and other common use facilities. The research programs to be housed in the facility will be directed toward the application of modern basic biology to human diseases, specifically those diseases prevalent in South Texas. The activities for this building will complement the work currently underway by the Institute of Biotechnology in the Hayden Head Building at the Texas Research Park, as well as the work in drug development in the nearby facility operated by the Cancer Therapy and Research Center.

11. U. T. M.D. Anderson Cancer Center (Science Park in Bastrop) - Primate Husbandry Facility: Approval to Enter into a Construction Contract with Schering-Plough/Douglas Industries, Union, New Jersey; Authorization to Prepare Final Plans, Bidding, and Award of Contracts with Management by U. T. M.D. Anderson Cancer Center Administration; and Submission of the Project to the Coordinating Board.--The Facilities Planning and Construction Committee recommended and the Board:

- a. Authorized The University of Texas M.D. Anderson Cancer Center (Science Park in Bastrop) to enter into a contract with Schering-Plough/Douglas Industries, Union, New Jersey, for construction of a Primate Husbandry Facility at the U. T. M.D. Anderson Cancer Center Science Park, Department of Veterinary Sciences campus in Bastrop, Texas, at an estimated cost of \$2,100,000 with funds to be provided by Schering-Plough/Douglas Industries
- b. Authorized preparation of final plans, bidding, and award of all contracts with management by the U. T. M.D. Anderson Cancer Center Administration and Physical Plant Department with their own forces or through contract services in consultation with the Office of Facilities Planning and Construction
- c. Authorized submission of the project to the Texas Higher Education Coordinating Board.

The U. T. M.D. Anderson Cancer Center has responded to a Request for Proposal from Schering-Plough/Douglas Industries for the operation of a major Primate Husbandry Facility to be located at the U. T. M.D. Anderson Cancer Center Science Park, Department of Veterinary Sciences campus in Bastrop, Texas. If the U. T. M.D. Anderson Cancer Center proposal is successful, the project will provide an additional source of income to preserve continued operations at the Bastrop facility. The U. T. M.D. Anderson Cancer Center is one of two Texas institutions in a group of seven nationwide competing for the award of this contract. Final selection may depend on U. T. M.D. Anderson Cancer Center's ability to deliver design and construction within a very short time span.

Funding for the construction of this facility will be provided by Schering-Plough/Douglas Industries. In addition, the company will provide funding to equip the facility and support all operating costs. Annual operating budgets will include sufficient funds to cover the direct cost of operation, the indirect costs, including support of the facility, and a marginal payment of 25% of total direct and indirect costs. Overhead and net margin payments will be used to support core costs to meet capital needs and other activities related to the operation of the campus.

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At the conclusion of the Facilities Planning and Construction Committee meeting, Committee Chairman Temple reported that at today's (May 9) meeting the Board had approved a recommendation from the Executive Committee to award six (6) general construction contracts which included a 13.5% participation by Historically Underutilized Businesses, 5.7% by women-owned firms and 7.8% by minority-owned firms. In addition, two (2) architect/engineer contracts have been awarded since the last meeting and these indicate a 39.6% participation by Historically Underutilized Businesses, 2.4% by women-owned firms and 37.2% by minority-owned firms.

RECONVENE.--At 3:35 p.m., the Board reconvened as a committee of the whole to consider those items remaining on the agenda.

ITEM FOR THE RECORD

U. T. Arlington and U. T. Dallas: Report on Revised Role and Mission Statements.--Chairman Rapoport reported that the revised Role and Mission Statement for The University of Texas at Arlington had been withdrawn for additional revision at the request of the U. T. Arlington Faculty Senate and will be included in a future report as appropriate.

It was reported that the Executive Vice Chancellor for Academic Affairs had approved the Role and Mission Statement for The University of Texas at Dallas as set forth on Page 81, and this revised mission statement will be submitted to the Texas Higher Education Coordinating Board for approval. Upon Coordinating Board approval, the Role and Mission Statement will be submitted for Regental approval via the institutional docket as part of the normal procedure for approval of catalog revisions.

The need for a revised mission statement relates to the accreditation process which is underway at U. T. Dallas. The underlying premise for the Southern Association of Colleges and Schools' (SACS) accreditation is an evaluation of whether the institution has accomplished its stated purpose. The purpose statement must be appropriate to collegiate education and include research and public service where these are significant institutional responsibilities. The formulation of a statement of purpose is a major educational decision involving the efforts of the institutions' faculty and administration.

The Table of Programs associated with the mission statement for U. T. Dallas does not require amendment at this time.

THE UNIVERSITY OF TEXAS AT DALLAS

Mission and Role Statement

The mission of The University of Texas at Dallas is to provide Texas and the nation with the benefits of educational and research programs of the highest quality. These programs address the multidimensional needs of a dynamic modern society driven by the development, diffusion, understanding and management of advanced technology.

Within the context of this mission, the goals of the University are:

- To provide able, ambitious students with a high-quality, cost-effective education that combines the nurturing environment of a liberal arts college with the intellectual rigor and depth of a major research university;
- To discover new knowledge and create new art that enriches civilization-at-large and contributes significantly to economic and social progress;
- To enhance the productivity of business and government with strategically designed, responsively executed programs of research, service and education.

EXECUTIVE SESSION OF THE BOARD OF REGENTS

Chairman Rapoport reported that the Board had met in Executive Session in Room 1726 of the Doctors Center to discuss matters in accordance with Texas Government Code, Chapter 551, Sections 551.071, 551.072, and 551.074. In response to Chairman Rapoport's inquiry regarding the wishes of the Board, the following actions were taken:

1. U. T. Austin: Authorization for Executive Vice Chancellor for Business Affairs to Execute All Documents Related to the Sale of Mineral Interests Which Were Received from Anonymous Donors for Faculty and Graduate Student Fellowships.--Regent Temple moved that the Executive Vice Chancellor for Business Affairs or his delegate be authorized to execute all documents required to sell mineral interests which were received from anonymous donors for faculty and graduate student fellowships at The University of Texas at Austin according to parameters which were outlined in Executive Session following approval by the Office of General Counsel.

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

2. U. T. Health Science Center - San Antonio: Approval for Executive Vice Chancellor for Business Affairs to Execute All Documents Related to the Sale of Approximately 316.81 Acres of Land Located in Kerr County, Texas.--Upon motion of Vice-Chairman Smiley, seconded by Regent Temple, the Board, on behalf of The University of Texas Health Science Center at San Antonio, authorized the Executive Vice Chancellor for Business Affairs or his delegate to execute all documents required to sell approximately 316.81 acres of land located in Kerr County, Texas, at, or above, its appraised value of \$475,000 according to the parameters outlined in Executive Session following approval by the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and the Office of General Counsel.

REPORT OF BOARD FOR LEASE OF UNIVERSITY LANDS

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

Report

A Board for Lease of University Lands meeting and lease sale are scheduled for May 14, 1996. On that date, 50,596 acres of Permanent University Fund lands will be offered for lease in the Regular Oil and Gas Lease Sale No. 89, and 467,926 acres will be offered for lease in the Frontier Oil and Gas Lease Sale No. 89-A. The lease sale will be held at the Center for Energy and Economic Diversification in Midland, Texas.

OTHER MATTERS

1. U. T. System: Report on the Strategic Planning Process.--At the request of Chancellor Cunningham, Dr. Joseph H. Stafford, Executive Associate for Planning and Academic Programs, presented a short report on the strategic planning process and the strategic plans of all of the component institutions of The University of Texas System.

Dr. Stafford reported that since 1991 public universities have been required to submit biennially to the Legislative Budget Board and the Governor's Office of Budget and Planning an "Institutional/Agency Strategic Plan." Strategic plans for the current cycle are due on June 15, 1996, must be signed by the Chairman of the Board, will build upon biennial plans which have been prepared by the U. T. System component institutions since 1982, and will be similar to the 1994 submission.

The 1996 plans will place particular emphasis upon the:

- a. Recruitment and retention of undergraduate students in order to increase the number of college graduates
- b. Increasingly competitive nature of health care delivery systems
- c. Growing power of information technology for improved teaching and research.

2. U. T. System: Annual Report on the Activities of the Student Advisory Group (Deferred).--Chairman Rapoport reported that the annual report of The University of Texas System Student Advisory Group, chaired by Mr. Keven Chen, a M.D./Ph.D. student at The University of Texas Medical Branch at Galveston, was deferred to a later meeting at the request of the Student Advisory Group.

See Page 3 related to meeting with representatives of the Student Advisory Group.

3. U. T. System: Announcement of Election of Dr. Diana S. Natalicio as Vice-Chairman of the National Science Foundation.--Chancellor Cunningham reported that Dr. Diana S. Natalicio, President of The University of Texas at El Paso, had been named Vice-Chairman of the National Science Foundation and congratulated President Natalicio on her distinguished service to this scientific community.

SCHEDULED MEETING.--Chairman Rapoport announced that the next scheduled meeting of the U. T. Board of Regents would be held on August 8, 1996, at The University of Texas at Tyler.

ADJOURNMENT.--There being no further business, the meeting was adjourned at 3:42 p.m.

/s/ Arthur H. Dilly
Executive Secretary

May 17, 1996