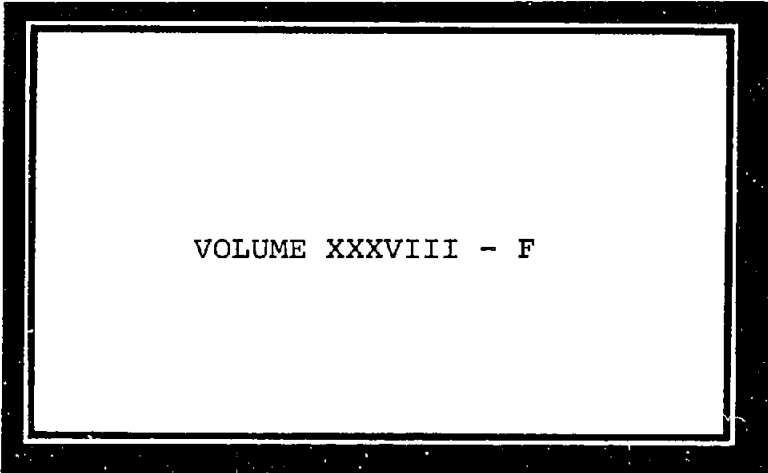


Meeting No. 856

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



VOLUME XXXVIII - F

Pages 1 - 174

August 8, 1991

Austin, Texas

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 OF
 THE UNIVERSITY OF TEXAS SYSTEM
 AUGUST 8, 1991
 AUSTIN, TEXAS

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MEETING NO. 856

THURSDAY, AUGUST 8, 1991.--The members of the Board of Regents of The University of Texas System convened in regular session at 10:00 a.m. on Thursday, August 8, 1991, in the Regents' Meeting Room on the ninth floor of Ashbel Smith Hall in Austin, Texas, with the following in attendance:

ATTENDANCE.--

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

Executive Secretary Dilly

Chancellor Mark
Executive Vice Chancellor Duncan
Executive Vice Chancellor Mullins
Executive Vice Chancellor Patrick

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

U. T. BOARD OF REGENTS: APPROVAL OF MINUTES OF REGULAR MEETING HELD ON JUNE 6, 1991.--Upon motion of Regent Moncrief, seconded by Vice-Chairman Cruikshank, the Minutes of the regular meeting of the Board of Regents of The University of Texas System held on June 6, 1991, in Austin, Texas, were approved as distributed by the Executive Secretary. The official copy of these Minutes is recorded in the Permanent Minutes, Volume XXXVIII, Pages 1882 - 2516.

RECESS FOR COMMITTEE MEETINGS AND COMMITTEE REPORTS TO THE BOARD.--At 10:02 a.m., the Board recessed for the meetings of the Standing Committees and Chairman Beecherl announced that at the conclusion of each committee meeting, the Board would reconvene to approve the report and recommendations of that committee.

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

REPORTS AND RECOMMENDATIONS OF STANDING COMMITTEES

REPORT OF EXECUTIVE COMMITTEE (Pages 2 - 10).--In compliance with Section 7.14 of Chapter I of Part One of the Regents' Rules and Regulations, Chairman Beecherl reported to the Board for ratification and approval all actions taken by the Executive Committee since the last meeting. Unless otherwise indicated, the recommendations of the Executive Committee were in all things approved as set forth below:

1. U. T. System: Approval of Financial Disclosure Statements Submitted by the Chancellor and the Institutional Chief Administrative Officers (Exec. Com. Letter 91-24).--Article 6252-9b of Texas Revised Civil Statutes Annotated requires the filing of financial disclosure statements by certain state officials with the Secretary of State by the last Friday in April of each year. Additionally, the current Appropriations Act requires certain state agency officers and employees to file financial disclosure statements for review and approval by the governing body of the employing agency. The Attorney General has interpreted the provisions of the Appropriations Act and Article 6252-9b of Texas Revised Civil Statutes Annotated to require the Chancellor and the institutional chief administrative officers of The University of Texas System to file financial disclosure statements with the U. T. Board of Regents.

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

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

2. U. T. Austin: Authorization of Rate Schedule for University Residence Halls, University Apartments - Family Student Housing, and Student Housing Units - Women's Cooperatives Effective with the Fall Semester 1991 (Catalog Change) (Exec. Com. Letter 91-23).--In order to meet the projected increases in general operating expenses anticipated for 1991-92, the Board approved the rate schedule for University Residence Halls, University Apartments - Family Student Housing, and Student Housing Units - Women's Cooperatives at The University of Texas at Austin effective with the Fall Semester 1991 as set out on Pages 3 - 4.

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

THE UNIVERSITY OF TEXAS AT AUSTIN
RATE SCHEDULE EFFECTIVE 1991-92

UNIVERSITY RESIDENCE HALLS

	<u>1991-92</u> <u>Long Session Rates</u>		
	<u>Rooms</u>	<u>Meals</u>	<u>Total</u>
Air-conditioned			
Double Rooms	\$1545	\$1716	\$3261
Non-air-conditioned			
Double Rooms	\$1241	\$1716	\$2957

- a. The above meal rates include twenty meals per week. Meal contract options of thirteen meals per week (\$1640 for the Long Session) and ten meals per week (\$1540 for the Long Session) are also available.
- b. Meals are required as a part of the contract for all residence halls.

Other University Residence Hall Rates

- a. Rates for single rooms and double rooms rented as singles are 1.667 times the double rate.
- b. Summer Session rates are based on the Long Session per diem rate and the number of days in the Summer Session adjusted to meet market demand.
- c. Short-Term, Orientation, and Summer Conference Program rates vary based on the length of stay, number of participants, and the services provided. Base rates are as follows:

	<u>Daily Rates</u> <u>Per Person</u>
Meals	\$12.80
Double Room	<u>10.80</u>
Total	\$23.60

(Single room is 1.5 times the double room rate.)

UNIVERSITY APARTMENTS - FAMILY STUDENT HOUSING

	<u>Monthly Rates</u> <u>1991-92</u>
Mobile Home Lot	\$ 84
Colorado and Gateway Apartments	
Unfurnished	
1 bedroom	251
2 bedroom	280
Furnished	
1 bedroom	295
2 bedroom	329

Monthly Rates
1991-92

Brackenridge Apartments

1 bedroom	\$269
2 bedroom	319
3 bedroom	406

- a. Rates for Colorado Apartments include gas and water. Rates for the Mobile Home Park, Gateway Apartments, and Brackenridge Apartments include water only.
- b. The resident is responsible for the electric bill in all units and for the gas bill in the Mobile Home Park and Brackenridge Apartments. Gateway Apartments are all electric.

STUDENT HOUSING UNITS - WOMEN'S COOPERATIVES

	<u>Number of Residents Per Co-op</u>	<u>Monthly Rental Per Co-op Paid to the University</u> <u>1991-92 Rate</u>
Air-conditioned	17	\$1365.78
Double Rooms	19	1526.46
Non-air-conditioned		
Double Rooms	15	818.55

3. U. T. Permian Basin: Approval of Policy for Undergraduate Admissions Effective with the Fall Semester 1991 (Catalog Change) (Exec. Com. Letter 91-22).--The 72nd Legislature, Regular Session, adopted H. B. 277 which allows The University of Texas of the Permian Basin to admit freshman and sophomore students beginning with the Fall Semester 1991. The legislation requires the U. T. Board of Regents to adopt admission criteria for freshman and sophomore students that are "no less stringent than the criteria for admission to another four-year general academic teaching institution in The University of Texas System for those students."

In compliance with this legislation, the Board, upon recommendation of the Executive Committee, approved the Policy for Undergraduate Admissions at U. T. Permian Basin as set forth on Pages 5 - 8 effective with the Fall Semester 1991 and ordered the next appropriate catalog published at U. T. Permian Basin to be amended to reflect this action.

The University of Texas of the Permian Basin
Policy for Undergraduate Admissions

I. Regular Admission

A. Freshman Admission Criteria

Applicants who have graduated from an accredited U. S. high school and meet the standards shown in the following table are admissible providing they have completed the high school unit requirements listed in Section B.

Percentile Rank in High School Graduating Class	Minimum Acceptable Test Scores	
	SAT	ACT
First Quarter (75-100%)	*	*
Second Quarter (50-74%)	700	15
Third Quarter (25-49%)	800	19
Fourth Quarter (0-24%)	1000	24

*No minimum score is required, but test scores must be submitted.

B. High School Unit Requirements

Freshman applicants must have completed the following specified high school units prior to admission, except that an otherwise qualified applicant with high school unit deficiencies may be reviewed and approved by the Admissions Review Committee.

1. English - 4 units, one of which may be writing, world literature, or journalism. Strongly recommend that one unit include writing skills.
2. Mathematics - 3 units, including Algebra I and II and geometry or trigonometry. Strongly recommend 4 units at the level of Algebra I and higher for students pursuing degrees in science, engineering, or business.
3. Science - 2 units. Strongly recommend 3 units including chemistry and physics for students pursuing degrees in science or engineering.
4. Social Studies - 3 units, including 1 unit of U. S. history, 1/2 unit of American government, 1/2 unit of economics, and 1 unit from other areas such as anthropology, area or ethnic studies, geography, philosophy, psychology, sociology, or world history.
5. Foreign Language - 2 units. Additional units of science or mathematics may substitute for this requirement.
6. Electives - 6 units. Drill subjects such as driver training or military training may not be counted in this requirement.

7. Fine Arts - Strongly recommend at least 1/2 unit of theatre arts, art, music, or dance.

C. Other Provisions

1. Freshman applicants graduating from non-accredited high schools or home schools must have scored 1000 or more on the SAT or 24 or more on the ACT and show evidence of meeting the high school unit requirements.
2. Freshman applicants with GED certificates must have scored 1000 or more on the SAT or 24 or more on the ACT; be 18 years of age or older; have taken the University's diagnostic tests for composition, reading, and mathematics; and show evidence of meeting high school unit requirements by having an average GED score of 45 or above with no score lower than 40.
3. Freshman applicants with college credit at another regionally accredited institution but with fewer than 30 semester credit hours must have a 2.0 grade point average and meet the admissions criteria for high school graduates.

II. Alternative Admission

A. Provisional Admission

1. Residents of Texas who have graduated from an accredited high school, who are not eligible for regular admission, and who have not taken any previous college courses, may enroll during the summer session immediately following high school graduation or the next spring semester following graduation.
2. Students who are admitted provisionally must complete twelve or more hours with grades of "C" or better in each course to be removed from provisional status. The student must select courses from at least two of the following areas: English, mathematics, natural sciences, social sciences, humanities, and foreign languages.
3. Provisional students who are deficient in high school units or who fail one or more parts of the Texas Academic Skills Program (TASP) test or University diagnostic tests may be required to take courses to make up for deficiencies and/or courses for remediation. (See Section V. regarding TASP.)

B. Special Admission

1. Applicants who are not eligible for regular admission and do not enter under the Provisional Admission Program may be considered for special admission by the Admissions Review Committee.

2. Applicants for special admission must submit all transcripts and test scores required for regular admission; submit at least two and no more than three letters of recommendation from the high school principal, teachers or counselors, or from others who can comment on the applicant's preparation for college; and must have completed an interview, if requested, with a representative of the Admissions Office prior to consideration by the Admissions Review Committee.
3. Residents of Texas who graduated from an accredited high school no fewer than five years prior to the date of anticipated enrollment and who do not have satisfactory scores on the SAT or ACT may also be considered by the Admissions Review Committee for special admission.
4. Students admitted after review by the Admissions Review Committee are subject to the requirements in Subsections 2 and 3 of the Provisional Admission Program.

III. Transfer Admission

- A. A transfer applicant who has earned college credit from a regionally accredited college or university and who is eligible to return to any institution previously attended may be admitted if the applicant has a cumulative grade point average of 2.0 or above for all college courses undertaken, provided that a transfer applicant with less than 30 semester credit hours must also meet the admissions criteria for high school graduates.
- B. A graduate with an associate degree from a regionally accredited Texas public two-year junior/community college will be admitted without reservation.
- C. A transfer applicant from a nonaccredited institution may be considered for conditional admission by the Admissions Review Committee. A transfer student admitted conditionally must achieve a grade point average of 2.0 or above for the first 30 hours of course work undertaken at U. T. Permian Basin and is subject to academic dismissal at any time the grade point average falls below 2.0.

IV. International Student Admission

Applicants for freshman or transfer admissions who have graduated from non-U. S. high schools may be required to provide evidence, in addition to all transcripts and test scores, of ability to achieve all requirements for a degree, of ability to speak and write English, and of adequate financial resources.

V. Texas Academic Skills Program

All students shall be subject to the provisions of the Texas Academic Skills Program (Texas Education Code, Section 51.306).

- A. Students who have earned three or more hours of college credit prior to September 1989 are exempt.

- B. All other students including new freshmen and transfer students who have not previously taken the TASP test must do so before or during the semester in which they will accumulate 9 hours of college-level course credit. Students who fail to take the test in a timely manner may not enroll in subsequent semesters.
- C. Performance on the TASP test will not be used as a condition of admission, although any student who fails one or more parts of the TASP test must enroll in non-credit remedial courses or other approved remedial programs. Students must pass all sections of TASP before enrolling in upper-division courses.

VI. Other Conditions

For the 1991-92 and 1992-93 academic years, freshman enrollment may not exceed 500 students, and no sophomore students may be admitted for the 1991-92 academic year.

See related item on Page 35.

- 4. U. T. Medical Branch - Galveston - Renovation of Brackenridge Hall (Project No. 601-687): Award of (a) Construction Contract to Comex Corporation, Deer Park, Texas; (b) Procurement Contract for Bid Package No. 1 - HVAC - Air Handling Units to LaSalle Manufacturing Corporation, Houston, Texas; (c) Procurement Contract for Bid Package No. 2 - HVAC - Variable Volume Terminal Units to Air Distribution Products, Inc., Houston, Texas; and (d) Procurement Contract for Bid Package No. 3 - HVAC - Fume Hood Exhaust Fans to TWSCO, Inc., Houston, Texas (Exec. Com. Letter 91-21).--Upon recommendation of the Executive Committee, the Board awarded a construction contract and procurement contracts for Bid Packages No. 1, 2, and 3 for the Renovation of Brackenridge Hall at The University of Texas Medical Branch at Galveston as follows:
 - a. Construction contract to the lowest responsible bidder, Comex Corporation, Deer Park, Texas, for the Base Bid and Alternate Bid Nos. 3 and 4 in the amount of \$1,599,300
 - b. Bid Package No. 1 - HVAC - Air Handling Units contract to the lowest responsible bidder, LaSalle Manufacturing Corporation, Houston, Texas, for the Base Bid in the amount of \$36,073
 - c. Bid Package No. 2 - HVAC - Variable Volume Terminal Units contract to the low responsible bidder, Air Distribution Products, Inc., Houston, Texas, for the Base Bid in the amount of \$11,965
 - d. Bid Package No. 3 - HVAC - Fume Hood Exhaust Fans contract to the low responsible bidder, TWSCO, Inc., Houston, Texas, for the Base Bid in the amount of \$14,049.

The total project cost is composed of the following elements:

General Construction	\$1,599,300
Bid Package No. 1 - HVAC - Air Handling Units	36,073
Bid Package No. 2 - HVAC - Variable Volume Terminal Units	11,965
Bid Package No. 3 - HVAC - Fume Hood Exhaust Fans	14,049
Fees and Administrative Expenses	221,600
Furniture, Furnishings and Equipment	451,098
Future Work (Testing and Air-Balancing)	39,015
Miscellaneous Expenses (Asbestos Abatement and Demolition)	55,500
Project Contingency	<u>71,400</u>
Total Project Cost	\$2,500,000

This project is included in the Capital Improvement Plan approved in June 1989 and the FY 1991 Capital Budget. The project was approved by the Texas Higher Education Coordinating Board in January 1989 prior to the accomplishment of asbestos abatement and demolition work.

5. U. T. Medical Branch - Galveston - Texas Department of Criminal Justice Hospital - Renovation and Completion of Shelled Space on Fourth and Eighth Floors (Project No. 601-743): Award of Construction Contract to Mitchell Enterprises, Inc., Sherman, Texas (Exec. Com. Letter 91-22).--The Board, upon recommendation of the Executive Committee, awarded a construction contract for the Texas Department of Criminal Justice Hospital - Renovation and Completion of Shelled Space on Fourth and Eighth Floors at The University of Texas Medical Branch at Galveston to the lowest responsible bidder, Mitchell Enterprises, Inc., Sherman, Texas, for the Base Bid and Alternate Bid No. 2 in the amount of \$3,711,800.

The total project cost is composed of the following elements:

General Construction	\$3,711,800
Fees and Administrative Expenses	469,028
Furniture, Furnishings and Equipment	325,000
Future Work (Testing and Air-Balancing)	36,530
Miscellaneous Expenses	110,470
Project Contingency	<u>806,087</u>
Total Project Cost	\$5,458,915

This project was legislatively approved and does not require submission to the Texas Higher Education Coordinating Board. Amendments to the Capital Improvement Plan and the Capital Budget are not required since funds for the project and all project expenses are to be paid by the Texas Department of Criminal Justice.

6. U. T. M.D. Anderson Cancer Center - Jesse H. Jones Rotary House International (Project No. 703-740): Award of Construction Contract to J. W. Bateson Company, Inc., Dallas, Texas, and Award of Contract for Food Service Equipment to Baring Industries, A Division of White Consolidated Industries, Inc., Nashville, Tennessee (Exec. Com. Letter 91-21).--The Executive Committee recommended and the Board:

- a. Awarded a construction contract for the Jesse H. Jones Rotary House International at The University of Texas M.D. Anderson Cancer Center to the lowest responsible bidder, J. W. Bateson Company, Inc., Dallas, Texas, for the Base Bid in the amount of \$14,693,000
- b. Awarded a contract for the purchase and installation of food service equipment for the Jesse H. Jones Rotary House International to the lowest responsible bidder, Baring Industries, A Division of White Consolidated Industries, Inc., Nashville, Tennessee, for the Base Bid in the amount of \$309,324.62.

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

Construction Cost	\$14,693,000
Fees and Administrative Expenses	1,182,500
Furniture, Furnishings and Equipment	1,277,000
Future Work (Testing and Air Balancing)	65,000
Miscellaneous Expenses	95,500
Project Contingency	<u>325,000</u>
Total Project Cost	\$17,638,000

This project is included in the Capital Improvement Plan approved in June 1989 and the FY 1991 Capital Budget and was approved by the Texas Higher Education Coordinating Board in October 1990.

REPORT AND RECOMMENDATIONS OF THE BUSINESS AFFAIRS AND AUDIT COMMITTEE (Pages 11 - 18).--Committee Chairman Loeffler reported that the Business Affairs and Audit Committee had met in open session to consider those matters on its agenda and to formulate recommendations for the U. T. Board of Regents. Unless otherwise indicated, the actions set forth in the Minute Orders which follow were recommended by the Business Affairs and Audit Committee and approved in open session and without objection by the U. T. Board of Regents:

1. U. T. System: Approval of Chancellor's Docket No. 59 (Catalog Change).--Upon recommendation of the Business Affairs and Audit Committee, the Board approved Chancellor's Docket No. 59 in the form distributed by the Executive Secretary. It is attached following Page 174 in the official copies of the Minutes and is made a part of the record of this meeting.

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

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

2. U. T. Board of Regents - Regents' Rules and Regulations, Part One: Amendments to Chapter III, Section 4 (Code of Ethics).--In compliance with the current provisions of Article 6252-9b of Texas Revised Civil Statutes and a recent request from the Secretary of State that sworn employee disclosure forms no longer be sent to that office, the Board amended the Regents' Rules and Regulations, Part One, Chapter III, Section 4 (Code of Ethics) to read as set forth below:

Sec. 4. Code of Ethics.--All employees of the System and its component institutions shall be furnished a copy of the Standards of Conduct for State Employees, Section 8 of Article 6252-9b, Texas Revised Civil Statutes and, in addition thereto, shall adhere to the following standards of conduct and other provisions of these Rules and Regulations:

- 4.1 No employee shall accept or solicit any gift, favor, or service that might reasonably tend to influence the employee in the discharge of his or her official duties or that the employee knows or should know is being offered with the intent to influence his or her official conduct.
- 4.2 No employee shall intentionally or knowingly solicit, accept, or agree to accept any benefit for having exercised his or her official powers or performed his or her official duties in favor of another.

- 4.3 No employee shall accept employment or engage in any business or professional activity which the employee might reasonably expect would require or induce the employee to disclose confidential information acquired by reason of his or her official position.
 - 4.4 No employee shall disclose confidential information gained by reason of his or her official position or otherwise use such information for his or her personal gain or benefit.
 - 4.5 No employee shall transact any business in his or her official capacity with any business entity of which the employee is an officer, agent, or member, or in which the employee owns a substantial interest.
 - 4.6 No employee shall make personal investments which could reasonably be expected to create a substantial conflict between the employee's private interest and the public interest.
 - 4.7 No employee shall accept other employment or compensation which could reasonably be expected to impair the employee's independence of judgment in the performance of the employee's public duties.
 - 4.8 No employee shall receive any compensation for services as an employee from any source other than the State of Texas, except as may be otherwise provided by law.
3. U. T. Board of Regents - Regents' Rules and Regulations, Part Two: Authorization to Amend Chapter IV, Section 7 (Purchases by or from Employees).--Approval was given to amend the Regents' Rules and Regulations, Part Two, Chapter IV, Section 7 (Purchases by or from Employees) to read as set forth below:

Sec. 7. Purchases by or from Employees.--Purchases are not permitted from any officer or employee of the System unless the cost is less than that from any other known source and until approved by the component chief administrative officer and the appropriate Executive Vice Chancellor or the Chancellor. Purchases of equipment or property of the System by any officer or employee may be made only after authorization by the component chief administrative officer and the appropriate Executive Vice Chancellor or the Chancellor. Details of such transactions shall be reported in the component Docket or Minutes of the Board. Approval and reporting are not required for purchases made at public auction.

4. U. T. Board of Regents - Regents' Rules and Regulations, Part Two: Approval of Amendments to Chapter VI (Staff Benefits).--In order to establish an internal administrative structure to administer The University of Texas System employee group insurance and health benefit programs, the Board amended the Regents' Rules and Regulations, Part Two, Chapter VI, relating to staff benefits, as set out below:

- a. Deleted present Sections 4 through 10 and 15 in their entirety
- b. Added a new Section 4 to read as follows:

Sec. 4. Employee Group Insurance and Health Benefits.

- 4.1 All group insurance and health benefit programs authorized by law for employees of the U. T. System and its component institutions shall be administered by the Chancellor on behalf of the Board.
- 4.2 The Chancellor shall provide for the planning, implementation, management, and administration of the employee group insurance and health benefit programs through such U. T. System committees and administrators as the Chancellor deems appropriate.
- 4.3 The Chancellor will submit for review and approval by the Board recommendations regarding benefits, premiums, and eligibility criteria for each group insurance and health benefit program; all contracts to provide a policy or policies of insurance and related services for a group insurance or health benefit program; and all contracts to provide services related to the implementation and administration of an authorized self-insured employee group benefit program.

- c. Renumbered the remaining sections of Chapter VI accordingly.

5. U. T. System: Reappointment of Anthem (Formerly American General) Group Services Corporation, Dallas, Texas, as Administrative/Fiscal Agent for Medical and Dental Self-Insured Plan; Reappointment of Anthem Life Insurance Company, Dallas, Texas, for Group Term Life, Long-Term Disability, and Accidental Death and Dismemberment Insurance Coverage; and Approval of Employee Group Medical and Dental Insurance Rates All to be Effective September 1, 1991.--Following a detailed presentation of The University of Texas System medical and dental self-insurance plan by James C. Guckian, M.D., Executive Associate for Health Policy and Planning, and upon recommendation of the Business Affairs and Audit Committee, the Board:
- a. Reappointed Anthem (formerly American General) Group Services Corporation, Dallas, Texas, as administrative/fiscal agent for the day-to-day management of the medical and dental self-insured plan for U. T. System employees effective September 1, 1991
 - b. Reappointed Anthem Life Insurance Company, Dallas, Texas, for group term life, long-term disability, and accidental death and dismemberment insurance coverage
 - c. Approved group medical and dental insurance rates for Fiscal Year 1991-92 as shown in Exhibits A and B set out on Page 15 .

These rates reflect an overall 8% increase in health insurance premiums with group term life, long-term disability, and accidental death and dismemberment insurance coverage requiring no premium increases.

EXHIBIT A

U.T. SYSTEM EMPLOYEE SELF-INSURED HEALTH PLAN RATES			
	Health (Medical and Dental)		Medical Alone
	Non-Smoker	Smoker	
	1991-92	1991-92	1991-92
Plan A (\$200 Deductible)			
Employee	\$148.47	\$158.47	N/A
Employee + Spouse	328.13	338.13	297.95
Employee + Child(ren)	312.24	322.24	270.87
Employee + Family	482.29	492.29	429.83
Plan B (\$500 Deductible)			
Employee	125.20	135.20	N/A
Employee + Spouse	279.24	289.24	249.06
Employee + Child(ren)	249.89	259.89	208.52
Employee + Family	399.98	409.98	347.52

NOTE: Employee dental coverage is required. Employees electing to provide medical coverage for dependents presently enrolled in the dental plan must continue the dental coverage for those dependents. Dependent dental coverage is optional for new employees.

EXHIBIT B

DENTAL INSURANCE PREMIUMS		
1991-92		
	Non-Smoker	Smoker
Employee	\$15.13	\$25.13
Employee + Spouse	30.18	40.18
Employee + Child(ren)	41.37	51.37
Employee + Family	52.46	62.46

6. U. T. System: Acceptance of Health Maintenance Organization (HMO) Contracts and Rates Effective September 1, 1991.--Upon recommendation of the Business Affairs and Audit Committee, the Board approved the rates for the health maintenance organization (HMO) contracts as shown in Exhibits A, B, and C set out on Pages 16 - 17 to be effective September 1, 1991, for those health maintenance organizations contracting to provide health care to The University of Texas System employees.

EXHIBIT A

HMO SELECTIONS AND RATES (MEDICAL ONLY) FOR 1991-92				
	Employee	Employee + Spouse	Employee + Child(ren)	Employee + Family
Travelers-San Antonio	\$143.08	\$321.33	\$292.32	\$442.83
Travelers-Austin	135.65	304.67	277.18	419.88
PruCare-Austin	143.90	300.00	271.00	395.00
PCA-Austin	128.77	257.53	231.78	386.30
Travelers-Houston	148.20	333.48	300.84	462.34
PruCare-Houston	134.70	277.68	251.24	362.09
Travelers-Dallas	146.49	329.58	297.33	471.08
Kaiser-Dallas	133.03	319.27	266.06	385.79

EXHIBIT B

HEALTH MAINTENANCE ORGANIZATIONS			
	Medical and Dental*		Medical Alone
	Non-Smoker	Smoker	
Employee	\$143.90 - \$163.33	\$153.90 - \$173.33	N/A
Employee + Spouse	287.51 - 363.66	297.51 - 373.66	257.53 - 333.48
Employee + Child(ren)	273.15 - 342.21	283.15 - 352.21	231.78 - 300.84
Employee + Family	438.76 - 523.54	448.76 - 533.54	362.09 - 471.08

* Please see appropriate HMO for medical premium alone. Add that medical premium to indicated dental premium (Exhibit C below). Employee dental coverage is required. Employees electing to provide medical coverage for dependents presently enrolled in the dental plan must continue the dental coverage for those dependents. Dependent dental coverage is optional for new employees.

EXHIBIT C

DENTAL INSURANCE PREMIUMS		
	1991-92	
	Non-Smoker	Smoker
Employee	\$15.13	\$25.13
Employee + Spouse	30.18	40.18
Employee + Child(ren)	41.37	51.37
Employee + Family	52.46	62.46

7. U. T. System: Authorization to Continue Operation Through October 31, 1991, Subject to and in Compliance with Legislative Directive and Statutory or Constitutional Restrictions.--Committee Chairman Loeffler reported that since the Material Supporting the Agenda was prepared, an emergency item had been posted with the Secretary of State and it was before the Board on yellow paper.

Since the 72nd Legislature has not produced an appropriations bill in sufficient time to allow The University of Texas System to prepare the 1991-92 Operating Budgets for consideration by the U. T. Board of Regents at this meeting, the Board, upon recommendation of the Business Affairs and Audit Committee, authorized the continued operation of The University of Texas System Administration and all U. T. System component institutions through October 31, 1991, under 1990-91 operating budget levels, as amended or subsequently amended within established Board budget policies.

This authorization will be subject to and in accordance with legislative directive and statutory or constitutional restrictions.

REPORT AND RECOMMENDATIONS OF THE ACADEMIC AFFAIRS COMMITTEE (Pages 19 - 36).--Committee Chairman Barshop reported that the Academic Affairs Committee had met in open session to consider those matters on its agenda and to formulate recommendations for the U. T. Board of Regents. Unless otherwise indicated, the actions set forth in the Minute Orders which follow were recommended by the Academic Affairs Committee and approved in open session and without objection by the U. T. Board of Regents:

1. U. T. System: Establishment of an International Education Fee at U. T. Arlington, U. T. El Paso, U. T. Pan American, U. T. San Antonio, and U. T. Tyler Effective with the Fall Semester 1991 and Authorization for Future Approval of an International Education Fee at Other Component Institutions (Catalog Change).--Section 54.5131 of the Texas Education Code, which was enacted in 1989 by the 71st Texas Legislature, authorized the U. T. Board of Regents to charge and collect an International Education Fee at The University of Texas at Austin, and the Board approved implementation of this fee at its October 1989 meeting. The 72nd Texas Legislature, Regular Session, added a new Section 54.5132 to the Texas Education Code to authorize the charging and collecting of this fee at other public institutions of higher education.

Therefore, the Board, upon recommendation of the Academic Affairs and Health Affairs Committees, authorized The University of Texas System component institutions listed below to establish an International Education Fee effective with the Fall Semester 1991 to be assessed students at the rate of \$1.00 per semester or summer session for funding an international education financial aid fund at the respective institutions:

The University of Texas at Arlington
The University of Texas at El Paso
The University of Texas - Pan American
The University of Texas at San Antonio
The University of Texas at Tyler.

Further, the Board authorized the remaining U. T. System component institutions to establish an International Education Fee of \$1.00 per semester or summer session to be effective upon recommendation of the chief administrative officer, approval by the respective Executive Vice Chancellor, and submission via the institutional docket for Regental approval.

Fees collected under Section 54.5132 of the Texas Education Code are to be deposited in an institution's international education financial aid fund and are to be used to assist students participating in international student exchange or study programs.

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

2. U. T. Arlington: Approval to Increase the Compulsory Student Services Fee Effective with the Fall Semester 1991 (Catalog Change).--Upon recommendation of the Academic Affairs Committee, the Board approved an increase in the Compulsory Student Services Fee at The University of Texas at Arlington from \$7.50 per semester credit hour with a maximum fee of \$90 per semester or summer session to \$8.25 per semester credit hour with a maximum fee of \$99 per semester or summer session effective with the Fall Semester 1991.

The fee increase will be used to meet increasing costs for student services at U. T. Arlington and to maintain quality and availability of essential services for students.

Senate Bill 1000, enacted by the 72nd Texas Legislature, Regular Session, amended Section 54.503 of the Texas Education Code to authorize an increase in the maximum compulsory student services fee from \$90 per semester or summer session to \$150 per semester or summer session with any increase in excess of 10% of the current fee at any institution requiring a favorable vote in a general student election.

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

3. U. T. Austin: Initial Appointments to Endowed Academic Positions in the (a) College of Business Administration and the Graduate School of Business, (b) College of Engineering, (c) College of Fine Arts, and (d) College of Natural Sciences Effective September 1, 1991.--The Board approved the following initial appointments to endowed academic positions at The University of Texas at Austin effective September 1, 1991, with the understanding that the individuals would vacate any currently held endowed positions on the effective date of the new appointments:

a. College of Business Administration and the Graduate School of Business

- (1) Dr. George P. Huber, The Fondren Foundation Centennial Chair in Business, Department of Management, to the Charles and Elizabeth Prothro Regents Chair in Business Administration
- (2) Dr. Reuben R. McDaniel, Jr., Tom E. Nelson, Jr. Regents Professorship in Business, Department of Management, to the Charles and Elizabeth Prothro Regents Chair in Health Care Management.

See Page 53 related to the establishment of these Chairs.

b. College of Engineering

Dr. Linda M. Abriola, Associate Professor of Civil Engineering, University of Michigan, Ann Arbor, Michigan, to the NCNB Texas National Bank Centennial Professorship in Petroleum Engineering for the period September 1, 1991 through January 15, 1992 only.

See Page 49 related to the redesignation of this Professorship.

c. College of Fine Arts

Professor Susan Tsu, School of Theatre Arts at Boston University, Boston, Massachusetts, to the David Bruton, Jr. Regents Professorship in Fine Arts

d. College of Natural Sciences

Dr. Jeanne Freeland-Graves, Professor and Chairman, Department of Human Ecology, to the Bess Heflin Centennial Professorship in Home Economics Education.

4. U. T. Austin - School of Law: Appointment of Mr. Henry T. C. Hu to the Board of Directors of The University of Texas at Austin School of Law Publications, Inc. and Ms. Donna J. Passons to the Board of Directors of The University of Texas at Austin School of Law Continuing Legal Education, Inc. Effective with the Fall Semester 1991 (Regents' Rules and Regulations, Part One, Chapter VII, Section 6, Subsection 6.1, Internal Corporations).--In accordance with the Regents' Rules and Regulations, Part One, Chapter VII, Section 6, Subsection 6.1, relating to appointment to the board of directors of internal corporations, approval was given to appoint Mr. Henry T. C. Hu, Assistant Dean of the School of Law, to the Board of Directors of The University of Texas at Austin School of Law Publications, Inc. and Ms. Donna J. Passons, Assistant Dean of the School of Law, to the Board of Directors of The University of Texas at Austin School of Law Continuing Legal Education, Inc. effective with the Fall Semester 1991.
5. U. T. Austin: Permission for (a) Dr. Manuel J. Justiz to Continue to Serve on the Education Commission of the States and (b) Dr. Herbert H. Woodson to Serve on the President's Committee on the National Medal of Science [Regents' Rules and Regulations, Part One, Chapter III, Section 13, Subsections 13.(10) and 13.(11)].--Permission was granted for the following faculty members at The University of Texas at Austin to serve as indicated:
- a. Dr. Manuel J. Justiz, Dean of the College of Education and holder of the A. M. Aikin Regents Chair in Education Leadership, to serve on the Education Commission of the States
- b. Dr. Herbert H. Woodson, Dean of the College of Engineering, to serve a three-year term on the President's Committee on the National Medal of Science.

It was noted that these individuals will serve in these capacities without compensation.

Dr. Justiz's reappointment to this Commission by Governor Ann Richards and Dr. Woodson's appointment to the Committee by President Bush is of benefit to the State of Texas, creates no conflict with their regular duties at U. T. Austin, and is in accordance with approval requirements for positions of honor, trust, or profit provided in Article 6252-9a of Vernon's Texas Civil Statutes and Part One, Chapter III, Section 13, Subsections 13.(10) and 13.(11) of the Regents' Rules and Regulations.

6. U. T. Austin: Approval of a Third-Year Leave of Absence for Dr. William P. Glade, Jr. for the 1991-92 Fiscal Year (Regents' Rules and Regulations, Part One, Chapter III, Section 16, Subsection 16.4).--In accordance with Part One, Chapter III, Section 16, Subsection 16.4 of the Regents' Rules and Regulations, approval was given for a third-year leave of absence, without pay, to Dr. William P. Glade, Jr., Professor of Economics at The University of Texas at Austin, for the 1991-92 fiscal year.

Dr. Glade has been on leave for the past two years serving as Associate Director for the Bureau of Educational and Cultural Affairs of the U. S. Information Agency. Completion of this Presidential appointment will enhance Dr. Glade's teaching and research capability upon his return to U. T. Austin.

7. U. T. Austin: Authorization to Rename Room 2.206 in the Chemical and Petroleum Engineering Building the BP Exploration Classroom (Regents' Rules and Regulations, Part One, Chapter VIII, Section 1, Subsection 1.2, Naming of Facilities Other Than Buildings).--In compliance with the donor's request to reflect the current name of the company, the Board renamed Room 2.206 of the Chemical and Petroleum Engineering Building at The University of Texas at Austin the BP Exploration Classroom in accordance with the Regents' Rules and Regulations, Part One, Chapter VIII, Section 1, Subsection 1.2, relating to the naming of facilities other than buildings.

See Page 54 related to the redesignation of this endowment.

8. U. T. Austin: Approval of an Agreement of Academic Cooperation with the Instituto Tecnológico y de Estudios Superiores de Monterrey, Nuevo Leon, Mexico, and Authorization for Executive Vice Chancellor for Academic Affairs to Execute Agreement.--Approval was given to the agreement of academic cooperation set out on Pages 23 - 27 between The University of Texas at Austin, on behalf of the Graduate School of Business, and the Instituto Tecnológico y de Estudios Superiores de Monterrey, Nuevo Leon, Mexico.

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

AGREEMENT OF ACADEMIC COOPERATION

BETWEEN

THE UNIVERSITY OF TEXAS AT AUSTIN

AND

INSTITUTO TECNOLOGICO Y DE ESTUDIOS SUPERIORES
DE MONTERREY (NUEVO LEON, MEXICO)

Whereas, The University of Texas at Austin (hereafter referred to as "UT Austin"), for and on behalf of the Graduate School of Business, of Austin, Texas, U.S.A. and the Instituto Tecnológico y de Estudios Superiores de Monterrey (hereafter referred to as "ITESM") of Monterrey, Nuevo Leon, Mexico have executed a Declaration of Intent dated January 12, 1990; and

Whereas, UT Austin and ITESM further desire to design and implement a Doctor of Philosophy (Ph.D.) Degree in Business Administration program for the ITESM System;

Therefore, UT Austin and ITESM agree to program provisions as follows:

I. Responsibilities of Parties

- A. The Ph.D. program at ITESM will be developed and initially implemented by the Graduate School of Business at UT Austin through its Office of Management Development Programs (hereafter referred to as MDP), with the cooperation and participation of ITESM. This includes student admission, progress and retention, compensation of faculty, and transition of the program to ITESM.
- B. All on-site logistics and administrative support will be provided by ITESM. ITESM also will provide all other program costs, including faculty and administrative compensation and associated expenses.
 - (1) Airplane tickets, hotel accommodations, and meals for faculty will be paid for in advance and directly to the providers by ITESM.
 - (2) ITESM will pay MDP as billed for all faculty and administrative compensation and associated expenses, and other program services performed by MDP. The faculty will be compensated for their services through MDP with the funds provided by ITESM.
- C. UT Austin faculty will comply with all UT Austin regulations related to executive education compensation and outside work activities, and will file the required Request for Approval of Outside Employment form.

- D. UT Austin will provide faculty and administrative assistance as provided in Item II below, to enable selected ITESM faculty from ITESM's campuses to earn a Ph.D. Degree in Business Administration.
- E. Prior to conclusion of the 1994-95 academic year, all administrative and teaching aspects of this program will be transferred to ITESM.

II. Personnel and Resources

- A. Faculty from the Graduate School of Business at UT Austin will play the lead role in implementing the Ph.D. program. Where appropriate, UT Austin faculty will work in teams with ITESM faculty.
- B. Books, articles, and other teaching materials needed for instruction by UT Austin faculty in the program will be provided by ITESM. In addition, ITESM will initiate subscriptions to research journals deemed necessary by UT Austin to support the Ph.D. program.
- C. Computer hardware and software as well as other teaching media will be provided by ITESM to support the program.

III. Students

- A. Initial matriculants will be faculty members from the various ITESM campuses. The initial class size will be limited to thirty students. Subsequent matriculants may come from other nations in Latin America.
- B. Applicants will be nominated from their respective ITESM campuses. Applicants will be evaluated on the basis of GRE or GMAT results, TOEFL results, prior academic record, letters of recommendation, personal motivation, and area of academic interest.
- C. Student performance will be evaluated by the end of each semester. This evaluation will consider course performance and dedication to the program.

- D. Each student will be responsible for completing a dissertation based upon applications based research. Students will have a dissertation committee consisting of three to five faculty. One faculty member will serve as dissertation chairman. While the dissertation chairman for the initial matriculants will be a UT Austin faculty member, other committee members may come from other institutions as deemed appropriate. UT Austin faculty serving on such committees will be compensated for their services through MDP with funding provided by ITESM.

IV. Research

UT Austin faculty will be encouraged to participate in joint research with ITESM faculty. Some of this research may be based on the dissertation work of students as identified in ITEM III, above. It is hoped that long term research partnerships will develop that address issues of common interest to faculty in Texas and Mexico.

V. Summer Sessions

- A. Students will attend summer sessions in Austin, Texas during 1991 and 1992. Each of these sessions will be of ten weeks duration. The summer sessions and coursework will be organized and administered through the MDP. All costs for the sessions, including institutional costs, will be paid by ITESM through the MDP.
- B. Students will reside in off-campus housing in Austin. Housing and meals will be arranged by UT Austin and paid for directly to the provider by ITESM.

VI. Terms of Agreement

The program will begin in September 1990, and continue for five years. Although within five years all aspects of the program will evolve to ITESM faculty for implementation and control, it is envisioned that enduring working relations will develop in all aspects of higher education in business.

Agreement of Cooperation Between
UT Austin and ITESM
Page 4

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

THE UNIVERSITY OF TEXAS AT AUSTIN

BY: _____
William H. Cunningham

TITLE: President

BY: _____
Robert E. Witt

TITLE: Dean, Graduate School of
Business

INSTITUTO TECNOLOGICO Y DE ESTUDIOS
SUPERIORES DE MONTERREY

BY: _____

TITLE: _____

FORM APPROVED:

BOARD OF REGENTS OF THE UNIVERSITY
OF TEXAS SYSTEM

Office of General Counsel

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

Agreement of Cooperation Between
UT Austin and ITESM
Page 5

CERTIFICATE OF APPROVAL

I hereby certify that the foregoing Agreement was approved by the Board of Regents of The University of Texas System on the _____ day of _____, 1990 and that the person whose signature appears above is authorized to execute such agreement on behalf of the Board.

Executive Secretary, Board of Regents
The University of Texas System

9. U. T. Dallas: Authorization to Name the Child Study Laboratory in the Callier Center for Communication Disorders the James Stahlecker Child Study Laboratory (Regents' Rules and Regulations, Part One, Chapter VIII, Section 1, Subsection 1.2, Naming of Facilities Other Than Buildings).--Upon recommendation of the Academic Affairs Committee, the child study laboratory in the Callier Center for Communication Disorders at The University of Texas at Dallas was named the James Stahlecker Child Study Laboratory in accordance with the Regents' Rules and Regulations, Part One, Chapter VIII, Section 1, Subsection 1.2, relating to the naming of facilities other than buildings.

The naming of this laboratory is in memory of Dr. James Stahlecker who was Head of Psychology at the Callier Center for Communication Disorders for five years before his death in January 1991. As part of his research and clinical experience in deafness and disorders in children, Dr. Stahlecker coordinated the Callier Child Study Team which observed and evaluated children with very complex problems and developed programs to meet their needs. The laboratory facility was an integral part of the team's work and was developed by Dr. Stahlecker.

10. U. T. Dallas: Approval of an Inter-University Direct Exchange Agreement with the Laboratoire d'Etude des Acquisitions et du Developpement (L.E.A.D.), Universite de Bourgogne, Dijon, France, and Authorization for Executive Vice Chancellor for Academic Affairs to Execute Agreement.--Approval was given to the Inter-University Direct Exchange Agreement set out on Pages 29 - 31 by and between The University of Texas at Dallas, on behalf of the School of Human Development, and the Laboratoire d'Etude des Acquisitions et du Developpement (L.E.A.D.), Universite de Bourgogne, Dijon, France.

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

INTER-UNIVERSITY DIRECT EXCHANGE AGREEMENT PROGRAM

AGREEMENT MODEL

Preamble

This agreement is made within the framework of the Agreement on Educational and Cultural Exchange (Fulbright Agreement) concluded between the Governments of France and of the United States of America on May 7, 1965.

Its terms have been examined and approved by the authorities concerned with the execution of such agreements in both countries.

PARTIES TO THE AGREEMENT

The agreement has been concluded between:

School of Human Development, UNIVERSITY of TEXAS at DALLAS

name and address of the U.S. institution

Represented by: Mrs./Miss/Mr./Dr. Dr. B. MOORE

name and title of the signatory of the agreement

and:

L.E.A.D. / UNIVERSITE de BOURGOGNE

name and address of the French institution

Represented by: Mrs./Miss/Mr./Dr. Dr. M. FAYOL

name and address of the French signatory of the agreement

STIPULATIONS OF THE AGREEMENT

It is agreed that:

ARTICLE I - PURPOSE - FIELD OF EXCHANGE - DURATION

This agreement is intended to facilitate and develop between the contracting parties a program of exchange of teachers and researchers. Period and time of the exchange can be organized to suit the convenience of the participating institutions but must be a minimum of 3 months.

Exchange will be pursued in the following fields: Cognitive Science, Developmental Psychology.

Other optional exchange operations. The present agreement shall also include such cooperative operations as:

Please cross out
undesirable options

- Reciprocal plans in regard to students
- Reciprocal visits of consultation by specialists of both countries
- Publications to be completed collaboratively
- Other operations: Exchange of Professors.

ARTICLE II - NOMINATION OF CANDIDATES

Each year, not later than March 1, for departures planned for the Fall Semester and September 1 for departures for the Spring Semester, both universities shall have agreed upon the exchange candidacies for the following year.

The Franco-American Commission will be immediately apprised of the names and qualifications of these candidates so that it can provide them with appropriate instructions to make formal applications for travel funds and other financial assistance as described in Article V below.

The participating institutions are responsible for the proposing of acceptable exchange candidates.

ARTICLE III - DUTIES OF THE EXCHANGEES

These should be determined in the course of the negotiations between the institutions concerned. Unless otherwise specified, visiting specialists will assume the same teaching and work schedules as their colleagues of equal rank in their host university.

In case of significant and undesirable disparity between the level or schedule of duties of the representatives of both countries, the parties involved, by mutual concertation, shall reduce such inequalities to an acceptable minimum.

ARTICLE IV - PAYMENT OF SALARIES

Each participating institution will continue to furnish the usual home salary to its representative during the period of his/her service overseas. These salaries are subject to the fiscal regulations of the home country (Income Tax).

In the event that some additional salary is provided to an exchangee by the establishment of the host country, the sums involved are subject to the stipulations of a fiscal agreement entered into by the Governments of France and the United States on July 28, 1967 (Publication 520, 10/86) - Foreign Scholars and Educational and Cultural Exchange Visitors - page 28). According to this agreement, exchangees are exempted from income taxes of the Host Country on salaries paid for personal services rendered for purposes of teaching and research.

ARTICLE V - FINANCIAL ASSISTANCE OFFERED FOR INTER-UNIVERSITY EXCHANGE PARTICIPANTS BY THE FRANCO-AMERICAN COMMISSION UNDER THE FULBRIGHT PROGRAM

French and American participants in the exchanges offered by institutions having concluded and signed Inter-University Exchange Agreements are eligible to apply to the Franco-American Commission for round-trip travel allowances and in certain cases, small supplementary allocations which they may request at the same time as the travel allowances. These allocations will be granted, budget permitting, in cases where insufficient salaries or exchange fellowships would result in financial hardship in meeting living expenses in the host countries.

The travel allowances and supplementary allocations are available to exchangees only, and not to members of their families. They also include free insurance coverage for accident and illness, again for exchangees only. Accompanying dependents may arrange for voluntary insurance coverage for themselves under the same insurance plan as the exchangees.

Eligibility Requirements and Application Deadlines

A. Lecturers and Research Scholars - The duration of the exchange contract must be at least 3 months for exchangees from both countries.

American lecturers and research scholars must apply through the: Council for International Exchange of Scholars, Eleven Dupont Circle N.W., Washington DC 20036, before April 1 for departure to France between July 1 and December 31 of the same year and before October 1 for departure to France between January 1 and July 1 of the following year.

Each application to the Council should refer to the date and terms of the Inter-University Agreement which has been signed by the U.S. home institution.

Following preselection by the CIES, American candidates will be referred to the Franco-American Commission for Educational Exchange, Paris for final selection and attribution of Fulbright travel grants and eventual supplementary allocations.

ARTICLE VI - ACTIVATION OF THE AGREEMENT

The present agreement shall be effective as of (date) Mars 1991
and shall have a total duration of 5 years, renewable by simple extension of the same by the parties. Likewise the agreement may be rescinded by either of the parties with advance notice of 6 months.

All modifications of the present text should be brought to the attention (for approval) of the Franco-American Commission for Educational Exchange, 9, rue Chardin, 75016 PARIS.

The continuity of the inter-university cooperation established by this agreement shall be assured by the participating parties which, each year, after due consultation, will select their representatives and determine their duties and period of exchange.

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

THE UNIVERSITY OF TEXAS AT DALLAS

BY: _____
Robert H. Rutford

TITLE: President

THE UNIVERSITY OF BOURGOGNE

BY: _____

TITLE: _____

FORM APPROVED:

BOARD OF REGENTS OF THE UNIVERSITY
OF TEXAS SYSTEM

Office of General Counsel

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

CERTIFICATE OF APPROVAL

I hereby certify that the foregoing Agreement was approved by the Board of Regents of The University of Texas System on the _____ day of _____, 1991 and that the person whose signature appears above is authorized to execute such agreement on behalf of the Board.

Executive Secretary, Board of Regents
The University of Texas System

11. U. T. El Paso: Establishment of a Major in Nurse-Midwifery within the Existing Master of Science in Nursing (MSN) Degree Program and Authorization to Submit the Proposal to the Coordinating Board for Approval (Catalog Change).--In order to fill the growing need for certified nurse-midwives, the Board, upon recommendation of the Academic Affairs Committee, established a major in Nurse-Midwifery within the existing Master of Science in Nursing (MSN) degree program at The University of Texas at El Paso and authorized submission of the proposal to the Texas Higher Education Coordinating Board for review and appropriate action.

This program will be implemented in conjunction with the Texas Tech University Health Sciences Center, Regional Academic Health Center at El Paso which will provide clinical facilities and cooperating faculty for clinical specialty courses. The program will include 18 semester credit hours of courses currently in the U. T. El Paso inventory and 32 semester credit hours of new clinical specialty courses for a total of 50 semester credit hours.

Some of the clinical specialty courses will be taught by Texas Tech faculty through a contract between U. T. El Paso and the Texas Tech University Health Sciences Center, Regional Academic Health Center at El Paso. The Texas Tech faculty will be appointed as adjunct faculty at U. T. El Paso and the Master of Science in Nursing degree will be awarded by U. T. El Paso. Both thesis and non-thesis options will be provided.

The University projects admitting six students per year into the program and graduating five per year after the second year of the program. The estimate of one dropout per year is based on the need for extensive clinical preparation and the inability of some students to meet the time demand of the program.

Each student admitted to the program must be a Registered Nurse and hold a bachelor's degree in nursing, must achieve a satisfactory score on the Graduate Record Examination or the Miller Analogy Test as determined by the Graduate Studies Committee in the College of Nursing and Allied Health, and must have earned at least a 3.0 grade point average for all undergraduate work.

Costs for the program are to be funded from external grants to U. T. El Paso or from Texas Tech University Health Sciences Center, Regional Academic Health Center at El Paso resources. The Nurse-Midwifery major will not be implemented unless external funding is obtained. If external funding were to be discontinued at some time in the future, an evaluation would be done to determine whether the program was cost effective and should be continued. Funding has been requested from Advanced Nurse Training Grant funds from the U. S. Department of Health and Human Services which has special funding for nurse-midwifery programs.

Classroom and office facilities are adequate at both U. T. El Paso and Texas Tech Regional Academic Health Center to accommodate the projected enrollment. The Nurse-Midwifery Clinic at the Texas Tech Regional Academic Health Center is also adequate to accommodate student experiences. Current faculty resources are

adequate to begin the program, with a projection by the Texas Tech Regional Academic Health Center to hire two additional faculty from grant funds after the first year.

This program is consistent with U. T. El Paso's Role and Scope and Strategic Plan.

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

12. U. T. El Paso: Appointment of Dr. S. K. Varma, Dr. Dan E. Cooke, Dr. Michael Gelfond, Dr. Soheil Nazarian, and Dr. Roberto A. Osegueda as MacIntosh Murchison Fellows in Engineering (Mr. and Mrs. MacIntosh Murchison Chairs in Engineering) in the College of Engineering Effective for Fiscal Year 1991-92 Only.--The Board appointed the following faculty members of the College of Engineering at The University of Texas at El Paso as MacIntosh Murchison Fellows in Engineering in the four Mr. and Mrs. MacIntosh Murchison Chairs in Engineering effective for Fiscal Year 1991-92 only:

Dr. S. K. Varma, Professor, Department of Metallurgical and Materials Engineering
Dr. Dan E. Cooke, Assistant Professor, Department of Computer Science
Dr. Michael Gelfond, Associate Professor, Department of Computer Science
Dr. Soheil Nazarian, Assistant Professor, Department of Civil Engineering
Dr. Roberto A. Osegueda, Assistant Professor, Department of Civil Engineering.

Under terms of the endowment for four Mr. and Mrs. MacIntosh Murchison Chairs in Engineering, funds may be used to award fellowships in Engineering to qualified faculty for periods up to one year when vacancies exist in the endowed Chairs.

13. U. T. Pan American: Approval to Increase the Compulsory Student Services Fee Effective with the Fall Semester 1991 (Catalog Change).--Approval was given to increase the Compulsory Student Services Fee at The University of Texas - Pan American from \$7 per semester credit hour with a maximum fee of \$90 per semester or summer session to \$7.70 per semester credit hour with a maximum fee of \$99 per semester or summer session to be effective with the Fall Semester 1991.

The increase in fee income will be used to maintain the quality and availability of student services funded by the Student Services Fee.

Senate Bill 1000, enacted by the 72nd Texas Legislature, Regular Session, amended Section 54.503 of the Texas Education Code to authorize an increase in the maximum compulsory student services fee from \$90 per semester or summer session to \$150 per semester or summer session with any increase in excess of 10% of the current fee at any institution requiring a favorable vote in a general student election.

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

14. U. T. San Antonio: Authorization to Increase the Compulsory Student Services Fee Effective with the Fall Semester 1991 (Catalog Change).--Pursuant to Senate Bill 1000, enacted by the 72nd Texas Legislature, Regular Session, which amended Section 54.503 of the Texas Education Code to authorize an increase in the maximum compulsory student services fee from \$90 per semester or summer session to \$150 per semester or summer session, the Board approved an increase in the Compulsory Student Services Fee at The University of Texas at San Antonio from \$10 per semester credit hour with a maximum fee of \$90 per semester or summer session to \$10 per semester credit hour with a maximum fee of \$99 per semester or summer session to be effective with the Fall Semester 1991.

The increase will be used to offset significant added costs of providing an expanded level of student services on the U. T. San Antonio campus.

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

15. U. T. San Antonio: Approval of Changes in Parking Permit Fees Effective with the Fall Semester 1991 (Catalog Change).--Upon recommendation of the Academic Affairs Committee, the Board approved changes in parking permit fees at The University of Texas at San Antonio effective with the Fall Semester 1991 as set out below:

	<u>1991-92</u> <u>Fees</u>
<u>Executive Officers Permits</u>	
Class O (reserved)	\$110.00
<u>Faculty/Staff Permits</u>	
Class A (reserved)	82.00
Class B (faculty/staff)	42.00
Class C (motorcycles)	13.00
Class E (dual parking)	42.00
Class H (handicapped)*	42.00
Class K (mini-car)	32.00
Class P (carpool)	42.00
Class W (bicycles)	3.00
<u>Student Permits</u>	
Class C (motorcycles)	13.00
Class D (student resident)	27.00
Class F (dual parking)	27.00
Class G (general)	27.00
Class H (handicapped)*	27.00
Class M (mini-car)	20.00
Class S (carpool)	27.00
Class W (bicycles)	3.00

* No parking fee is charged for permanently disabled persons or disabled veterans with 60% or more disability.

1991-92
Fees

Other

Class T (vendors, sales- persons, technical representatives, other servicing personnel, and persons regularly using campus facilities)	\$15.00
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Replacement Permits

Replacement Fee	5.00
Exchange Fee	5.00

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

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

16. U. T. Permian Basin: Report on Implementation Plans for the Admission of Freshman and Sophomore Students Effective with the Fall Semester 1991.--At the conclusion of the Academic Affairs Committee meeting, Dr. Duane M. Leach, President of The University of Texas of the Permian Basin, presented the following report on the prospective first freshman class for U. T. Permian Basin:

Report

The 72nd Texas Legislature, Regular Session, passed H. B. 277 authorizing The University of Texas of the Permian Basin to admit freshman and sophomore students effective with the Fall Semester 1991. Governor Ann Richards signed the bill on May 12, 1991. Implementation of this legislation does not require approval by the Texas Higher Education Coordinating Board. The following information summarizes plans and decisions regarding the transition to four-year programs.

1. Admissions Policy -- The U. T. Permian Basin Policy for Undergraduate Admissions was circulated via Executive Committee Letter No. 91-22. Freshman enrollment may not exceed 500 students for 1991-92 and 1992-93. No sophomores will be admitted for 1991-92. Actual freshman enrollment is expected to be between 150 and 200 students for 1991-92.

See Page 4 related to the Policy for Undergraduate Admissions.

2. Mission Description and Table of Programs -- The addition of freshman and sophomore students at U. T. Permian Basin will not require changes in the Table of Programs and will necessitate only a minor editorial change in the Mission Description to delete a single reference to "upper-level" status. The amendment should be accepted by the Coordinating Board at the staff level with no further action required.

3. New Degree Programs and Organizational Units -- No new degree programs or organizational units are necessitated by the addition of lower-division students.
4. Lower-Division Curriculum -- For the first two semesters, U. T. Permian Basin anticipates offering 22 lower-division courses, with some requiring multiple sections. Most of the courses will be general education courses that relate to the core curriculum. The usual staff level procedures will be followed to add the courses to the Coordinating Board inventory of authorized courses. Staffing requirements for the freshman courses during the 1991-92 academic year will be met by existing faculty on an overload basis and by employment of some adjunct faculty.
5. Remedial Education -- Remedial courses in English and mathematics will accommodate students who are required by the Texas Academic Skills Program (TASP) to enroll in remedial classes or other remedial programs. In addition to classes, other remedial programs will be available through the PASS Office (Programs Assisting Student Study). All Coordinating Board and statutory requirements will be met.
6. Facilities -- Some interim arrangements will be necessary for certain laboratory courses for the first year. Freshman geology and biology laboratory sections will be conducted at U. T. Permian Basin in existing laboratories. Students wishing to take chemistry laboratory courses will be advised to take the courses at Odessa College and to apply for transfer credit. All other courses can be accommodated in existing facilities for the foreseeable future. Modest laboratory renovations and library expansion will be needed within the next year or two.
7. Funding -- Initial costs are to be met from existing local resources and contributions to be raised through efforts of the U. T. Permian Basin Development Board. U. T. Permian Basin and the Development Board have begun a drive for annual fund giving and are soliciting endowment contributions from area foundations and potential benefactors.

Representatives of the Coordinating Board staff have made a site visit to the U. T. Permian Basin campus to review plans for curriculum and TASP related remedial programs with a commitment to assist in the development of the lower-division program. No other formal action is required by the U. T. Board of Regents or the Coordinating Board for the addition of freshman students beginning with the Fall Semester 1991 or the addition of sophomore students effective with the Fall Semester 1992.

REPORT AND RECOMMENDATIONS OF THE HEALTH AFFAIRS COMMITTEE
(Pages 37 - 40).--Committee Chairman Ramirez reported
that the Health Affairs Committee had met in open session to
consider those items on its agenda and to formulate recommen-
dations for the U. T. Board of Regents. Unless otherwise
indicated, the actions set forth in the Minute Orders which
follow were recommended by the Health Affairs Committee and
approved in open session and without objection by the U. T.
Board of Regents:

1. U. T. Southwestern Medical Center - Dallas: Appointment of (a) Philip O'B. Montgomery, Jr., M.D., (b) Jack Reynolds, M.D., and (c) Vernie A. Stembridge, M.D., as Ashbel Smith Professors Effective Immediately.--Approval was granted to appoint the following as Ashbel Smith Professors at The University of Texas Southwestern Medical Center at Dallas effective immediately:
 - a. Philip O'B. Montgomery, Jr., M.D., Professor of Pathology
 - b. Jack Reynolds, M.D., Professor and Vice Chairman of the Department of Radiology
 - c. Vernie A. Stembridge, M.D., Professor of Pathology.

2. U. T. Southwestern Medical Center - Dallas: Establishment of the Mobility Foundation Center for Rehabilitation Research.--Pursuant to an Agreement of Donation dated October 1, 1990, the Mobility Foundation, a Texas nonprofit corporation, donated all of its assets, then valued at \$6.4 million, to the Southwestern Medical Foundation (an external foundation), Dallas, Texas, in trust for the benefit of The University of Texas Southwestern Medical Center at Dallas to establish the Mobility Foundation Center for Rehabilitation Research. Under the terms of the agreement, income from the trust or endowment corpus is to be used solely for the purpose of establishing and supporting the Center.

In accordance with that agreement, the Board, upon recommendation of the Health Affairs Committee, established the Mobility Foundation Center for Rehabilitation Research at the U. T. Southwestern Medical Center - Dallas for the purpose of advancing research into the rehabilitation and care of mobility impaired patients with special emphasis on orthopaedic and neurological mobility disabilities, paralysis, and reduced neuromuscular and musculoskeletal functions along with the development of therapeutic approaches.

See Page 57 related to the establishment of the Dallas Rehabilitation Institute Distinguished Chair in Orthopaedic Rehabilitation.

3. U. T. Southwestern Medical Center - Dallas: Authorization to Increase the Compulsory Student Services Fee Effective with the Fall Semester 1991 (Catalog Change).-- Senate Bill 1000, enacted by the 72nd Texas Legislature, Regular Session, amended Section 54.503 of the Texas Education Code to authorize an increase in the Compulsory Student Services Fee from \$90 per semester or summer session to \$150 per semester or summer session with any increase in excess of 10% of the current fee at any institution requiring a favorable student vote.

In compliance therewith, the Board authorized an increase in the Compulsory Student Services Fee at the U. T. Southwestern Medical School - Dallas of The University of Texas Southwestern Medical Center at Dallas from \$180 per academic year to \$198 per academic year effective with the Fall Semester 1991. In addition, the Compulsory Student Services Fee at the U. T. Southwestern G.S.B.S. - Dallas and the U. T. Southwestern A.H.S.S. - Dallas was increased from \$90 per semester or summer session to \$99 per semester or summer session.

The next appropriate catalog published at the U. T. Southwestern Medical Center - Dallas will be amended to conform to this action.

4. U. T. Medical Branch - Galveston: E. Burke Evans, M.D., Appointed Ashbel Smith Professor Effective September 1, 1991.--The Board appointed E. Burke Evans, M.D., Professor and Chief of the Division of Orthopaedic Surgery at The University of Texas Medical Branch at Galveston, as Ashbel Smith Professor effective September 1, 1991.
5. U. T. Medical Branch - Galveston: Approval to Appoint (a) Wayne F. March, M.D., as Initial Holder of the Robertson Poth Professorship in Ophthalmology and (b) Stephen J. Spann, M.D., as Initial Holder of the Evalyn Matheson Phillips and Clairice M. Phillips, M.D. Professorship in Family Medicine Effective September 1, 1991.--Approval was granted for the following initial appointments to endowed academic positions at The University of Texas Medical Branch at Galveston effective September 1, 1991:
- a. Wayne F. March, M.D., Professor and Chairman of the Department of Ophthalmology, to the Robertson Poth Professorship in Ophthalmology
 - b. Stephen J. Spann, M.D., Professor and Chairman of the Department of Family Medicine, to the Evalyn Matheson Phillips and Clairice M. Phillips, M.D. Professorship in Family Medicine.

6. U. T. Health Science Center - Houston (U. T. Medical School - Houston): Authorization to Change the Division of Orthopaedic Surgery within the Department of Surgery to the Department of Orthopaedic Surgery and to Submit the Proposal to the Coordinating Board for Approval (Catalog Change).--Authorization was given to change the Division of Orthopaedic Surgery within the Department of Surgery to the Department of Orthopaedic Surgery at the U. T. Medical School - Houston of The University of Texas Health Science Center at Houston and to submit the proposal to the Texas Higher Education Coordinating Board for approval.

This administrative change can be accomplished with the resources currently available to the Division of Orthopaedic Surgery and no new state funding will be required.

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

7. U. T. Health Science Center - San Antonio: Dr. Suellen B. Reed Appointed Ashbel Smith Professor Effective Immediately.--The Board appointed Dr. Suellen B. Reed, Professor and Associate Dean for Graduate Nursing Program at the U. T. Nursing School - San Antonio of The University of Texas Health Science Center at San Antonio, as Ashbel Smith Professor effective immediately.
8. U. T. Health Science Center - San Antonio: Appointment of Initial Holders - (a) Wichard A. J. van Heuven, M.D., to the Herbert F. Mueller Chair in Ophthalmology and (b) Robert L. Leon, M.D., to the Distinguished Professorship in Psychiatry Effective September 1, 1991.--Upon recommendation of the Health Affairs Committee, the Board approved the following initial appointments to endowed academic positions at The University of Texas Health Science Center at San Antonio effective September 1, 1991:
- a. Wichard A. J. van Heuven, M.D., Professor and Chairman of the Department of Ophthalmology, to the Herbert F. Mueller Chair in Ophthalmology
- See Page 60 related to the establishment of this Chair.
- b. Robert L. Leon, M.D., Professor and Chairman of the Department of Psychiatry, to the Distinguished Professorship in Psychiatry.
- See Page 60 related to the redesignation of this Professorship.
9. U. T. M.D. Anderson Cancer Center: Bernard Levin, M.D., Appointed Initial Holder of the Ellen F. Knisely Chair in Colon Cancer Research Effective September 1, 1991.--Authorization was given to appoint Bernard Levin, M.D., Professor of Medicine in the Department of Medical Oncology, as initial holder of the Ellen F. Knisely Chair in Colon Cancer Research at The University of Texas M.D. Anderson Cancer Center effective September 1, 1991.

10. U. T. M.D. Anderson Cancer Center: Approval of a Capital Fund Campaign (Regents' Rules and Regulations, Part One, Chapter VII, Section 2, Subsection 2.4, Subdivision 2.44) for Construction of the Bertner Complex and the Clinical Services Facility Including Naming of Facilities Other Than Buildings (Regents' Rules and Regulations, Part One, Chapter VIII, Section 1, Subsection 1.3).--Pursuant to the Regents' Rules and Regulations, Part One, Chapter VII, Section 2, Subsection 2.4, Subdivision 2.44, the Board approved a capital fund campaign to support the construction of the Bertner Complex and the Clinical Services Facility at The University of Texas M.D. Anderson Cancer Center.

Due to the magnitude of this campaign, it is anticipated that certain facilities other than buildings within the complex will be named for donors, or individuals named by donors, making significant contributions through the fund development campaign pursuant to the Regents' Rules and Regulations, Part One, Chapter VIII, Section 1, Subsection 1.3.

The financing plan for these projects calls for a major philanthropic contribution of \$116.7 million. To date, approximately \$40 million in various donations, bequests, and pledges already received have been identified and can be applied to this campaign.

The campaign is to be conducted over a five-year period under the leadership and direction of the University Cancer Foundation Board of Visitors and staffed by the Development Office with the assistance of a private campaign counsel. During the first three years, the campaign will concentrate on major donors from whom it is anticipated that sixty percent of the projected goal will be obtained. The announced public phase of the campaign will be initiated no earlier than January 1994 and will run for approximately two years.

11. U. T. Health Center - Tyler: Appointment of Richard J. Wallace, Jr., M.D., as Initial Holder of the John Chapman Endowed Professorship in Microbiology Effective August 1, 1991.--Upon recommendation of the Health Affairs Committee, the Board appointed Richard J. Wallace, Jr., M.D., Chairman of the Department of Microbiology, as initial holder of the John Chapman Endowed Professorship in Microbiology at The University of Texas Health Center at Tyler effective August 1, 1991.

REPORT AND RECOMMENDATIONS OF THE FACILITIES PLANNING AND CONSTRUCTION COMMITTEE (Pages 41 - 43).--Committee Chairman Moncrief reported that the Facilities Planning and Construction Committee had met in open session to consider those items on its agenda and to formulate recommendations for the U. T. Board of Regents. Unless otherwise indicated, all actions set forth in the Minute Orders which follow were recommended by the Facilities Planning and Construction Committee and approved in open session and without objection by the U. T. Board of Regents:

1. U. T. Arlington - Replacement of Second Street Utility Tunnel (Project No. 3C1-761): Approval to Increase Authorized Total Project Cost; Approval of Preliminary Plans; Authorization to Submit Project to the Coordinating Board; and Authorization to Prepare Final Plans.-- Upon recommendation of the Facilities Planning and Construction Committee, the Board:
 - a. Approved an increase in the authorized total project cost for Replacement of the Second Street Utility Tunnel at The University of Texas at Arlington from \$3,450,000 to \$3,900,000 with an additional \$450,000 in funding from Revenue Financing System Bond Proceeds
 - b. Approved the preliminary plans and specifications for the Replacement of the Second Street Utility Tunnel at an estimated total project cost of \$3,900,000
 - c. Authorized submission of the project to the Texas Higher Education Coordinating Board
 - d. Authorized the Project Engineer to prepare final plans and specifications to be presented to the U. T. Board of Regents for consideration at a future meeting.

The new tunnel will permit replacing the steam lines and the direct-buried chilled water lines and provide both steam and chilled water connections to the new Science Building. By completing an existing service loop, the new tunnel will also permit service to several buildings from two directions and provide capacity for future campus expansion.

Development of preliminary plans has provided a more detailed cost estimate that more accurately reflects the anticipated total project cost. Total funding for this project in the amount of \$3,900,000 will be \$3,805,000 in Revenue Financing System Bond Proceeds and \$95,000 from General Use Fee Balances. This action will amend the Capital Improvement Plan for 1991-96 and the FY 1991 Capital Budget.

2. U. T. Pan American - Academic Services Building (Project No. 901-739): Request for Approval of Change in Source of Project Funding and Request for Approval of Use of Revenue Financing System Parity Debt, Receipt of Certificate, and Finding of Fact with Regard to Financial Capacity (Deferred).--Due to the uncertainty of the State's current budget crisis and the possible impact that this crisis will have on the institution's ability to satisfy debt service requirements, the Board deferred the item related to the financing for the Academic Services Building at The University of Texas - Pan American for consideration at a future meeting.

3. U. T. San Antonio - Surface Parking Lot: Request for Project Authorization; Submission of the Project to Coordinating Board; Authorization to Prepare Final Plans, Advertise for Bids and Award of Contracts by U. T. San Antonio Administration; and Appropriation Therefor; and Request for Approval of Use of Revenue Financing System Parity Debt, Receipt of Certificate, and Finding of Fact with Regard to Financial Capacity (Deferred).--Committee Chairman Moncrief reported that the item related to the Surface Parking Lot project at The University of Texas at San Antonio was deferred for consideration at a future meeting due to the uncertainty of the State's current budget crisis and the possible impact that this crisis will have on the institution's ability to satisfy debt service requirements.

4. U. T. San Antonio - Temporary Building: Request for Project Authorization; Submission of the Project to Coordinating Board; Authorization to Prepare Final Plans, Advertise for Bids and Award of Contracts by U. T. San Antonio Administration; and Appropriation Therefor (Deferred).--Due to the uncertainty of the State's current budget crisis and the possible impact that this crisis will have on the institution's ability to satisfy debt service requirements, the item regarding the Temporary Building at The University of Texas at San Antonio was deferred for consideration at a future meeting.

5. U. T. Southwestern Medical Center - Dallas - Research Building - Phase II North Campus Expansion: Request for Project Authorization; Appointment of Project Architect to Prepare Preliminary Plans; Submission of the Project to Coordinating Board; and Appropriation Therefor (Deferred).--It was reported that the item related to the Research Building - Phase II North Campus Expansion at The University of Texas Southwestern Medical Center at Dallas was deferred for consideration at a future meeting due to the uncertainty of the State's current budget crisis and the possible impact that this crisis will have on the institution's ability to satisfy debt service requirements.

6. U. T. M.D. Anderson Cancer Center - M.D. Anderson Hospital - Bates-Freeman Wing: Authorization to Prepare an Engineering Study for Mechanical Upgrade and Tie-Ins of Mechanical and Electrical Systems; Appointment of Lockwood, Andrews and Newnam, Inc., Houston, Texas, as Consulting Engineer to Prepare an Engineering Study; and Appropriation Therefor.--Upon recommendation of the Facilities Planning and Construction Committee, the Board:
- a. Authorized preparation of an engineering study for mechanical upgrade and tie-ins of mechanical and electrical systems in the Bates-Freeman Wing of the M.D. Anderson Hospital at The University of Texas M.D. Anderson Cancer Center to define the project scope and prepare a construction cost estimate
 - b. Appointed the firm of Lockwood, Andrews and Newnam, Inc., Houston, Texas, as Consulting Engineer to prepare the engineering study for the U. T. M.D. Anderson Cancer Center in consultation with the Office of Facilities Planning and Construction for presentation to the U. T. Board of Regents at a future meeting
 - c. Appropriated \$200,000 from U. T. M.D. Anderson Cancer Center Unexpended Plant Fund Balances through completion of the engineering study.

The Bates-Freeman Mechanical Upgrade project is included in the Capital Improvement Plan for FY 1991-96. This project will be a continuation of the project authorized in October 1985 and completed in 1988 for Upgrading of Mechanical Systems in Center Core and Bates-Freeman Wings of the M.D. Anderson Hospital. The 1985 project constructed mechanical and electrical risers to serve all floors of M.D. Anderson Hospital which are to be connected to each floor at a later date as floors are renovated.

The Bates-Freeman Wing houses some of the most sophisticated research laboratories at the U. T. M.D. Anderson Cancer Center which require more mechanical and electrical service than standard laboratories. The animal housing facility is also located in the basement.

REPORT AND RECOMMENDATIONS OF THE ASSET MANAGEMENT COMMITTEE (Pages 43 - 169).--Committee Chairman Cruikshank reported that the Asset Management Committee had met in open session to consider those matters on its agenda and to formulate recommendations for the U. T. Board of Regents. Unless otherwise indicated, all actions set forth in the Minute Orders which follow were recommended by the Asset Management Committee and approved in open session and without objection by the U. T. Board of Regents.

I. PERMANENT UNIVERSITY FUND

INVESTMENT MATTERS

1. Report on Clearance of Monies to the Permanent University Fund for May and June 1991 and Report on Oil and Gas Development as of June 30, 1991.--The following reports with respect to (a) certain monies cleared to the Permanent University Fund for May and June 1991 and (b) Oil and Gas Development as of June 30, 1991, were submitted by the Vice Chancellor for Business Affairs:

	<u>May 1991</u>	<u>June 1991</u>	<u>Cumulative Through June of this Fiscal Year (1990-1991)</u>	<u>Cumulative Through June of Preceding Fiscal Year (1989-1990)</u>	<u>Percent Change</u>
Permanent University Fund					
Royalty					
Oil	\$ 4,131,884.10	\$3,778,983.59	\$ 57,462,736.70	\$ 44,508,757.46	29.10%
Gas	1,402,421.75	1,158,807.34	16,708,734.85	15,850,854.98	5.41%
Sulphur	0.00	0.00	0.00	193,919.75	--
Water	98,637.59	160,711.60	723,925.41	706,552.85	2.46%
Brine	4,136.29	3,040.46	50,255.66	50,923.91	-1.31%
Trace Minerals	0.00	0.00	0.00	0.00	--
Rental					
Oil and Gas Leases	22,957.38	214,940.53	661,204.66	819,614.29	-19.33%
Other	600.00	7,216.00	14,808.65	18,003.65	-17.75%
Sale of Sand, Gravel, Etc.	0.00	0.00	23,802.75	25,830.50	-7.85%
Total University Lands Receipts Before Bonuses	<u>5,660,637.11</u>	<u>5,323,699.52</u>	<u>75,645,468.68</u>	<u>62,174,457.39</u>	<u>21.67%</u>
Bonuses					
Oil and Gas Lease Sales	0.00	2,383,007.90	2,383,007.90	2,160,415.16	10.30%
Amendments and Extensions to Mineral Leases	<u>0.00</u>	<u>481.80</u>	<u>91,413.64</u>	<u>160.00</u>	<u>--</u>
Total University Lands Receipts	<u>5,660,637.11</u>	<u>7,707,189.22</u>	<u>78,119,890.22</u>	<u>64,335,032.55</u>	<u>21.43%</u>
Gain or (Loss) on Sale of Securities	<u>6,921,304.12</u>	<u>(114,207.45)</u>	<u>(38,785,233.69)</u>	<u>55,962,744.06</u>	<u>-169.31%</u>
TOTAL CLEARANCES	<u>\$12,581,941.23</u>	<u>\$7,592,981.77</u>	<u>\$ 39,334,656.53</u>	<u>\$120,297,776.61</u>	<u>-67.30%</u>

Oil and Gas Development - June 30, 1991
Acreage Under Lease - 646,503

Number of Producing Acres - 537,541

Number of Producing Leases - 2,143

2. U. T. System: Authorization to Reduce Number of Investment Counselors for the Permanent University Fund and Common Trust Fund; Approval of Amounts to be Managed by Investment Counselors; Authorization to Employ Additional Investment Counselors for the Permanent University Fund; and Approval for Executive Vice Chancellor for Asset Management to Execute Investment Agreements.--In an effort to provide enhanced unity on returns, simplified monitoring, and a distinct contribution to both the Permanent University Fund (PUF) and the Common Trust Fund (CTF) of The University of Texas System, and upon recommendation of the Asset Management Committee, the Board:

- a. Reduced the number of investment counselors currently managing equity assets in the PUF and CTF from twelve to seven. Each of the retained investment counselors will manage assets in both the PUF and CTF.
- b. Authorized employment of the investment counselors listed below to manage initial amounts per fund not to exceed the amounts indicated:

	<u>PUF</u>	<u>CTF</u>
Breau Capital Mgmt.	\$ 80 million	\$ 20 million
Fayez Sarofim & Co.	80 million	20 million
GeoCapital Corp.	30 million	20 million
Kahn Brothers & Co.	80 million	20 million
D. S. Kennedy & Co.	80 million	20 million
Tweedy Browne & Co.	80 million	20 million
ValueQuest, Ltd.	<u>80 million</u>	<u>20 million</u>
Total	\$560 million	\$140 million

- c. Authorized the Asset Management Committee to designate management of up to a total additional \$100 million of the PUF and a total additional \$75 million of the CTF with the authorized investment counselors listed above
- d. Authorized the Asset Management Committee to employ additional investment counselors for the PUF in amounts not to exceed \$5 million each and not to exceed \$30 million in aggregate
- e. Authorized the Executive Vice Chancellor for Asset Management and the Office of General Counsel to finalize within the parameters of the existing investment counseling agreements appropriate investment counseling agreements with the authorized investment counselors and for the Executive Vice Chancellor for Asset Management to execute such agreements after they have been approved as to form by the Office of General Counsel

Regent Barshop commended the Asset Management Committee on its recommendation to reduce the number of U. T. System investment counselors.

II. TRUST AND SPECIAL FUNDS

Gifts, Bequests and Estates

1. U. T. Arlington: Approval to Accept Gifts from Dr. Thomas M. McMahon, San Francisco, California, and Various Donors and to Establish the Endowed Ethics Fund.--The Asset Management Committee recommended and the Board accepted a \$5,000 gift from Dr. Thomas M. McMahon, San Francisco, California, and \$5,000 in gifts from various donors for a total of \$10,000 and established an endowment at The University of Texas at Arlington to be named the Endowed Ethics Fund.

Income earned from the endowment will be reinvested in the endowment corpus until the corpus reaches \$50,000 at which time the endowment will be redesignated as a fellowship to recognize the donor.

2. U. T. Arlington: Redesignation of The Hazel M. Jay Research Endowment as the George W. and Hazel M. Jay Professorship.--In accordance with the donor's request, the Board redesignated The Hazel M. Jay Research Endowment in the School of Nursing at The University of Texas at Arlington as the George W. and Hazel M. Jay Professorship.

3. U. T. Austin: Acceptance of Gifts from Mr. and Mrs. Alan C. Fitzgerald, Harlingen, Texas, and Establishment of the Dowell Vann Allen Memorial Endowed Scholarship in Engineering in the College of Engineering.--Upon recommendation of the Asset Management Committee, the Board accepted \$10,000 in gifts from Mr. and Mrs. Alan C. Fitzgerald, Harlingen, Texas, and their children and established the Dowell Vann Allen Memorial Endowed Scholarship in Engineering in the College of Engineering at The University of Texas at Austin.

Income earned from the endowment will be used to provide scholarships to aerospace engineering students in their junior or senior year who are citizens or permanent residents of the U. S.

4. U. T. Austin: Acceptance of Gift from the Barton Creek Country Club Men's Golf Association, Austin, Texas, and Establishment of the Barton Creek Country Club Men's Golf Association Endowed Scholarship in the Department of Intercollegiate Athletics for Men.--The Board accepted a \$10,000 gift from the Barton Creek Country Club Men's Golf Association, Austin, Texas, and established the Barton Creek Country Club Men's Golf Association Endowed Scholarship in the Department of Intercollegiate Athletics for Men at The University of Texas at Austin.

Income earned from the endowment will be used to award scholarships to student athletes on The University of Texas Men's Golf Team who have completed athletic eligibility and need financial assistance to complete a degree.

5. U. T. Austin: Betty Yarnell Brown Endowed Presidential Scholarship in English in the College of Liberal Arts - Eligibility for Matching Funds Under The Regents' Endowed Student Fellowship and Scholarship Program.-- Authorization was granted to allocate \$12,500 in matching funds under The Regents' Endowed Student Fellowship and Scholarship Program to increase the Betty Yarnell Brown Endowed Presidential Scholarship in English in the Department of English, College of Liberal Arts, at The University of Texas at Austin for a total endowment of \$37,500.
6. U. T. Austin: Approval to Reallocate Pledge Payment from Dresser Foundation, Inc., Dallas, Texas, and Reserved Matching Funds from The Regents' Endowed Teachers and Scholars Program to the Caltex Professorship in Australian Studies (No Publicity).--Approval was given to reallocate a \$25,000 pledge payment from Dresser Foundation, Inc., Dallas, Texas, and \$12,500 in Regents' Endowed Teachers and Scholars Program matching funds previously reserved for an existing endowment in the Clark Center for Australian Studies at The University of Texas at Austin to the Caltex Professorship in Australian Studies at U. T. Austin for a total endowment of \$274,123.13.

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

7. U. T. Austin: Acceptance of Gift of Securities and Pledge from Mr. and Mrs. Shelby H. Carter, Jr., Austin, Texas; Establishment of the Shelby H. Carter, Jr. and Patricia Carter Regents Professorship in Global Business Marketing in the College of Business Administration and the Graduate School of Business; Approval to Waive Minimum Funding Level; and Eligibility for Matching Funds Under The Regents' Endowed Teachers and Scholars Program.--The Asset Management Committee recommended and the Board accepted 1,000 shares of SynOptics Communications, Inc. common stock valued at \$23,500 and a \$16,450 pledge, payable by August 31, 1993, from Mr. and Mrs. Shelby H. Carter, Jr., Austin, Texas, and established an endowment in the College of Business Administration and Graduate School of Business at The University of Texas at Austin. The gift of common stock was sold for \$83,550 realizing a profit of \$60,050.

Further, the gift of stock and the pledge were found to meet the minimum funding level required under the Regents' Rules and Regulations to establish a Professorship and the endowment was designated the Shelby H. Carter, Jr. and Patricia Carter Regents Professorship in Global Business Marketing.

Additionally, \$50,000 in matching funds under The Regents' Endowed Teachers and Scholars Program was authorized. The matching amount is more than the total of the donative value of the stock and the pledge but is consistent with the level of funds in the endowment.

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

8. U. T. Austin: Approval to Establish the Class of 66 Endowed Presidential Scholarship in Law in the School of Law.--At the request of the Law School Foundation, the Board established the Class of 66 Endowed Presidential Scholarship in Law in the School of Law at The University of Texas at Austin. The funds for the endowment (\$108,746) will be held and administered by The University of Texas Law School Foundation (an external foundation) in accordance with the Regents' Rules and Regulations. When matching funds become available under The Regents' Endowed Student Fellowship and Scholarship Program, the U. T. Law School Foundation will transfer funds held for the endowment to the U. T. Board of Regents.

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

9. U. T. Austin: Acceptance of Gifts and Pledge from Dr. Michael R. Daley, Nacogdoches, Texas, and Various Donors and Establishment of the Michael R. Daley Endowed Presidential Scholarship for Doctoral Students in the School of Social Work.--The Board, upon recommendation of the Asset Management Committee, accepted a \$6,450 gift and a \$2,050 pledge, payable by August 31, 1993, from Dr. Michael R. Daley, Nacogdoches, Texas, and \$16,500 in gifts from various donors for a total of \$25,000 and established the Michael R. Daley Endowed Presidential Scholarship for Doctoral Students in the School of Social Work at The University of Texas at Austin.

Income earned from the endowment will be used to award scholarships to doctoral students in the School of Social Work selected at the discretion of the Dean, based on merit or need, and the recommendation of the School of Social Work Doctoral Committee.

10. U. T. Austin: Acceptance of Gifts and Pledge from Mr. Louis E. DeMoll, Austin, Texas, and Various Donors and Establishment of the Louis E. DeMoll Endowed Presidential Scholarship in the School of Social Work.--Upon recommendation of the Asset Management Committee, the Board accepted a \$5,000 gift and a \$2,500 pledge, payable by August 31, 1993, from Mr. Louis E. DeMoll, Austin, Texas, and \$17,500 in gifts from various donors for a total of \$25,000 and established the Louis E. DeMoll Endowed Presidential Scholarship in the School of Social Work at The University of Texas at Austin.

Income earned from the endowment will be used to award scholarships to undergraduate or graduate students in the School of Social Work selected at the discretion of the Dean, based on merit or need and the recommendation of the School of Social Work B.S.W., M.S.S.W., and Ph.D. Committees.

11. U. T. Austin: Acceptance of Gifts and Corporate Matching Funds from The Dow Chemical Company, Midland, Michigan, and Various Donors and Establishment of The Dow Chemical Company - University of Texas Alumni Endowed Scholarship in Business Administration, Engineering and Natural Sciences in the Colleges of Business Administration, Engineering, and Natural Sciences.-- Authorization was granted to accept \$18,424 in gifts and corporate matching funds from The Dow Chemical Company, Midland, Michigan, and various donors and to establish The Dow Chemical Company - University of Texas Alumni Endowed Scholarship in Business Administration, Engineering and Natural Sciences in the Colleges of Business Administration, Engineering, and Natural Sciences at The University of Texas at Austin.

Income earned from the endowment will be used to provide scholarship support for students in the Colleges of Business Administration, Engineering, and Natural Sciences who are the children or grandchildren of employees and retirees of The Dow Chemical Company and any subsidiary of which The Dow Chemical Company holds an ownership position of 50% or greater. Recipients shall be chosen by each college on the basis of academic merit. Income should be distributed to each of the participating colleges as follows:

College of Business Administration	25%
College of Engineering	50%
College of Natural Sciences	25%

12. U. T. Austin: Approval to Redesignate the (a) First RepublicBank Corporation Centennial Professorship in Business Administration in the College of Business Administration and the Graduate School of Business as the NCNB Texas National Bank Centennial Professorship in Commercial Banking and Trust and (b) RepublicBank Corporation Centennial Professorship in Petroleum Engineering in the College of Engineering as the NCNB Texas National Bank Centennial Professorship in Petroleum Engineering.--In accordance with the donor's request to reflect the company's new name, the Board redesignated the First RepublicBank Corporation Centennial Professorship in Business Administration in the College of Business Administration and the Graduate School of Business at The University of Texas at Austin as the NCNB Texas National Bank Centennial Professorship in Commercial Banking and Trust and the RepublicBank Corporation Centennial Professorship in Petroleum Engineering in the College of Engineering at U. T. Austin as the NCNB Texas National Bank Centennial Professorship in Petroleum Engineering.

See Page 21 related to an appointment to the NCNB Texas National Bank Centennial Professorship in Petroleum Engineering.

13. U. T. Austin: Establishment of the Judge Reynaldo Garza Endowed Presidential Scholarship in Law in the School of Law.--Approval was given to establish the Judge Reynaldo Garza Endowed Presidential Scholarship in Law in the School of Law at The University of Texas at Austin. The funds for the endowment (\$27,400) will be held and administered by The University of Texas Law School Foundation

(an external foundation) in accordance with the Regents' Rules and Regulations. When matching funds become available under The Regents' Endowed Student Fellowship and Scholarship Program, the U. T. Law School Foundation will transfer funds held for the endowment to the U. T. Board of Regents.

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

14. U. T. Austin: Acceptance of Gift from Mr. Forrest Gober, Austin, Texas, and Corporate Matching Funds from Exxon Education Foundation, Irving, Texas, and Establishment of the Forrest Gober Endowed Presidential Scholarship in Engineering in the College of Engineering.--The Asset Management Committee recommended and the Board accepted \$6,250 in gifts, comprised of 100 shares of Exxon Corporation common stock valued at \$4,918.75 and cash in the amount of \$1,331.25, from Mr. Forrest Gober, Austin, Texas, and \$18,750 in corporate matching funds from the Exxon Education Foundation, Irving, Texas, for a total gift value of \$25,000 and established the Forrest Gober Endowed Presidential Scholarship in Engineering in the College of Engineering at The University of Texas at Austin.

Income earned from the endowment will be used to provide scholarships to students who are citizens or permanent residents of the U. S. selected by the Dean of the College of Engineering on the basis of academic performance and financial need, with preference to be given to juniors and seniors.

15. U. T. Austin: Establishment of the Everett Hutchinson Endowed Presidential Scholarship in Law in the School of Law.--The Board established the Everett Hutchinson Endowed Presidential Scholarship in Law in the School of Law at The University of Texas at Austin. The funds for the endowment (\$25,000) will be held and administered by The University of Texas Law School Foundation (an external foundation) in accordance with the Regents' Rules and Regulations. When matching funds become available under The Regents' Endowed Student Fellowship and Scholarship Program, the U. T. Law School Foundation will transfer funds held for the endowment to the U. T. Board of Regents.

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

16. U. T. Austin: Acceptance of Gift and Pledge from Mr. and Mrs. Carl Illig, Houston, Texas, and Corporate Matching Funds Pledge from Exxon Education Foundation, Irving, Texas, and Establishment of the Carl Illig Endowed Presidential Scholarship in Law in the School of Law.--Upon recommendation of the Asset Management Committee, the Board accepted a \$3,750 gift and a \$6,500 pledge, payable by August 31, 1993, from Mr. and Mrs. Carl Illig, Houston, Texas, a \$21,750 corporate matching funds pledge, payable by August 31, 1993, from Exxon Education Foundation, Irving, Texas, and a \$32,000 transfer of previously

reported gifts from current restricted funds for a total of \$64,000 and established the Carl Illig Endowed Presidential Scholarship in Law in the School of Law at The University of Texas at Austin. Funds in the amount of \$32,000 will be held and administered by The University of Texas Law School Foundation (an external foundation) in accordance with the Regents' Rules and Regulations, and \$32,000 will be held and administered by the U. T. Board of Regents. When matching funds become available under The Regents' Endowed Student Fellowship and Scholarship Program, the U. T. Law School Foundation will transfer funds held for the endowment to the U. T. Board of Regents.

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

17. U. T. Austin: Authorization to Accept Gift from Mr. Robert M. Leibrock, Midland, Texas, and to Establish the Robert M. Leibrock Friend of Alec Excellence Fund in the College of Engineering.--Authorization was granted to accept a \$10,000 gift from Mr. Robert M. Leibrock, Midland, Texas, and to establish the Robert M. Leibrock Friend of Alec Excellence Fund in the College of Engineering at The University of Texas at Austin.

Income earned will be used in accordance with policies established for the Friends of Alec Program by the College of Engineering and the Engineering Foundation Advisory Council.

18. U. T. Austin: The Michener 1990 Charitable Trust - Approval for Distribution of Income.--In accordance with the provisions of The Michener 1990 Charitable Trust at The University of Texas at Austin, the Board, as Trustees of the Trust, approved annual income distributions for 1991-92 as follows:

- a. The University of Iowa 75% distribution
- b. The University of Houston 25% distribution.

19. U. T. Austin: Redesignation of Titles for Eight Previously Established Endowments in the College of Natural Sciences.--To reflect the name change of the Department of Home Economics at The University of Texas at Austin to the Department of Human Ecology and to accurately reflect the name of an endowment honoree, the Board redesignated the following previously established endowments in the College of Natural Sciences:

	<u>From</u>	<u>To</u>
a.	Gordon Clark Bennett Endowed Scholarship in Home Economics	Gordon Clark Bennett Endowed Scholarship in Human Ecology
b.	Texas Exes in Home Economics Centennial Lectureship	Texas Exes in Human Ecology Centennial Lectureship

<u>From</u>	<u>To</u>
c. Texas Exes in Home Economics Scholarship Fund	Texas Exes in Human Ecology Scholarship Fund
d. Home Economics Special Activities Fund	Human Ecology Special Activities Fund
e. Mary E. Gearing Endowed Lectureship in the Department of Home Economics	Mary E. Gearing Endowed Lectureship in Human Ecology
f. Mary E. Gearing Bequest for the Child Welfare and Parent Education Foundation (Mary E. Gearing Scholarship in Home Economics)	Mary E. Gearing Scholarship in Human Ecology
g. Home Economics Club Scholarship - Loan Fund	Mary E. Gearing Human Ecology Council Scholarship
h. Samuel P. Ellison Fund	Samuel P. Ellison, Jr. Fund

20. U. T. Austin: Acceptance of Gift from the Alvin and Lucy Owsley Foundation, Houston, Texas, and Establishment of the Alvin Owsley Endowed Presidential Scholarship in Law in the School of Law.--The Asset Management Committee recommended and the Board accepted a \$25,000 gift from the Alvin and Lucy Owsley Foundation, Houston, Texas, and a \$25,000 transfer of previously reported gifts from current restricted funds for a total of \$50,000 and established the Alvin Owsley Endowed Presidential Scholarship in Law in the School of Law at The University of Texas at Austin. Funds in the amount of \$25,000 will be held and administered by The University of Texas Law School Foundation (an external foundation) in accordance with the Regents' Rules and Regulations, and \$25,000 will be held and administered by the U. T. Board of Regents. When matching funds become available under The Regents' Endowed Student Fellowship and Scholarship Program, the U. T. Law School Foundation will transfer funds held for the endowment to the U. T. Board of Regents.

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

21. U. T. Austin: Approval to Accept Gifts and Pledges from Various Donors and to Establish the J. J. "Jake" Pickle Scholarship Program in the Lyndon B. Johnson School of Public Affairs.--Approval was given to accept \$185,458.77 in gifts and \$398,717 in pledges, payable by August 31, 1993, from various donors for a total of \$584,175.77 and to establish the J. J. "Jake" Pickle Scholarship Program in the Lyndon B. Johnson School of Public Affairs at The University of Texas at Austin.

Income earned from the endowment will be used to provide scholarships and internships for students in the Lyndon B. Johnson School of Public Affairs.

22. U. T. Austin: Acceptance of Gifts from the Perkins-Prothro Foundation and Mr. and Mrs. Charles N. Prothro, Both of Wichita Falls, Texas; Establishment of the Charles and Elizabeth Prothro Regents Chair in Business Administration in the College of Business Administration and the Graduate School of Business; and Eligibility for Matching Funds Under The Regents' Endowed Teachers and Scholars Program and Establishment of the Charles and Elizabeth Prothro Regents Chair in Health Care Management in the College of Business Administration and the Graduate School of Business.--The Board, upon recommendation of the Asset Management Committee, accepted a \$394,450 gift from the Perkins-Prothro Foundation, common stock valued at \$602,109.37 from Mr. and Mrs. Charles N. Prothro, both of Wichita Falls, Texas, and accumulated income for a total in excess of \$1,000,000 and established the Charles and Elizabeth Prothro Regents Chair in Business Administration in the College of Business Administration and the Graduate School of Business at The University of Texas at Austin.

Income earned from the endowment will be used to support the Chair and to recognize and support teaching and research excellence in business administration.

Further, \$498,279.68 in matching funds will be allocated under The Regents' Endowed Teachers and Scholars Program, with income from the matching funds to be reinvested until a total endowment of \$500,000 is reached, and will be used to establish the Charles and Elizabeth Prothro Regents Chair in Health Care Management in the College of Business Administration and the Graduate School of Business at U. T. Austin.

Income earned from the endowment will be used to support the Chair and to recognize and support teaching and research excellence and curriculum development in the area of health care management.

See Page 20 related to appointments to these Chairs.

23. U. T. Austin: Acceptance of Remainder Interest in the Allen Lane Roberts Testamentary Trust; Establishment of the Allen Lane Roberts Endowed Presidential Scholarship Challenge Grant Fund; and Establishment of the Allen Lane Roberts Endowed Presidential Scholarship in Law in the School of Law.--Upon recommendation of the Asset Management Committee, the Board accepted the remainder interest in the Allen Lane Roberts Testamentary Trust, with distributions received to date totalling \$464,414.37, comprised of cash, securities, and mineral interests, and established a quasi-term endowment in the School of Law at The University of Texas at Austin to be named the Allen Lane Roberts Endowed Presidential Scholarship Challenge Grant Fund and a quasi-endowment in the School of Law at U. T. Austin to be named the Allen Lane Roberts Endowed Presidential Scholarship in Law.

One-half of the remainder interest will be used to fund the Allen Lane Roberts Endowed Presidential Scholarship Challenge Grant Fund. The Fund will be used to match contributions received from private donors to create

new Endowed Presidential Scholarships in the School of Law. Recommendations to create such scholarship endowments and to allocate challenge grant funds will be made as gifts which meet the challenge are received. Income earned from the Fund will be used in support of the Allen Lane Roberts Endowed Presidential Scholarship in Law.

The remaining one-half of the remainder interest will be used to fund the Allen Lane Roberts Endowed Presidential Scholarship in Law. Income earned from the endowment will be used to award scholarships to law students selected by the Dean of the School of Law or the Dean's designee.

24. U. T. Austin: Establishment of the Wally Scott Endowed Presidential Scholarship in Law in the School of Law.-- Authorization was granted to establish the Wally Scott Endowed Presidential Scholarship in Law in the School of Law at The University of Texas at Austin. The funds for the endowment (\$50,000) will be held and administered by The University of Texas Law School Foundation (an external foundation) in accordance with the Regents' Rules and Regulations. When matching funds become available under The Regents' Endowed Student Fellowship and Scholarship Program, the U. T. Law School Foundation will transfer funds held for the endowment to the U. T. Board of Regents.

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

25. U. T. Austin: Approval to Establish the Sharp Pioneer Oil Project Endowment in the Barker Texas History Center (No Publicity).--The Asset Management Committee recommended and the Board established a quasi-endowment in the Barker Texas History Center at The University of Texas at Austin to be named the Sharp Pioneer Oil Project Endowment with previously accepted gifts totalling in excess of \$52,000.

Income earned from the endowment will be used within the Barker Texas History Center to further scholarly research on the pioneers of the Texas oil industry.

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

26. U. T. Austin: Authorization to Redesignate The Sohio Petroleum Company Classroom in the College of Engineering as the BP Exploration Classroom Endowment.--In accordance with the donor's request to reflect its current name, the endowment for The Sohio Petroleum Company Classroom in the College of Engineering at The University of Texas at Austin was redesignated as the BP Exploration Classroom Endowment.

See Page 22 related to renaming a classroom in the Chemical and Petroleum Engineering Building.

27. U. T. Austin: Acceptance of Gift from the Travis County Medical Auxiliary, Austin, Texas, and Establishment of the Travis County Medical Auxiliary and Society Endowed Presidential Scholarship in Nursing in the School of Nursing.--The Board accepted a \$25,000 gift from the Travis County Medical Auxiliary, Austin, Texas, and established the Travis County Medical Auxiliary and Society Endowed Presidential Scholarship in Nursing in the School of Nursing at The University of Texas at Austin.

Income earned from the endowment will be used to award scholarships to full-time students in their junior year based on academic performance, with preference given to graduates of Travis County, Texas, high schools.

28. U. T. Austin: Approval to Accept Gift and Pledge from Dr. W. Dexter White, Lake Jackson, Texas, and Corporate Matching Funds Pledge from Dow Chemical U.S.A., Midland, Michigan, and to Establish the Edgar W. White, Jr. Endowed Scholarship in the Department of Intercollegiate Athletics for Men.--Approval was given to accept a \$4,000 gift and a \$21,000 pledge from Dr. W. Dexter White, Lake Jackson, Texas, and a \$25,000 corporate matching funds pledge from Dow Chemical U.S.A., Midland, Michigan, both pledges payable by December 31, 1996, for a total of \$50,000 and to establish the Edgar W. White, Jr. Endowed Scholarship in the Department of Intercollegiate Athletics for Men at The University of Texas at Austin. Dr. W. Dexter White will make his pledge payments in annual installments of \$4,000 each in the years 1992 through 1995, with a final payment of \$5,000 in 1996, and Dow Chemical U.S.A. will match his contributions dollar-for-dollar in each of the years 1991 through 1996.

Income earned from the endowment will be used to award scholarships to students in the Men's Athletics Program.

29. U. T. El Paso: Acceptance of Bequests from the Estate of Gordon B. Okum, El Paso, Texas, and Establishment of the Gordon B. Okum Endowed Drama Scholarship Fund.--Upon recommendation of the Asset Management Committee, the Board accepted a bequest of one-half of the residue of the Estate of Gordon B. Okum, El Paso, Texas, totaling \$33,067.29 and established a quasi-endowment to be named the Gordon B. Okum Endowed Drama Scholarship Fund at The University of Texas at El Paso.

Further, a bequest of a collection of plays and theatre literature from the Estate of Gordon B. Okum valued in excess of \$7,000 was accepted for addition to the University Library at U. T. El Paso.

Income earned from the endowment will be used to award scholarships to undergraduate or graduate students majoring in Drama in the Fine Arts Division at U. T. El Paso.

30. U. T. El Paso: Acceptance of Bequest from the Estate of Georgie K. Schwartz, El Paso, Texas, and Establishment of the Georgie K. Schwartz Endowed Scholarship in Social Work.--The Asset Management Committee recommended and the Board accepted a \$12,500 specific bequest from the Estate of Georgie K. Schwartz, El Paso, Texas, and established a quasi-endowment to be named the Georgie K. Schwartz Endowed Scholarship in Social Work at The University of Texas at El Paso.

Income earned from the endowment will be used to award scholarships in Social Work programs.

31. U. T. El Paso: Authorization to Accept Gift from the Theta Delta Lambda Chapter of Alpha Phi Alpha Fraternity, Inc., El Paso, Texas, and Establishment of the Theta Delta Lambda Chapter, Alpha Phi Alpha Fraternity, Inc. Scholarship Fund.--Authorization was granted to accept a \$10,000 gift from the Theta Delta Lambda Chapter of Alpha Phi Alpha Fraternity, Inc., El Paso, Texas, and to establish the Theta Delta Lambda Chapter, Alpha Phi Alpha Fraternity, Inc. Scholarship Fund at The University of Texas at El Paso.

Income earned from the endowment will be used to provide an annual scholarship to an undergraduate student with financial need who meets the minimum scholarship standards at U. T. El Paso.

32. U. T. San Antonio: Acceptance of Gift from Mr. and Mrs. Garnet Steubing, San Antonio, Texas, and Establishment of the Edwin and Marie Bruhl Foundation Endowed Scholarship in the Department of Intercollegiate Athletics.--The Board, upon recommendation of the Asset Management Committee, accepted a \$10,000 gift from Mr. and Mrs. Garnet Steubing, San Antonio, Texas, and established the Edwin and Marie Bruhl Foundation Endowed Scholarship in the Department of Intercollegiate Athletics at The University of Texas at San Antonio.

Income earned from the endowment will be used to award scholarships to student athletes in the Baseball Program at U. T. San Antonio, with preference given to those who reside in the State of Texas.

33. U. T. San Antonio: Approval to Accept Gifts from the Club Sembradores de Amistad Educational Foundation, San Antonio, Texas, and to Establish the Club Sembradores de Amistad Educational Foundation Scholarship Fund.--Approval was given to accept \$12,998.34 in gifts from the Club Sembradores de Amistad Educational Foundation, San Antonio, Texas, and to establish the Club Sembradores de Amistad Educational Foundation Scholarship Fund at The University of Texas at San Antonio.

Income earned from the endowment will be used to award scholarships to needy students who are in good standing scholastically, with preference given to Hispanic students.

34. U. T. Southwestern Medical Center - Dallas: Approval to Establish the Dallas Rehabilitation Institute Distinguished Chair in Orthopaedic Rehabilitation.--In accordance with an Agreement of Donation, executed October 1, 1990, with the Mobility Foundation, Dallas, Texas, a Texas nonprofit corporation, the Board established the Dallas Rehabilitation Institute Distinguished Chair in Orthopaedic Rehabilitation at The University of Texas Southwestern Medical Center at Dallas. The funds for the endowment will be held and administered by the Southwestern Medical Foundation, Dallas, Texas (an external foundation).

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

See Page 37 related to establishment of the Mobility Foundation Center for Rehabilitation Research.

35. U. T. Southwestern Medical Center - Dallas: Estate of Samuel H. Kahn, Dallas, Texas - Final Report.--It was reported that the final distribution from the Estate of Samuel H. Kahn, Dallas, Texas, had been received for a total bequest of \$65,454.03 to be used to support cancer research at The University of Texas Southwestern Medical Center at Dallas.

36. U. T. Medical Branch - Galveston: Approval to Appropriate Matching Funds from the Centennial Scholars and Research Endowment Program and to Redesignate Previously Established Endowments.--Approval was given to appropriate matching funds totalling \$257,000 from the Centennial Scholars and Research Endowment Program for previously established endowments at The University of Texas Medical Branch at Galveston and to redesignate the endowments as follows:

<u>Eligible Endowment</u>	<u>Redesignated Title</u>	<u>Matching Amount</u>
E. Burke Evans Residents' Endowed Education Fund	E. Burke Evans Centennial Residents' Education Fund	\$ 40,000
Marie B. Gale Professorship in Internal Medicine	Marie B. Gale Centennial Professorship in Internal Medicine	50,000
Marie B. Gale Professorship in Psychiatry	Marie B. Gale Centennial Professorship in Psychiatry	50,000
Frances Rugeley Herbst, M.D. Fellowship in Oncology	Frances Rugeley Herbst, M.D. Centennial Research Fellowship in Oncology	100,000
Edgar B. Smith, M.D. Endowment Fund	Edgar B. Smith, M.D. Centennial Endowment Fund	17,000

37. U. T. Medical Branch - Galveston: Acceptance of Gift from an Anonymous Donor and Establishment of the Fannie Epstein Memorial Scholarship Fund (No Publicity).--Upon recommendation of the Asset Management Committee, the Board accepted a \$10,000 gift from an anonymous donor and established the Fannie Epstein Memorial Scholarship Fund at The University of Texas Medical Branch at Galveston.

Income earned from the endowment will be used to provide scholarship assistance for the recruitment and retention of students in the School of Medicine with preference given to minority students.

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

38. U. T. Medical Branch - Galveston: Acceptance of Gift from Dr. and Mrs. Thomas N. James, Galveston, Texas; Establishment of The Thomas N. and Gleaves T. James Centennial Medal for Excellence of Performance by a Resident in Internal Medicine; and Eligibility for Matching Funds Under the Centennial Scholars and Research Endowment Program.--The Board accepted a \$10,000 gift from Dr. and Mrs. Thomas N. James, Galveston, Texas, and established The Thomas N. and Gleaves T. James Centennial Medal for Excellence of Performance by a Resident in Internal Medicine at The University of Texas Medical Branch at Galveston.

Income earned from the endowment will be used to recognize research, scholarship, and outstanding clinical performance by an internal medicine resident at the U. T. Medical Branch - Galveston.

Further, \$10,000 in matching funds will be allocated under the Centennial Scholars and Research Endowment Program and will be used to increase the endowment to a total of \$20,000.

On behalf of the Board, Committee Chairman Cruikshank expressed appreciation to Dr. and Mrs. James for this most generous gift to the U. T. Medical Branch - Galveston.

39. U. T. Medical Branch - Galveston: Acceptance of Gifts from John P. McGovern, M.D., Houston, Texas; Establishment of the John P. McGovern Centennial Professorship in Family Medicine; Eligibility for Matching Funds Under the Centennial Scholars and Research Endowment Program; and Eligibility for Matching Funds Under the Texas Eminent Scholars Program.--The Asset Management Committee recommended and the Board accepted \$110,000 in gifts from John P. McGovern, M.D., Houston, Texas, and established the John P. McGovern Centennial Professorship in Family Medicine at The University of Texas Medical Branch at Galveston.

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

Further, \$110,000 in matching funds will be allocated under the Centennial Scholars and Research Endowment Program and will be used to increase the endowment to a total of \$220,000.

Additionally, the actual income which will be earned on \$110,000 in gifts will be certified for matching under the Texas Eminent Scholars Program as set out in Chapter 51, Subchapter I of the Texas Education Code, when matching funds are made available under that act.

40. U. T. Medical Branch - Galveston: Authorization to Accept Transfer of Funds; Redesignation of the Alonzo Alverly Ross, M.D. Chair in General Surgery as the Alonzo Alverly Ross, M.D. Centennial Chair in General Surgery; and Reallocation of Centennial Scholars and Research Endowment Program Matching Funds.--Authorization was granted to accept a \$14,000 transfer of accumulated interest for addition to the Alonzo Alverly Ross, M.D. Chair in General Surgery at The University of Texas Medical Branch at Galveston, and the Chair was redesignated as the Alonzo Alverly Ross, M.D. Centennial Chair in General Surgery.

Further, \$7,000 in previously allocated Centennial Scholars and Research Endowment Program matching funds will be reallocated to one or more endowments as set out on Page 57.

41. U. T. Medical Branch - Galveston: Acceptance of Gift from Mrs. Betty Sherman Sterling, Dayton, Texas, and Establishment of the Betty Sherman Sterling Nursing Scholarship Fund.--The Board, upon recommendation of the Asset Management Committee, accepted a \$15,000 gift from Mrs. Betty Sherman Sterling, Dayton, Texas, and established the Betty Sherman Sterling Nursing Scholarship Fund at The University of Texas Medical Branch at Galveston.

Income earned from the endowment will be used to support the scholarship and printing costs of the brochure describing the program.

42. U. T. Medical Branch - Galveston: Acceptance of Gift from Mr. and Mrs. Carmage Walls, Houston, Texas; Establishment of the Carmage and Martha Ann Walls Centennial Resident Research Endowment in Ophthalmology; and Eligibility for Matching Funds Under the Centennial Scholars and Research Endowment Program.--Approval was given to accept a \$30,000 gift from Mr. and Mrs. Carmage Walls, Houston, Texas, and to establish the Carmage and Martha Ann Walls Centennial Resident Research Endowment in Ophthalmology at The University of Texas Medical Branch at Galveston.

Further, \$30,000 in matching funds will be allocated under the Centennial Scholars and Research Endowment Program and will be used to increase the endowment to a total of \$60,000.

Income earned from the endowment will be used to recruit bright and talented young residents in Ophthalmology and to underwrite promising research programs.

43. U. T. Health Science Center - San Antonio: Acceptance of Gift and Pledge from the Lions Sight Research Foundation, San Antonio, Texas; Establishment of the Endowed Lions Sight Research Foundation Distinguished University Professorship in Ophthalmic Pathology; and Eligibility for Matching Funds Under the Texas Eminent Scholars Program.--Upon recommendation of the Asset Management Committee, the Board accepted a \$50,000 gift and a \$200,000 pledge, payable by December 31, 1994, from the Lions Sight Research Foundation, San Antonio, Texas, for a total of \$250,000 and established the Endowed Lions Sight Research Foundation Distinguished University Professorship in Ophthalmic Pathology at The University of Texas Health Science Center at San Antonio.

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

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

44. U. T. Health Science Center - San Antonio: Acceptance of Bequest from the Estate of Louise A. Mueller, San Antonio, Texas; Establishment of the Herbert F. Mueller Chair in Ophthalmology; and Eligibility for Matching Funds Under the Texas Eminent Scholars Program.--The Asset Management Committee recommended and the Board accepted a one-third residual bequest with distributions to date totalling approximately \$740,000 from the Estate of Louise A. Mueller, San Antonio, Texas, and established the Herbert F. Mueller Chair in Ophthalmology at The University of Texas Health Science Center at San Antonio.

Income earned from the endowment will be used to support research relating to the cause, cure, treatment, and prevention of eye disease, low vision, and blindness, and research relating to programs for or means of improving the quality of life for individuals afflicted with these eye problems.

Additionally, the actual income which will be earned on the \$740,000 distribution and the balance of the bequest, as received, will be certified for matching under the Texas Eminent Scholars Program as set out in Chapter 51, Subchapter I of the Texas Education Code, when matching funds are made available under that act.

See Page 39 related to an appointment to this Chair.

45. U. T. Health Science Center - San Antonio: Approval to Redesignate the Research Distinguished Professorship in Psychiatry as the Distinguished Professorship in Psychiatry.--At the request of the Department of Psychiatry at The University of Texas Health Science Center at San Antonio from which the funds were originally transferred, the Research Distinguished Professorship in Psychiatry was redesignated as the Distinguished Professorship in Psychiatry.

See Page 39 related to an appointment to this Distinguished Professorship.

46. U. T. M.D. Anderson Cancer Center: Acceptance of Pledge from the Texas Federation of Business and Professional Women's Clubs, Inc. (BPW), Arlington, Texas, and Establishment of the BPW Past State Presidents' Award Endowment Fund.--The Board accepted a \$16,132.45 transfer of previously reported gifts from current restricted funds and a \$3,990 pledge, payable by December 31, 1994, to be paid in annual installments of \$990 in 1991 and then \$1,000 a year until completion from the Texas Federation of Business and Professional Women's Clubs, Inc. (BPW), Arlington, Texas, for a total in excess of \$20,000 and established the BPW Past State Presidents' Award Endowment Fund at The University of Texas M.D. Anderson Cancer Center.

Income earned from the endowment will be used to support the BPW Past State Presidents' Award of \$1,000 to be given annually to an outstanding woman in cancer research or clinical care.

47. U. T. M.D. Anderson Cancer Center: Approval to Accept Transfer of Funds and to Establish The Ernst W. Bertner Memorial Award Endowment Fund.--Approval was given to accept a \$115,000 transfer of previously reported gifts from current restricted funds and reinvested income and to establish a quasi-endowment at The University of Texas M.D. Anderson Cancer Center to be named The Ernst W. Bertner Memorial Award Endowment Fund.

Income earned from the endowment will be used to fund the Bertner Memorial Award, a \$7,000 award presented annually to an outstanding scientist.

48. U. T. M.D. Anderson Cancer Center: Acceptance of Remainder Interest in the Lyle Hooker Testamentary Trust and Residual Bequest from the Estate of Mary B. Hooker, Dallas, Texas.--Upon recommendation of the Asset Management Committee, the Board accepted the remainder interest in the Lyle Hooker Testamentary Trust totaling \$104,985.87 and a residual bequest from the Estate of Mary B. Hooker, Dallas, Texas, of \$91,145.00 for a total of \$196,130.87 to be used for cancer research at The University of Texas M.D. Anderson Cancer Center.

49. U. T. M.D. Anderson Cancer Center: Authorization to Transfer Funds and to Establish the Bessie McGoldrick Professorship in Clinical Cancer Research.--A \$250,000 transfer of a previously accepted bequest from the Estate of Bessie McGoldrick, Corpus Christi, Texas, was authorized to establish a quasi-endowment at The University of Texas M.D. Anderson Cancer Center to be named the Bessie McGoldrick Professorship in Clinical Cancer Research.

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

50. U. T. M.D. Anderson Cancer Center: Approval to Transfer Funds and to Redesignate the Sophie Caroline Steves Endowment Fund as the Sophie Caroline Steves Professorship in Cancer Research.--The Board, upon recommendation of the Asset Management Committee, transferred \$140,000 of accumulated earnings for addition to the Sophie Caroline Steves Endowment Fund at The University of Texas M.D. Anderson Cancer Center for a total endowment of \$300,000 and redesignated the endowment as the Sophie Caroline Steves Professorship in Cancer Research.

51. U. T. M.D. Anderson Cancer Center: Authorization to Transfer Funds; Redesignation of the Hubert L. Stringer Trust Cancer Research Fund as the Hubert L. Stringer Chair in Cancer Research; and Redesignation of Remaining Distributions from the Hubert L. Stringer Trust.--The Asset Management Committee recommended and the Board transferred \$114,631.37 of accumulated earnings from the Hubert L. Stringer Trust Cancer Research Fund at The University of Texas M.D. Anderson Cancer Center for addition to the endowment corpus for a total endowment of \$600,000 and redesignated the endowment as the Hubert L. Stringer Chair in Cancer Research.

Additionally, all remaining distributions from the Hubert L. Stringer Trust were redesignated for current restricted use, with those distributions to be held at the U. T. M.D. Anderson Cancer Center in a current restricted account.

52. U. T. M.D. Anderson Cancer Center: Acceptance of Gifts from Various Donors and Establishment of the Volunteer Endowment for Patient Support (VEPS).-- Approval was given to accept \$50,000 in gifts from various donors and to establish the Volunteer Endowment for Patient Support (VEPS) at The University of Texas M.D. Anderson Cancer Center.

Income earned from the endowment will be used to fund patient care and family support programs.

III. REAL ESTATE MATTERS

1. U. T. System: Adoption of an Environmental Review Policy for Acquisitions of Real Estate.--In an effort to minimize the potential for exposure to claims for damages under the applicable laws governing environment and hazardous materials, the Board adopted The University of Texas System Environmental Review Policy for Acquisitions of Real Estate as set out on Pages 62 - 75.

Under this policy, the U. T. System component chief business officers will coordinate the review of all campus land prior to acquisition while the Office of Endowment Real Estate will be responsible for the review of all potential acquisitions of trust real estate prior to acquisition.

U. T. SYSTEM ENVIRONMENTAL REVIEW POLICY FOR ACQUISITIONS OF REAL ESTATE

Statement of Policy

It is the policy of The University of Texas System to minimize its potential for exposure to claims for damages under the applicable laws governing the environment and hazardous materials by insuring that all appropriate inquiries are made as to the condition of each proposed real estate asset prior to acquisition.

Scope of the Policy

Federal and State statutes impose certain liabilities on owners of real property, including governmental agencies, when hazardous materials have been deposited, stored or placed by any means on the property. The term "hazardous materials" is not limited to the most dangerous or toxic substances. Rather it is broadly defined to include a wide array of chemicals and compounds, many of which are components of household trash, and all of which are found in industrial raw materials and wastes. Properties obtained by state universities are not exempt from the liability requirements under the applicable statutes. These liabilities include all of the costs associated with removal of any hazardous materials on the site including overhead and enforcement expenses.

In order to assert an "innocent landowner" defense against a claim for damage, the U. T. System must be able to demonstrate that any contamination of the property by hazardous substances occurred prior to U. T. System ownership and that it was not detected by an examination employing all appropriate inquiries prior to acquisition.

The Environmental Review Process

1. An environmental assessment will be conducted on every potential real estate asset prior to acquisition. The scope of the assessment for each individual property will be determined by the location, history and findings of the assessment.
2. The review process for acquisitions of campus land will be coordinated by the chief business officer of the component acquiring the land or his delegate.
3. The review process for acquisition of trust real estate will be the responsibility of the Office of Endowment Real Estate.
 - a. The Office of Endowment Real Estate shall be notified immediately upon identification of a real estate asset which may be donated or bequeathed to any office or component of the U. T. System.
 - b. No commitment to accept a donation or bequest of real property should be made until an environmental assessment has been performed or coordinated by the U. T. System Office of Endowment Real Estate.
 - c. All costs of the environmental assessment which are not paid by the donor or external entity will be paid by the office or component which will benefit from the asset to be acquired.
4. A complete environmental assessment consists of three phases. The level of investigation will be dictated by the findings of each phase. Completion of all three phases may be required for each property.
 - a. A Phase I assessment will be conducted on each property under consideration for acquisition. Requirements of a Phase I assessment appear in Exhibit A.
 - b. If the Phase I investigation discloses areas of concern, the property may be rejected or additional investigation may be initiated by a Phase II assessment.
 - c. A Phase II assessment shall always be conducted by an outside expert and shall include an extensive review of prior uses of the land and records pertaining to those uses, an examination and sampling of the property, and testing of all samples collected.
 - (1) All contracts for Phase II assessments shall be prepared by the Office of General Counsel.

- (2) If the Phase II assessment indicates areas of significant concern, the property in question may be rejected or additional investigation may be undertaken by a Phase III assessment.
 - d. A Phase III assessment includes extensive physical sampling of the site, testing of all samples, estimation of the extent of contamination, and estimation of the total cost to clean up the site.
 - (1) All contracts for Phase III assessments shall be prepared by the Office of General Counsel.
 - (2) If the Phase III assessment discloses significant risk of contamination or identifies undesirable estimates of the cost to clean up the property, it may be rejected.
- 5. Complete guidelines for the environmental review process, as revised from time to time, will be maintained by the Office of Endowment Real Estate and distributed to all component business and development offices for reference purposes.

EXHIBIT A
PHASE I ASSESSMENT

HISTORICAL ACTIVITY AND DOCUMENT REVIEW

1. Review historical information and development of tract to determine if prior activities could have caused environmental problems including a chain-of-ownership or title search
2. Review of historical air photos, USGS topographical maps and other historical maps and surveys to determine prior uses and visible abnormalities during site or area development which may indicate potential environmental problems
3. Conduct interviews with former employees, local authorities, neighboring property owners, suppliers, regulatory officials, etc., regarding past uses of the site
4. Review of federal and state regulatory information and other public documents to identify prior site uses and proximity of other waste sites or candidate sites
5. Review of published information about surface and subsurface information for the site vicinity and geologic data with regard to potential for naturally occurring asbestos, radon or methane gas
6. Review of CERCLIS (Comprehensive Environmental Response, Compensation and Liability Act Information System) list for sites within proximity to property and evaluate degree of risk posed with the subject site in relation to the proximity of any listed sites
7. Review all records of facility/plant/property (including all permits and other regulatory documents)
8. Review records of local, state and federal authorities (for permits, notices of violations, consent orders or decrees, correspondence indicative of past, present or potential environmental problems, enforcement orders, etc.)
9. Review records or information sources regarding past or present lawsuits filed or notices of claims from third parties or potential for such occurrences
10. Review of records and local laws/ordinance for restrictions of property use such as archaeologically significant features, presence of endangered animals, plants or critical habitat, presence of wetlands information.

INTERVIEWS

1. Interview current and past employees, neighboring property owners, regulatory officials and others where needed, regarding site uses, known or threatened lawsuits, demands or enforcement actions, nature of present compliance, proper notifications made as required by environmental laws, ordinances or regulations.

PHYSICAL SITE/BUILDING INSPECTION

1. Existing property uses
2. Identify all buildings and structures
3. Asbestos-containing materials
4. Use of lead paint
5. Treatment, storage and disposal of hazardous substances or materials
6. Wastewater discharges
7. Emissions/sources of gases, exhaust or pollutants
8. Leaking electrical transformers
9. Site drainage, sewer and disposal systems
10. Drinking water sources
11. Visible ground and/or surface contamination (stained soil, oozing liquids, drums, abandoned trash piles or equipment, dirt mounds, trenches, displaced vegetation, graded land, churned soils, etc.)
12. Presence of wetlands indicia (wetlands might restrict use of property)
13. Existence of aboveground or underground storage tanks and pipelines
14. Adjacent land usage.

PHYSICAL TESTING

1. Subsurface exploration
2. Monitoring wells
3. Soil/groundwater samples
4. Other chemical testing.

EXHIBIT B

Phase I
Environmental Assessment
Due Diligence Report

I. SITE OWNERSHIP AND LOCATION

Site Owner: Name _____
Address _____

Tel. No. _____

Date of Ownership _____ to _____

Site Location: Address _____

County _____

Assessor's Map ID _____

USGS quadrangle _____

II. SUMMARY DESCRIPTION OF SITE

1. Brief Description of Subject Site (Describe in terms of size, land use, extent of development, topography/natural features, and other details of note):

III. SITE HISTORY AND USE

1. Title History Researched: Yes _____ No _____

2. Zoning: Present classifications and dates

Prior classifications and dates _____

3. Current Uses of Site

_____ Industrial
_____ Commercial
_____ Agricultural
_____ Residential
_____ Other

(Heavy - Medium - Light, etc.)

4. Brief Description of Current Uses (Describe in terms of product line, chemicals and materials used, wastes generated, waste management and disposal, etc.):

5. Brief Description of Former Uses of Site (Give dates and available information as requested above):

6. Current and Prior Uses of Adjacent Properties:

7. List of Regulatory Agency Permits/Violations for the Site (Should check for UST's; wastewater discharge, hazardous/flammable/radioactive storage, agricultural chemical application/mixing/disposal and other applicable permits):

8. Persons interviewed relative to site history and use (should include current owner and current tenant):

<u>Name</u>	<u>Address</u>	<u>Tel. No.</u>
-------------	----------------	-----------------

IV. SITE ENVIRONMENTAL CHARACTERISTICS

1. Site Layout Information (see attached site plan taken from Assessor's or USGS map)
 - A. approximate property boundaries: _____

 - B. building and parking area locations: _____

 - C. site utilities (types and locations): _____

 - D. easements: _____

 - E. fencing: _____

 - F. high voltage power lines: _____

 - G. ponds and floodplains: _____

 - H. streams: _____

 - I. marshes or wetlands: _____

 - J. wells: _____

2. Site Specific Waste/Wastewater Information (site plan to show known or suspected conveyance, storage, or disposal areas):
 - A. catch basins: _____

 - B. septic tanks/leaching fields: _____

 - C. sanitary sewers: _____

 - D. underground storage tanks and supply lines: _____

 - E. aboveground storage tanks: _____

F. lagoons: _____

G. pits: _____

H. drainage lines: _____

I. sumps: _____

J. ditches: _____

K. wells - capped or uncapped: _____

L. fill connections - suspected or identified: _____

M. unidentified cover plates, pipes, mounds of soil, or depressions: _____

N. other miscellaneous: _____

3. Site Specific Characteristics (see site plan)

A. topography and surface water drainage patterns: _____

B. surface soil or pavement discoloration or texture change: _____

C. vegetation condition and changes: _____

D. drums or other chemical storage areas: _____

E. maintenance areas: _____

F. odors: _____

G. unexplained vehicle tracks (possible illegal dumping): _____

H. other notable observations: _____

4. Building Inspection

A. age, construction, and general condition: _____

B. previous disclosure of hazardous materials in building: Yes _____ No _____

C. visible signs of corrosion or other evidence of solvent action: _____

D. visible signs of any spillage or residues: _____

E. piles of waste or trash: _____

F. visible signs of asbestos (check for thermal/electrical/acoustical insulation, sprayed-on fireproofing and plaster, asphalt roofing material, various tiles, transite panels, pipes/lagging, duct wrapping, hoods, drains, etc.): _____

G. visible signs of polychlorinated biphenols (PCB's - check for transformers, capacitors, electrical switchgear, etc.): _____

5. Neighborhood observations (2-4 block radius "windshield survey")

A. land use: _____

B. hazardous waste generation/storage/disposal areas: _____

C. known contaminated sites (Superfund sites/
leaking UST sites/other sites): _____

D. existing monitoring wells: _____

E. landfills: _____

F. gas stations: _____

G. drinking water supplies (surface or underground
within 2500 feet of site): _____

V. RISK ASSESSMENT

1. Conclusions (including likelihood of on-site hazardous material contamination, possible sources and pathways of contamination and whether off-site problems may affect the subject site or personnel. Also, recommendations for further assessment):

2. Signature of persons conducting the Phase I site inspection and investigation:

Signature Address/Affiliation Title

Date: _____

EXHIBIT C

"RED FLAG" ITEMS INDICATING A NEED FOR ENVIRONMENTAL REVIEW

1. Dead, dying, or unhealthy vegetation indicative of possible soil/water contamination
2. Soil or pavement stains/discoloration from spills or dumping
3. Any obvious signs of spillage or residues on property or in buildings
4. Piles of waste or trash or unidentified mounds indicative of subsurface hazardous substances
5. Insulation be it thermal, acoustical or electrical may contain asbestos especially if used prior to 1980
6. Odors, especially solvents
7. Unidentified truck tracks on open lots may indicate possible illegal dumping
8. Question whether property is adjacent to a dump or landfill, known hazardous waste sites or high risk industries
9. Wells of any type indicated by caps or covers - search for permits for wells
10. Wastewater systems, septic tanks, leaching fields, sumps, dry wells; i.e., any systems not connected to city sewer, especially if industrial site
11. Drums or any other chemical storage or handling areas
12. Maintenance areas located in shops or auto/truck repair operations
13. Ponds, lagoons, or unidentified pits and depressions
14. Underground tanks with any caps or fill connections - check for permit on tanks
15. Transformers or other large electrical equipment if placed on-site prior to 1978.

EXHIBIT D

HIGH RISK OPERATIONS

1. Landfills - dumps - demolition or dredge spoils disposal sites
2. Oil refineries - well fields - tank farms
3. Metal plating/coatings
4. Metal working: foundries - welding - machining - fabrication (especially aluminum)
5. Auto - truck - tractor - motor maintenance and repair
6. Transportation depots: bus - truck - railroad terminals or yards
7. Chemical or pharmaceutical manufacturers
8. High tech firms: electronics - electrical - computer
9. Gasoline - fuel oil service
10. Dry cleaners - laundries
11. Salvage - scrap or waste dealers/lots
12. Laboratories: photo-chemical - research - etc.
13. Corporation - construction - equipment yards (public or private)
14. Utility company facilities (gas - electric)
15. Lumber yards - sawmills - wood treatment - paper companies
16. Paint manufacturers - distributors - contractors
17. Military facilities (any type - current or prior)
18. Airports - airfields - crop dusting operations
19. Battery manufacturers/recyclers
20. Concrete products fabricators
21. Nurseries or agricultural operations (especially feed-lots)
22. Pesticide - herbicide - fertilizer formulators or applicators/exterminators
23. Food processing - packing - cold storage facilities
24. Tanneries or tallow-rendering operations
25. Drum or barrel manufacturers/distributors
26. Printing shops
27. Asphalt plants
28. Fiberglass or glass product manufacturers

29. Plastic products manufacturers
30. Rubber products manufacturers
31. Mines or sand/gravel quarries/pits
32. Sewage treatment/handling facilities (public or private).

Note: This list should not be viewed as all-inclusive.

2. U. T. System: Authorization to Amend the Trust Fund Real Estate Policy Statement.--In order to conform with the Regents' Rules and Regulations and other policy statements adopted since April 1988, the Board, upon recommendation of the Asset Management Committee, amended The University of Texas System Trust Fund Real Estate Policy Statement to read as set out on Pages 76 - 81.

U. T. SYSTEM TRUST FUND REAL ESTATE POLICY STATEMENT

Objectives

The Board of Regents of The University of Texas System accepts gifts and bequests of real estate and mineral assets which have a clear potential of contributing to the programs of the U. T. System and its component institutions. All such interests in real estate and minerals are held in a fiduciary capacity for the benefit of the component institution or fund or program designated by the donor and approved by the Board.

Trust Fund Real Estate Defined

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

Policies

- (1) Gifts of real estate and mineral assets to the U. T. System or its component institutions will be accepted if substantial proceeds can be realized in a timely manner relative to the expenses and efforts required to hold, maintain and manage the property until disposition.
 - (a) An evaluation of the return expected from a gift of real estate and mineral assets shall include but not be limited to such factors as income potential, development characteristics, type of property interest, holding costs, management requirements, holding period and location.
 - (b) Trust real estate owned by the U. T. System which is uneconomical to manage or which presents future liabilities will be sold.
 - (c) It is expected that any costs incurred relating to management or sale of the property including disposal will be charged either against income earned by the property or proceeds from the sale of the property as appropriate.

- (2) The authority to accept gifts and bequests of real estate and mineral assets is vested in the U. T. Board of Regents for the benefit of the designated component or fund. Title to each property shall be held in the name of the Board of Regents of the U. T. System, not in the name of any component institution, department or individual within the U. T. System.
 - (a) All deeds for trust real estate owned by the Board shall be filed in the county where the property is located with the original retained in the permanent records which are maintained by the Executive Secretary in the Office of the Board of Regents.
 - (b) It shall be the policy of the Board to retain direct control of all interests in real estate and minerals owned by the U. T. System. Authority for a U. T. System employee to continue as an executor for an interest in real estate or minerals to be conveyed to the U. T. System shall be granted only as outlined in the U. T. System Planned Giving Policy Guidelines.
 - (c) It shall be the policy of the Board to accept interests in real estate if such ownership will result in 100% interest in the property. Lesser interests in real estate or minerals will be accepted when a clear benefit to the U. T. System can be demonstrated. Minority interests in minerals will be accepted if the gift or bequest meets the requirements outlined in 1(a) above.
- (3) All gifts and bequests of real estate and minerals must be evaluated and inspected by an authorized representative of the U. T. System Office of Endowment Real Estate prior to acceptance by the Board.
- (4) The Board will not accept gifts of real estate or minerals if donor restrictions place undue limitations on the U. T. System's ability to own, manage, and dispose of the property.
- (5) The Board will not accept gifts of mortgaged or encumbered property unless:
 - (a) a clear potential for gain can be demonstrated,
 - (b) a source of funds to meet all requirements is dedicated to that purpose, and
 - (c) acceptable terms of the mortgage or the encumbrance exist.
- (6) The Board will not accept gifts of minority interests in partnerships holding real estate or mineral assets. Mineral gifts of working interests which create liabilities for unrelated business income taxes or operation of the partnership will not be accepted. However, the Board may direct proposed gifts of this nature to one of the appropriate external foundations associated with the U. T. System.
- (7) Once accepted, interests in minerals shall not be sold unless continued ownership is impractical.

- (8) Gifts of real estate and mineral assets shall be considered for retention as investments when:
 - (a) there is an expectation of above-average return including appreciation, or
 - (b) there is a prospect for direct use by an approved program of a component institution.
- (9) The Board will not subordinate its fee simple interest in any holding of trust fund real estate absent extraordinary circumstances.

Management of Trust Fund Real Estate

- (1) Responsibility for the management, leasing and sale of all real estate and mineral interests which are covered by this policy is delegated to the Executive Vice Chancellor for Asset Management subject to the Rules and Regulations of the Board of Regents of The University of Texas System (Part One, Chapter II, Section 6) and these policies.
- (2) The Executive Vice Chancellor for Asset Management may delegate responsibility for the management of trust real estate assets to individuals within the Office of Endowment Real Estate or its equivalent office and may employ such additional persons as he or she deems appropriate within the authority granted by the Board.
- (3) The Executive Vice Chancellor for Asset Management or his or her designated representative is authorized and empowered on behalf of the Board to take all actions necessary and to execute all documents required to sell, lease or otherwise convey interests in real estate or minerals that are received by gift or bequest within the following parameters:
 - (a) Sale of surface interests including improvements: Sales price of Five Hundred Thousand Dollars (\$500,000) or less
 - (b) Lease of surface interests including improvements: Term of twenty (20) years or less or total annual rent of One Hundred Thousand Dollars (\$100,000) or less
 - (c) Lease of mineral interests: Bonus consideration of \$50,000 or less
 - (d) In addition to approval as to legal form and documentation by the Office of General Counsel, a positive recommendation from the following officials shall be required for each transaction:
 - (1) Executive Vice Chancellor for Academic Affairs or Executive Vice Chancellor for Health Affairs as appropriate
 - (2) Component institution President or Director
 - (3) Executive Director of Endowment Real Estate or his/her designated representative.

- (e) Any transaction accomplished under this section shall be included as part of the Chancellor's Docket at the next possible meeting of the U. T. Board of Regents and a copy of each transaction shall be transmitted to the Office of the U. T. Board of Regents for inclusion in the permanent record.
- (4) The preferred method of valuation for the purpose of determining sale price or lease rates for real estate interests shall be use of an independent appraiser. The value of transactions involving real estate of nominal value may be determined by use of available resources. An appraisal shall not be required when real estate is sold at public auction or by use of sealed bids.
- (5) The preferred method of valuation for the purpose of determining sale price for mineral assets shall be achieved by a petroleum or other geological engineer or by offer solicitation.

Annual Reports

The Office of Endowment Real Estate shall submit a report not less than once a year to the Asset Management Committee of the U. T. Board of Regents detailing all real estate and mineral assets covered by this policy. This report shall provide an inventory of trust fund real estate and mineral assets held as of the reporting date and shall note all acquisitions, sales, and leases which occurred since the preceding report.

Conflict of Interest

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

Procedures for Acceptance of Gifts of Endowment Real Estate

- (1) The authority to accept all gifts and bequests of real estate and mineral assets is vested in the U. T. Board of Regents and will be exercised only after evaluation and inspection by the Office of Endowment Real Estate of the U. T. System. The Office of Endowment Real Estate should be contacted immediately upon identification of a potential gift of real estate or mineral asset in order to determine if the property is acceptable. The Office of Endowment Real Estate will obtain a title report on each potential gift of real estate to insure that there are no recorded liens or encumbrances on the proposed gift. The fee for this report is usually nominal and shall be charged to the component institution for which the gift is intended.

- (2) Prior to acceptance of a proposed gift of real estate the following should be provided by the donor:
 - (a) Map showing location of property
 - (b) Legal description of property
 - (c) Proof of ownership (deed)
 - (d) Survey of subject property
 - (e) List of improvements
 - (f) Copies of current leases, if any
 - (g) List of encumbrances, including deed restrictions or covenants, liens and current expenses, if any
 - (h) Proof of payment of taxes and association fees, if any
 - (i) Copy of title policy or a recent title commitment
 - (j) Recent appraisal and IRS Form 8283 signed by the appraiser if value declared exceeds \$5,000. Any donor whose gift exceeds \$500 must submit IRS Form 8283.
 - (k) A written statement from the donor identifying any known waste disposal sites or spills of hazardous waste material on the property or a statement to the contrary
 - (l) Written statement from donor outlining purpose of gift.
- (3) Prior to acceptance of a proposed mineral gift, the following should be provided by the donor:
 - (a) Map, plat or survey of the property
 - (b) Legal description of the property
 - (c) Proof of ownership (deed or assignment)
 - (d) Copies of current oil and gas leases, if any
 - (e) Division orders
 - (f) List of all encumbrances including any liens and copies of the corresponding documentation
 - (g) Abstracts of title or title opinions
 - (h) Geological or geophysical records
 - (i) Lease ratifications and lease assignments
 - (j) Copies of appraisals or reserve studies
 - (k) Copies of documents relating to past or present litigation directly affecting the mineral gift or bequest
 - (l) Copies of insurance coverage carried by the well operator relative to environmental damage.

- (4) Testing for hazardous substances shall be performed in accordance with the U. T. System Environmental Review Policy for Acquisitions of Real Estate.
- (5) Following review of the information provided by the donor a decision to accept or reject the proposed gift will be based on the potential of the property to produce an acceptable return or to contribute directly to approved programs of the component institution in light of:
 - (a) Holding costs of every type
 - (b) Holding period
 - (c) Donor restrictions
 - (d) Property valuation
 - (e) Management requirements
 - (f) Type of property interest
 - (g) Ability to meet the requirements of the U. T. System Environmental Review Policy for Acquisitions of Real Estate.
- (6) Upon the determination that ownership of a proposed gift is in the best interest of the U. T. System, the component institution which will benefit from the donation shall initiate a request to the appropriate Executive Vice Chancellor asking that the gift be submitted as an agenda item for acceptance by the U. T. Board of Regents at its next regular meeting.

IV. INTELLECTUAL PROPERTY MATTERS

1. U. T. Austin: Approval of an Option Agreement with Pharmacyclics, Inc., Palo Alto, California; Authorization for the Executive Vice Chancellor for Asset Management to Execute Agreement; and Approval for Professor Jonathan Sessler to Purchase Equity Interest in Pharmacyclics, Inc.--Upon recommendation of the Asset Management Committee, the Board:
 - a. Approved the Agreement in Respect of Option and Certain Patent Expenses set out on Pages 83 - 100 between the Board of Regents of The University of Texas System, for and on behalf of The University of Texas at Austin, and Pharmacyclics, Inc., Palo Alto, California, for the licensing of technology relating to photodynamically active sapphyrins
 - b. Authorized the Executive Vice Chancellor for Asset Management, on behalf of the U. T. Board of Regents, to execute this agreement with the understanding that more specific agreements arising from this agreement are to be submitted for prior administrative review and subsequent approval as required by the Regents' Rules and Regulations
 - c. Authorized Professor Jonathan Sessler of the U. T. Austin Department of Chemistry and Biochemistry to purchase an equity interest in Pharmacyclics, Inc., Palo Alto, California.

Professor Sessler is to purchase 250,000 shares of common stock of Pharmacyclics which will represent 17.8% of the total shares currently issued by the company. Pharmacyclics will offer Professor Sessler an opportunity to purchase 83,333 additional shares subject to the company meeting certain milestones in the future.

**AGREEMENT IN RESPECT OF OPTION
AND CERTAIN PATENT EXPENSES
BETWEEN PHARMACYCLICS INC. AND BOARD OF REGENTS
OF THE UNIVERSITY OF TEXAS SYSTEM**

THIS AGREEMENT is made by and between the BOARD OF REGENTS (BOARD) OF THE UNIVERSITY OF TEXAS SYSTEM (SYSTEM), an agency of the State of Texas, whose address is 210 West 7th Street, Austin, Texas 78701, on behalf of THE UNIVERSITY OF TEXAS AT AUSTIN (UNIVERSITY), and PHARMACYCLICS, INC. (PHARMACYCLICS), a corporation organized and existing under the laws of the State of Delaware and having an address c/o Kleiner Perkins Caufield & Byers, 2200 Geng Road, Suite 205, Palo Alto, California 94303.

W I T N E S S E T H

WHEREAS, BOARD owns certain PATENT RIGHTS and TECHNOLOGY RIGHTS relating to expanded porphyrins, their manufacture and use, which were developed at The University of Texas at Austin, a component institution of SYSTEM;

WHEREAS, BOARD desires to have such PATENT RIGHTS developed and used for the benefit of PHARMACYCLICS, the inventor(s), BOARD, and the public as outlined in the Intellectual Property Policy promulgated by the BOARD; and

WHEREAS, PHARMACYCLICS wishes to obtain an option to acquire from BOARD to practice under those PATENT RIGHTS an exclusive license in the form of the Agreement appended hereto as Appendix I (PATENT LICENSE AGREEMENT);

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

I. EFFECTIVE DATE

This Agreement shall be effective July 1, 1991 (the "EFFECTIVE DATE") subject to approval by the BOARD.

II. DEFINITIONS

As used in this Agreement, terms in capital letters shall have the meaning assigned them in the PATENT LICENSE AGREEMENT, unless otherwise indicated.

III. OPTION

3.1. BOARD grants to PHARMACYCLICS an option to enter into PATENT LICENSE AGREEMENT, exercisable upon written notice to BOARD at any time within one (1) year from the EFFECTIVE DATE hereof. In partial consideration of such option, PHARMACYCLICS will pay BOARD on the EFFECTIVE DATE \$1,422.26 to reimburse a portion of the BOARD'S patent related expenditures since January 1, 1991. Within such one year period PHARMACYCLICS may extend for one (1) further year its option exercise period by payment of \$91,662.05 to reimburse a portion of the BOARD'S expenditures prior to January 1, 1991 in respect to searching, preparing, filing, prosecuting and maintaining PATENT RIGHTS. If and when the option is exercised, the PATENT LICENSE AGREEMENT (and each of the parties' rights and obligations thereunder) will automatically come into effect, however, the parties will execute copies of the PATENT LICENSE AGREEMENT within thirty (30) days of the date the option is exercised.

3.2 From the EFFECTIVE DATE and throughout the option term, PHARMACYCLICS shall reimburse further reasonable expenditures by BOARD according to the terms of PATENT LICENSE AGREEMENT in respect of prosecuting and maintaining PATENT RIGHTS in the U.S. and in preparing, filing, prosecuting and maintaining corresponding patent applications and patents outside the United States of America in countries as agreed in writing by PHARMACYCLICS. In any event, if PHARMACYCLICS requests that any patent or patent application be prepared, filed, prosecuted or maintained, anywhere in the world, the BOARD will diligently undertake such activity to the extent and for so long as PHARMACYCLICS reimburses BOARD'S reasonable expenditures therefor.

IV. STOCK

In partial consideration of the option granted by BOARD to PHARMACYCLICS herein, PHARMACYCLICS agrees to hereby issue to the BOARD upon the EFFECTIVE DATE of this Agreement 33,163 shares of PHARMACYCLICS's Common Stock pursuant to the terms of the Investor Representation Letter attached hereto as Appendix II.

V. TERM AND TERMINATION

5.1 This Agreement will terminate upon PHARMACYCLICS's failure to timely exercise the option provided in paragraph 3.1 hereof.

5.2. This Agreement will earlier terminate:

- (a) automatically if PHARMACYCLICS shall enter into a liquidating bankruptcy and/or if the business of PHARMACYCLICS shall be placed in the hands of a receiver, assignee, or trustee, whether by voluntary act of PHARMACYCLICS or otherwise; provided that if it is involuntary, termination shall not take place unless the act is not reversed within ninety (90) days;
- (b) upon ninety (90) days written notice if PHARMACYCLICS shall be materially in breach or default of any obligation under this License Agreement; provided however, PHARMACYCLICS may avoid such termination if before the end of such period PHARMACYCLICS notifies BOARD that such breach has been cured and states the manner of such cure.
- (c) upon the written agreement of both parties.
- (d) at any time upon thirty (30) days written notice given by PHARMACYCLICS, with or without cause.

5.3. Upon termination of this Agreement for any cause, nothing herein shall be construed to release any party from any liability or obligation for breach of this Agreement incurred prior to the EFFECTIVE DATE of such termination.

VI. ASSIGNMENT

This Agreement may be assigned by PHARMACYCLICS only in connection with an acquisition of PHARMACYCLICS, by any means, or the sale or merger of substantially all of its related business to or with another, or otherwise only with the consent of BOARD, not to be unreasonably withheld. BOARD may assign its right to receive money payments hereunder, but may not otherwise assign this Agreement.

VII. USE OF BOARD'S OR COMPONENT'S NAME

PHARMACYCLICS shall not, unless as required by any law or governmental regulation, use the name of The University of Texas at Austin, BOARD, SYSTEM, or Regents without express written consent.

VIII. CONFIDENTIAL INFORMATION

8.1. The confidentiality obligations of the parties will be as specified in the Sponsored Research Agreement and, when and if it comes into effect, the License Agreement.

IX. GENERAL

9.1 This Agreement and that certain agreement entitled "Sponsored Research Agreement" (and the PATENT LICENSE AGREEMENT if the option hereunder is exercised) constitute the entire and only agreement between the parties and all other prior negotiations, representations, understandings and agreements are superseded hereby. No agreements altering or supplementing the terms hereof may be made except by means of a written document signed by the duly authorized representatives of the parties.

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

BOARD OF REGENTS
The University of Texas System
201 West 7th Street
Austin, Texas 78701
Attention: Dudley R. Dobie, Jr.

with a copy to:

Executive Vice-President and Provost
The University of Texas at Austin
Main Building 201
Austin, Texas, 78712-1111
Attention: Patricia C. Ohlendorf

or in the case of PHARMACYCLICS to:

c/o Kleiner Perkins Caufield & Byers
2200 Geng Road, Suite 205
Palo Alto, CA 94303
Attention: Richard A. Miller

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

9.3 Each party shall comply with all applicable federal, state and local laws and regulations in connection with its activities pursuant to this Agreement.

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

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

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

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

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

BOARD OF REGENTS OF THE
UNIVERSITY OF TEXAS SYSTEM

PHARMACYCLICS, INC.

By _____
Name: _____
Executive Vice Chancellor
for Asset management

By Richard A. Miller
Name: Richard A Miller
Title: President

APPROVED AS TO CONTENT:

By [Signature]
Executive Vice President
and Provost
The University of Texas at Austin

APPROVED AS TO FORM:

By [Signature]
Dudley R. Dobie, Jr.
Office of General Counsel

APPENDIX I
PATENT LICENSE AGREEMENT

THIS AGREEMENT is made by and between the BOARD OF REGENTS (BOARD) OF THE UNIVERSITY OF TEXAS SYSTEM (SYSTEM), an agency of the State of Texas, whose address is 210 West 7th Street, Austin, Texas 78701, on behalf of THE UNIVERSITY OF TEXAS AT AUSTIN (UNIVERSITY), and PHARMACYCLICS, INC. (LICENSEE), a corporation organized and existing under the laws of the State of Delaware and having an address c/o Kleiner Perkins Caufield & Byers, 2200 Gang Road, Suite 205, Palo Alto, California 94303.

WITNESSETH

WHEREAS, BOARD owns certain PATENT RIGHTS and TECHNOLOGY RIGHTS relating to LICENSED SUBJECT MATTER, which were developed at The University of Texas at Austin, a component institution of SYSTEM including without limitation PATENT RIGHTS and TECHNOLOGY RIGHTS developed pursuant to a Sponsored Research Agreement (SPONSORED RESEARCH AGREEMENT) between BOARD, UNIVERSITY and LICENSEE performed under the direction of Professor Jonathan Sessler or his successors and described in Schedule A hereto, which is incorporated herein;

WHEREAS, BOARD desires to have the LICENSED SUBJECT MATTER developed and used for the benefit of LICENSEE, the inventor(s), BOARD, and the public as outlined in the Intellectual Property Policy promulgated by the BOARD (Schedule B hereto); and

WHEREAS, LICENSEE wishes to obtain a license from BOARD to practice LICENSED SUBJECT MATTER;

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

I. EFFECTIVE DATE

This agreement shall be effective upon written exercise by LICENSEE of the option provided by that certain "Agreement in Respect of Option and Certain Patent Expenses" between LICENSEE and BOARD, a copy of which is attached hereto and now incorporated herein.

II. DEFINITIONS

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

2.1 LICENSED SUBJECT MATTER shall mean inventions and discoveries that are covered by PATENT RIGHTS within the LICENSED FIELD.

2.2 PATENT RIGHTS shall mean the patents and/or patent applications whether domestic or foreign listed on Schedule C appended hereto and incorporated herein, and as amended from time to time by written agreement of the parties and any patents and/or applications in any other country corresponding or relating to any of the foregoing, and all divisions, continuations, continuations in part, reissues, reexaminations or extensions thereof, and any patents that issue thereon and any other patents and applications that result in whole or in part from research done under the SPONSORED RESEARCH AGREEMENT.

2.3 TECHNOLOGY RIGHTS shall mean BOARD'S rights in any KNOW-HOW. KNOW-HOW shall mean all technical information, know-how, process, procedure, composition, device, method, formula, protocol, technique, software, design, drawing or data relating to LICENSED SUBJECT MATTER or LICENSED FIELD which is not disclosed in a patent within the PATENT RIGHTS, but which is necessary or useful for practicing LICENSED SUBJECT MATTERS.

2.4 LICENSED FIELD shall mean porphyrins, expanded porphyrins and other porphyrin-like substances, and methods of making and using them.

2.5 LICENSED TERRITORY shall mean the world.

2.6 LICENSED PRODUCT shall mean any product comprising LICENSED SUBJECT MATTER pursuant to this Agreement, including COMPOSITE PRODUCTS.

2.7 COMPOSITE PRODUCTS shall mean any product SOLD by LICENSEE with active ingredients comprising both LICENSED SUBJECT MATTER within PATENT RIGHTS and active ingredients other than LICENSED SUBJECT MATTER.

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

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

2.10 NET SALES shall mean the gross revenues (whether or not in cash) actually received by LICENSEE from the SALE of LICENSED PRODUCTS less sales, V.A.T. and/or use taxes, duties and similar governmental assessments actually paid, transportation, packing, shipping insurance and amounts allowed or credited due to returns (not to exceed the original billing or invoice amount).

III. WARRANTY; SUPERIOR RIGHTS

3.1 Except for the rights, if any, of the Government of the United States, as set forth hereinbelow, BOARD represents and warrants that to its knowledge it is the owner of the entire right, title and interest in and to LICENSED SUBJECT MATTER, and that it has the sole right to grant licenses thereunder, and that it has not knowingly granted licenses thereunder to any other entity that would restrict rights granted hereunder except as stated herein. However, as to exclusivity, BOARD hereby discloses that Baylor Research Foundation is (and has the right of) a joint owner of the invention and patent application designated UTSB:439. BOARD is not aware that any additional rights or licenses are necessary for LICENSEE to exercise its license rights.

3.2 LICENSEE understands that the LICENSED SUBJECT MATTER may have been developed under a funding agreement with the Government of the United States of America and, if so, that the Government may have certain nonexclusive rights relative thereto for use for government purposes, as well as statutory "march-in rights." This Agreement is explicitly made subject to such Government rights. To the extent there is any conflict between any such rights and this Agreement, such Government rights shall prevail.

3.3 BOARD makes no representations other than those specified in this Agreement, and specifically, MAKES NO EXPRESS OR IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

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IV. LICENSE

4.1 BOARD hereby grants to LICENSEE an exclusive, royalty-bearing license to manufacture, have manufactured, use, have used, and/or sell or have sold LICENSED PRODUCTS within LICENSED TERRITORY. This grant shall be subject to the payment by LICENSEE to BOARD of all consideration as provided by this Agreement, and shall be further subject to rights retained by the BOARD to:

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

(b) Use any information contained in LICENSED SUBJECT MATTER for research, teaching, and other educationally-related purposes; provided that none of the foregoing is done for any commercial purpose.

4.2 LICENSEE shall have the right to extend the license granted herein to any SUBSIDIARY provided that such SUBSIDIARY consents to be bound by this Agreement to the same extent as LICENSEE (provided that the foregoing does not and is not intended to create redundant or double obligations regarding royalties, reimbursement, marketing efforts or any other matter).

4.3 LICENSEE shall have the right to grant sublicenses consistent with this Agreement provided that, with respect to BOARD, LICENSEE shall be responsible for (and entitled to credit for) the operations of its sublicensees relevant to this Agreement as if such operations were carried out by LICENSEE provided that matters dealt with in Section 5 in respect of such sublicenses shall be governed by the terms of Section 5. LICENSEE further agrees to deliver to BOARD a true and correct copy of each sublicense granted by LICENSEE, and any modification or termination thereof, within thirty (30) days after execution, modification or termination. LICENSEE will have the right to delete portions it considers confidential. Upon termination of this Agreement under Section 6.2 any and all existing sublicenses granted by LICENSEE shall be assigned to BOARD as their terms permit, or shall terminate (if their terms don't so permit).

4.4 BOARD shall have the right at any time after two (2) years from the date of this Agreement and as its sole remedy for any alleged want of diligence to terminate the exclusivity of the license granted herein as to those national jurisdictions of the LICENSED TERRITORY in which LICENSEE has not commercialized or is not actively attempting to commercialize an invention hereunder if LICENSEE, within ninety (90) days after written notice from BOARD as to such intended termination of exclusivity, fails to provide written evidence of present, attempted or anticipated commercialization in a manner and on a schedule reasonably commensurate with the scope of LICENSED TERRITORY and LICENSEE'S resources. Evidence provided by LICENSEE that it has an ongoing and active or anticipated research, development, manufacturing, marketing or licensing program as appropriate, directed toward production and sale of products based on the invention disclosed and claimed in PATENT RIGHTS shall be deemed satisfactory evidence. BOARD agrees that in the discretion of LICENSEE commercialization efforts may be directed first to industrialized nations of the world commencing with the United States of America, and only subsequently to other regions as reasonably and commercially practicable; that particular fields within the LICENSED FIELD and portions of the LICENSED TERRITORY may in the discretion of LICENSEE best be commercialized by sublicense; and that LICENSEE may in the exercise of prudent business judgment elect to defer commercialization efforts in particular fields until the LICENSED SUBJECT MATTER has undergone substantial and appropriate further development; the burden of establishing prudent business judgment will lie with LICENSEE in all cases. In the event of any termination of exclusivity under this Section or Section 7.1, BOARD agrees to negotiate in good faith with LICENSEE to adjust the terms hereof to reflect LICENSEE'S diminished rights (including, without limitation, royalty rates), with relation back to the date of termination of exclusivity; provided, however, that pending the completion of such negotiation LICENSEE'S

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obligations shall be as provided hereunder for the case of exclusivity; and LICENSEE shall have the benefit of any more favorable terms granted by BOARD to any subsequent non-exclusive licensee of LICENSED SUBJECT MATTER in those national jurisdictions where exclusivity is terminated.

V. PAYMENTS AND REPORTS

5.1 Subject to the other terms of this Article V and in consideration of rights granted by BOARD to LICENSEE under this AGREEMENT, LICENSEE agrees to pay BOARD the following:

(a) A running royalty as provided in paragraph 5.2 in the case of SALES by LICENSEE or its SUBSIDIARIES; and

(b) In the case that LICENSEE receives revenues from any sublicensee that is not a SUBSIDIARY, the lesser of one half of the gross revenues (which may include but are not limited to royalties on the SALE of LICENSED PRODUCTS by the sublicensee) received by LICENSEE from any sublicensee in consideration of sublicense under PATENT RIGHTS or the royalty that would be due were sublicensee sales made by LICENSEE; provided that BOARD shall receive hereunder not less than three (3) percent (subject to reduction under Section 5.3).

5.2 Subject to Section 5.3, royalty on NET SALES by LICENSEE and any SUBSIDIARY shall be:

(a) Five (5) percent of NET SALES in respect of LICENSED PRODUCTS SOLD for use as a human therapeutic (including without limitation in radioimmunotherapy or photodynamic therapy); and

(b) Three (3) percent of NET SALES in respect of LICENSED PRODUCTS SOLD for other applications (including without limitation in vitro inactivation of infectious agents, magnetic resonance imaging (MRI) and in vitro diagnostics).

5.3 During each calendar year, each royalty rate mentioned in either Section 5.1 or 5.2 (including without limitation the minimum rate specified in the last clause of Section 5.1(b)) shall be reduced one percentage point for each \$15,000,000 in the aggregate of (i) NET SALES of LICENSEE and its SUBSIDIARIES in that calendar year and (ii) SALES by sublicensees reported to LICENSEE in that calendar year; provided, however, that no such royalty rate shall be reduced so as to be less than one (1) percent. For example, immediately after the first \$15,000,000 has been achieved during a calendar year, the rates under Section 5.2(a) and (b) will be four (4) and two (2) percent, respectively, and the minimum rate in Section 5.1(b) will be two (2) percent for the remainder of that year, unless further reduced thereafter.

5.4 In the case of COMPOSITE PRODUCTS prior to the calculation of royalty due thereon NET SALES shall be multiplied by a fraction whose numerator is the cost of active ingredients within PATENT RIGHTS and whose denominator is the cost of all active ingredients within such COMPOSITE PRODUCT. The resulting number shall represent the NET SALES price basis for calculation of royalties due on COMPOSITE PRODUCTS.

5.5 After seven (7) years from the effective date of this Agreement, no royalty or share of sublicense shall be due for manufacture, use or sale of LICENSED PRODUCTS for consumption in a national jurisdiction of LICENSED TERRITORY where such manufacture, use and sale could have been conducted in such national jurisdiction without infringing a valid issued patent within PATENT RIGHTS in such national jurisdiction.

5.6 Only one royalty shall be payable on each unit of LICENSED PRODUCT SOLD calculated at the applicable rate specified in this Agreement irrespective of the number of patents within PATENT RIGHTS whose claims would be infringed but for this License Agreement.

5.7 During the term of this Agreement and for one (1) year thereafter LICENSEE shall keep complete and accurate records of its and (as reported to it) its sublicensee's NET SALES of LICENSED PRODUCTS and COMPOSITE PRODUCTS under the license granted in this agreement in sufficient detail to enable the royalties payable hereunder to be determined. LICENSEE shall permit an independent certified public accountant (hired by the BOARD and reasonably acceptable to LICENSEE), at BOARD'S expense, to periodically (but no more than once per year) examine its books, ledgers, and records during regular business hours for the purpose of and to the extent necessary to verify any report required under this Agreement; provided such accountant is bound in confidence and may not disclose any such information except to the BOARD as necessary to show underpayment. In the event that the amounts due to BOARD have been underpaid, LICENSEE shall pay the cost of such examination, the due amount, and accrued interest thereon at the prevailing prime rate for commercial loans.

5.8 Within forty-five (45) days after March 31, June 30, September 30 and December 31, LICENSEE shall deliver to BOARD at the address listed in paragraph 14.2 a true and accurate report, giving such particulars of the business conducted by LICENSEE during the preceding calendar quarter under this Agreement as are pertinent to an account for payments hereunder. Such report shall include at least (a) the quantities of LICENSED SUBJECT MATTER that it has SOLD; (b) the total SALES; (c) the calculation of royalties thereon; and (d) the total royalties so computed and due BOARD. Simultaneously with the delivery of each such report, LICENSEE shall pay to BOARD the amount, if any, due for the period of such report. If no payments are due, it shall be so reported. LICENSEE shall impose on sublicensees, mutatis mutandis, similar reporting and payment obligations and shall provide to BOARD similar reports from sublicensees as they relate to BOARD'S entitlements under paragraph 5.1(b) to the extent received during such quarter or thereafter up until fifteen (15) business days prior to the due date for the report on LICENSEE'S SALES. Simultaneously with its report on such sublicensee activity, LICENSEE shall pay to BOARD amounts due under paragraph 5.1(b).

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

5.10 All amounts payable hereunder by LICENSEE shall be payable in United States funds without deductions for taxes, assessments, fees, or charges of any kind. Checks shall be made payable to The University of Texas at Austin and mailed to: Executive Vice President and Provost, The University of Texas at Austin, Texas, 78712-1111, Attention: Patricia C. Ohlendorf.

VI. TERM AND TERMINATION

6.1 The term of this Agreement shall extend from the EFFECTIVE DATE set forth hereinabove to the end of term of the last to expire of the patents, that have been or may be issued within the PATENT RIGHTS.

6.2 This Agreement will earlier terminate:

(a) automatically if LICENSEE shall enter liquidating bankruptcy and/or if the business of LICENSEE shall be placed in the hands of a receiver, assignee, or trustee, whether by voluntary act of LICENSEE or otherwise; provided that if it is involuntary, termination shall not take place unless the act is not reversed within ninety (90) days.

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

(c) upon the mutual written agreement of the parties.

(d) upon thirty (30) days written notice given by LICENSEE with or without cause.

6.3 Upon any termination of this Agreement, nothing herein shall be construed to release any party from any liability for any obligation incurred through the effective date of termination (e.g., confidentiality, payment of then accrued royalties and reimbursement of patent expenses incurred prior to such date) or for any breach of this Agreement prior to the effective date of such termination. LICENSEE may, after the effective date of such termination, sell all LICENSED PRODUCT and COMPOSITE PRODUCT and parts therefor that it has on hand at the date of termination, provided that it pays earned royalty thereon as provided in this Agreement.

VII. INFRINGEMENT BY THIRD PARTIES

7.1 LICENSEE shall have the first right to enforce or have enforced at no expense to BOARD any PATENT RIGHTS to the extent exclusively licensed hereunder against infringement by third parties and shall be entitled to retain recovery from such enforcement. Upon LICENSEE'S undertaking to pay all expenditures reasonably incurred by BOARD, to the extent allowed by law, BOARD shall reasonably cooperate in any such enforcement and, as necessary, join as a party therein. After first deducting its costs and expenses incurred in respect of enforcement (to the extent not otherwise awarded by settlement or a court), LICENSEE shall pay BOARD royalty (calculated per Section 5.1(b)) on the balance of any monetary recovery to the extent such monetary recovery is held to be a reasonable royalty or damages in lieu thereof. In the event that LICENSEE does not file suit against or commence settlement negotiations with a substantial infringer of BOARD'S PATENT RIGHTS within six (6) months of receipt of a written demand from BOARD that LICENSEE bring suit, then the parties will consult with one another in an effort to determine whether a reasonably prudent licensee would institute litigation to enforce the patent in question in light of all relevant business and economic factors (including, but not limited to, the projected cost of such litigation, the likelihood of success on the merits, the probable amount of any damage award, the prospects for satisfaction of any judgment against the alleged infringer, the possibility of counterclaims against LICENSEE and BOARD, the diversion of LICENSEE'S human and economic resources, the impact of any possible adverse outcome on LICENSEE and the effect any publicity might have on LICENSEE'S and BOARD'S respective reputations and goodwill). To the extent allowed by the laws and constitution of the State of Texas, if the parties cannot agree, the determination will be made by a mutually and reasonably acceptable third party consultant. If after such process, it is determined that a suit should be filed and LICENSEE does not file suit or commence settlement negotiations forthwith against the substantial infringer, then BOARD shall have the right to enforce any patent licensed hereunder on behalf of itself and LICENSEE (BOARD retaining all recoveries from such enforcement). If the BOARD institutes suit or commences settlement negotiations and is successful, it may terminate the exclusivity of the license for the infringed field of use in the national jurisdiction where the suit was brought.

VIII. ASSIGNMENT

This Agreement may be assigned by LICENSEE only in connection with an acquisition of LICENSEE (by whatever means) or the sale or merger of substantially all of its related business to or with another, or otherwise only with the consent of BOARD, not to be unreasonably withheld. BOARD may assign its right to receive payments hereunder but not otherwise assign this Agreement.

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IX. PATENT MARKING

To the extent reasonable and practical regarding products, LICENSEE agrees to mark permanently and legibly all products and documentation manufactured and sold by it under this Agreement with such patent notice as is required under Title 35, United States Code.

X. INDEMNIFICATION; INFRINGEMENT SUIT CREDIT

10.1 Subject to Section 10.2, LICENSEE shall hold harmless and indemnify BOARD, SYSTEM, UNIVERSITY, its Regents, officers, employees and agents from and against any claims demands, or causes of action whatsoever, including without limitation those arising on account of any injury or death of persons or damage to property caused by or arising out of, or resulting from, the exercise or practice of the license granted hereunder by LICENSEE or of its officers, employees, agents or representatives.

10.2 The BOARD shall promptly notify LICENSEE in writing of any claim or suit or threat thereof brought against BOARD in respect of which indemnification may be sought and, to the extent allowed by law, shall reasonably cooperate with LICENSEE in defending or settling any such claim or suit. To the extent allowed by law, no settlement of any claim, suit or threat thereof received by BOARD and for which the BOARD will seek indemnification, shall be made without the prior written approval of LICENSEE. To the extent allowed by law, BOARD will permit LICENSEE to defend BOARD against any such claim, suit or threat thereof and LICENSEE shall have sole control over the defense, subject to BOARD'S right to select its own counsel to review the matter for BOARD at BOARD'S sole cost and expense.

10.3 If infringement is alleged against LICENSEE or any person or entity entitled to indemnity under Section 10.1 above, and if all such claims specifically concern LICENSED SUBJECT MATTER, LICENSEE may suspend those royalties due BOARD under Section 5 from SALES of LICENSED PRODUCTS in any national jurisdiction in which suit is brought, and pay such amounts into an escrow account established by LICENSEE until such situation is resolved. Should a Patent with PATENT RIGHTS under which such royalties are payable be held invalid, the accrued royalties shall be retained by LICENSEE to offset litigation expenses; and, should litigation or settlement result in the requirement that LICENSEE pay royalties or other monies to a third party, the Parties hereunder agree in good faith to renegotiate the royalties due BOARD with the goal of reducing the royalty paid accordingly. In the event the validity of a Patent within PATENT RIGHTS is upheld, the accrued royalties shall be paid to UNIVERSITY. Any damages or attorneys' fees awarded or received in settlement of such suit shall be retained by LICENSEE in satisfaction of its litigation expenses.

XI. USE OF BOARD'S OR COMPONENT'S NAME

LICENSEE shall not, unless as required by any law or governmental regulation, use the name of The University of Texas at Austin, BOARD, SYSTEM, or Regents without express written consent.

XII. CONFIDENTIAL INFORMATION; KNOW-HOW

12.1 The parties may wish, from time to time, in connection with performance under this Agreement, to disclose confidential information (including KNOW-HOW) to each other. Subject to the rights of LICENSEE under this Agreement, each party agrees not to use (other than for purposes contemplated by this Agreement) and will use reasonable efforts to prevent the disclosure to third parties of any of the other party's confidential information for a period of three (3) years from receipt thereof, provided that the recipient party's obligation hereunder shall not apply to information that the recipient party can show:

(a) is not disclosed in writing or reduced to writing and so marked with an appropriate confidentiality legend within thirty (30) days of disclosure;

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thereof; (b) is already in the recipient party's possession at the time of disclosure

(c) is or later becomes part of the public domain through no fault of the recipient party;

(d) is received from a third party having no obligations of confidentiality to the disclosing party, provided that the recipient party complies with any restrictions imposed by the third party;

(e) is independently developed by the recipient party;

(f) is required by law or regulation to be disclosed (including, without limitation, in connection with FDA filings), provided that the recipient party uses reasonable efforts to restrict disclosure and to obtain confidential treatment; or

(g) is made available by the disclosing party to a third party without similar restrictions.

12.2 The foregoing shall not affect or limit LICENSEE'S right to fully exercise the licenses granted under this Agreement and LICENSEE and its sublicensees shall be fully entitled to use KNOW-HOW in support thereof.

XIII. PATENT AND INVENTIONS

LICENSEE shall reimburse BOARD for all reasonable expenses incurred by BOARD thus far (and not previously reimbursed) and, subject to the following terms, in the future in searching, preparing, filing, prosecuting and maintaining patent applications and patents relating to PATENT RIGHTS. If after consultation with BOARD, LICENSEE determines that a patent application should be filed for LICENSED SUBJECT MATTER, BOARD will prepare and file appropriate patent applications, and LICENSEE will reimburse the cost of searching, preparing, filing, prosecuting and maintaining same and any resulting patent. BOARD will confer and consult with LICENSEE in respect of searching, preparation, filing, prosecution and maintenance of patent applications and patents subject to reimbursement by LICENSEE, and will promptly provide to LICENSEE a copy of any applications on which LICENSEE has paid the costs of filing, as well as copies of any documents received or filed during the prosecution thereof. After such consultation LICENSEE may give notice to BOARD of its election to forego or cease participation in searching, preparing, filing, prosecution or maintenance of any such patent application or patent, whereupon LICENSEE shall be freed of its reimbursement obligation in respect of future activities regarding such application or patent and the application or patent involved shall thereafter form no part of PATENT RIGHTS; provided that LICENSEE may reinstate it as part of PATENT RIGHTS by paying one and one-half (1½) times the costs it failed to reimburse upon BOARD'S written consent. Reimbursements due BOARD hereunder shall be paid by LICENSEE within thirty (30) days of its receipt of a bill from BOARD.

XIV. GENERAL

14.1 This Agreement and those certain agreements between the parties entitled "Agreement in respect of Option and Certain Patent Expenses..." and "Sponsored Research Agreement" constitute the entire and only agreements between the parties relating to LICENSED SUBJECT MATTER and all other prior negotiations, representations, understandings and agreements are superseded hereby. No agreements altering or supplementing the terms hereof may be made except by means of a written document signed by the duly authorized representatives of the parties.

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

BOARD OF REGENTS
The University of Texas System
210 West 7th Street
Austin, Texas 78701
Attention: Dudley R. Doble, Jr.

with a copy to:

Executive Vice-President and Provost
The University of Texas at Austin
Main Building 201
Austin, Texas, 78712-1111
Attention: Patricia C. Ohlendorf

or in the case of LICENSEE to:

c/o Kleiner Perkins Caufield & Byers
2200 Geng Road, Suite 205
Palo Alto, CA 94303
Attention: Richard A. Miller

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

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

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

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

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

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

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9.

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

BOARD OF REGENTS OF THE
UNIVERSITY OF TEXAS SYSTEM

PHARMACYCLICS, INC.

By _____
Executive Vice Chancellor
for Asset management

By _____
Name _____
Title _____

APPROVED AS TO CONTENT:

By _____
Name _____
Executive Vice President
and Provost
The University of Texas at Austin

APPROVED AS TO FORM:

By _____
Name _____
Dudley R. Dobie, Jr.
Office of the General Counsel

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10.

APPENDIX II

INVESTOR REPRESENTATION LETTER

June 27, 1991

Richard A. Miller, M.D.
Pharmacyclics, Inc.
c/o Kleiner Perkins Caufield & Byers
Two Embarcadero Place
2200 Geng Road
Palo Alto, California 94303

Dear Dr. Miller:

It is our understanding that in consideration of entering into an Agreement in Respect of Option and Certain Patent Expenses dated July 1, 1991, Pharmacyclics, Inc., a Delaware corporation (the "Company"), shall issue to the Board of Regents of the University of Texas System (the "Board") 33,163 shares of its common stock (the "Securities"). The Board, as a condition to the issuance of the Securities, hereby agrees to the following:

1. Representations and Warranties. The Board hereby represents and warrants to the Company, as of the date hereof, as follows:

(a) Purchase Entirely for Own Account. The Securities to be received by the Board will be acquired for investment for the Board's own account, not as a nominee or agent, and not with a view to the resale or distribution of any part thereof, and that the Board has no present intention of selling, granting any participation in, or otherwise distributing the same. By executing this Investor Representation Letter, the Board further represents that it does not have any contract, undertaking, agreement or arrangement with any person to sell, transfer or grant participations to such person or to any third person, with respect to any of the Securities. The Board represents that it has full power and authority to make these representations and warranties.

(b) Disclosure of Information. The Board believes it has received all the information it considers necessary or appropriate for deciding whether to invest in the Securities. The Board further represents that it has had an opportunity to ask questions and receive answers from the Company regarding the terms and conditions of the offering of the Securities.

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Richard A. Miller, M.D.
June 27, 1991

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(c) Investment Experience. The Board acknowledges that it is able to fend for itself, can bear the economic risk of its investment and has such knowledge and experience in financial or business matters that it is capable of evaluating the merits and risks of the investment in the Securities.

(d) Restricted Securities. The Board understands that the Securities it is receiving are characterized as "restricted securities" under the federal securities laws inasmuch as they are being acquired from the Company in a transaction not involving a public offering and that under such laws and applicable regulations such securities may be resold without registration under the Securities Act of 1933, as amended (the "Act"), only in certain limited circumstances. In this connection, the Board represents that it is familiar with SEC Rule 144, as presently in effect, and understands the resale limitations imposed thereby and by the Act.

2. "Market Stand-Off" Agreement. The Board agrees to enter into a "Market Stand-Off" Agreement with the Company as follows:

(a) In connection with any underwritten public offering by the Company of its equity securities pursuant to an effective registration statement filed under the 1933 Act, including the Company's initial public offering, the Board shall not sell, make any short sale of, loan, hypothecate, pledge, grant any option for the purchase of, or otherwise dispose or transfer for value or otherwise agree to engage in any of the foregoing transactions with respect to the Securities without the prior written consent of the Company or its underwriters. Such limitations shall be in effect for such period of time from and after the effective date of such registration statement as may be requested by the Company or such underwriters; provided, however, that in no event shall such period exceed one hundred-eighty (180) days. The limitations of this Section 3 shall remain in effect for the two-year period immediately following the effective date of the Company's initial public offering and shall thereafter terminate and cease to have any force or effect.

(b) The Board shall be subject to the market stand-off provisions of this Section 2 provided and only if the officers and directors of the Company are also subject to similar arrangements.

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Richard A. Miller, M.D.
June 27, 1991

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(c) In the event any stock dividend, stock split, recapitalization or other change affecting the Company's outstanding Common Stock effected without receipt of consideration, then any new, substituted or additional securities distributed with respect to the Securities shall be immediately subject to the provisions of this Section 2 to the same extent the Securities is at such time covered by such provisions.

(d) In order to enforce the limitations of this Section 2, the Company may impose stop-transfer instructions with respect to the Securities until the end of the applicable stand-off period.

Dated: _____, 1991

THE BOARD OF REGENTS OF THE
UNIVERSITY OF TEXAS SYSTEM

By: _____
Name: _____
Title: _____

ACCEPTED AND AGREED TO:

PHARMACYCLICS, INC.

By: _____
Richard A. Miller, M.D.
President

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2. U. T. Austin: Approval for Dr. Jeffrey A. Hubbell to Purchase Equity Interest in Trancel Corporation (Formerly Cell Biotech Inc.), Los Angeles, California.--The Asset Management Committee recommended and the Board approved the purchase by Dr. Jeffrey A. Hubbell, Assistant Professor in the Department of Chemical Engineering at The University of Texas at Austin, of an equity interest in Trancel Corporation (formerly Cell Biotech Inc.), Los Angeles, California.

U. T. Austin entered into a Patent and Technology License Agreement with Trancel effective September 1, 1990, with the U. T. Board of Regents' approval through the June 1991 Chancellor's Docket. The agreement grants Trancel an exclusive, worldwide, royalty-bearing license under technology created at U. T. Austin by Dr. Hubbell in the field of chemical modification to promote animal cell adhesion. Trancel may fund further basic research relating to the technology.

Trancel has offered Dr. Hubbell the opportunity to purchase 15,000 shares of Trancel's common stock as partial compensation for consulting services to be rendered by Dr. Hubbell.

V. OTHER MATTERS

1. U. T. System: Adoption of the Medical/Dental Self-Insurance Fund Investment Policy Statement.--The University of Texas System Medical/Dental Self-Insurance Fund was established by the U. T. Board of Regents at the June 1990 meeting to allow for the investment of funds contributed by employees and appropriated by the state for the purpose of contributing to the employees' insurance coverage.

In order to provide investment guidelines and restrictions for the Office of Asset Management in the investment of these funds, the Board adopted The University of Texas System Medical/Dental Self-Insurance Fund Investment Policy Statement set out on Pages 102 - 105.

THE UNIVERSITY OF TEXAS SYSTEM
MEDICAL/DENTAL SELF-INSURANCE FUND
INVESTMENT POLICY STATEMENT

FUND CHARACTERISTICS

The Texas Insurance Code authorizes the governing boards of institutions of higher education to self-insure the benefit programs provided for employees under the Texas State College and University Employees Uniform Insurance Benefits Act, Article 3.50-3, Insurance Code, Section 4(d). The University of Texas System Medical/Dental Self-Insurance Fund was established by the U. T. Board of Regents to allow for the investment of the funds contributed by employees and appropriated by the state for the purpose of contributing to the employees' insurance coverage.

RESPONSIBILITY AND MANAGEMENT OF THE FUND

Fiduciary responsibility for the Fund rests with the Board of Regents of The University of Texas System. The Office of the Executive Vice Chancellor for Asset Management administers the investment of the Fund. Specific investment decisions are handled by the investment staff of the Office of Asset Management. The Board retains an Investment Advisory Committee to provide counsel concerning portfolio and economic issues.

CONFLICT OF INTEREST

Members of the Board and the Investment Advisory Committee are frequently persons of wide-ranging business interests. Therefore, a prudent, independent investment decision process may result in investments in firms or organizations with which a member of the Board or the Investment Advisory Committee is affiliated. Affiliation shall be interpreted within this section to mean an employee, officer, director, or owner of five percent or more of the voting stock of a firm or organization. The investment staff may invest in such securities. However, the following restrictions shall apply:

- A member of the Board or the Investment Advisory Committee shall not direct nor participate in the decision to purchase or sell securities of a firm with which such member is affiliated.
- Investments will not be purchased from or sold to a member of the Board or the Investment Advisory Committee.

INVESTMENT OBJECTIVES

The primary investment objective is to maintain and appreciate the total value of the Fund, over time, through capital appreciation and income generation. Management of the Fund attempts to meet this objective by maximizing the return on the Fund's investments, consistent with an appropriate level of risk and subject to maintaining adequate cash equivalent short-term investments to meet potential near-term claim payments. Additionally, the Fund shall be diversified at all times to provide reasonable assurance that investment in a single security or industry will not have an excessive impact on the Fund.

ASSET MIX

Asset mix is the primary determinant of the Fund's performance and may be changed from time to time based on changes in the Fund and the economic and security market outlook. In recognition of the size and purpose of this Fund, equity securities will not be purchased. Therefore, the maturity schedule of the securities held will be a primary asset mix decision. A significant objective of asset mix decisions for this Fund will be to ensure that the Fund is able to meet claim payments without suffering principal exposure.

PERFORMANCE GOALS

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

Specific performance goals for the Fund are:

- Bonds - Performance equal to or greater than the Shearson Lehman Government/Corporate Bond Index or other appropriate bond index.
- Short-term Investments - Performance equal to or greater than the 91-day Treasury Bill rate.
- Total Fund Return - Performance equal to or greater than that of other comparable funds.

Active trading of bonds is necessary to prevent deterioration of portfolio market value and may result in the realization of book losses from time to time.

PERFORMANCE MEASUREMENT

The investment performance of the Fund will be measured by the Office of Asset Management using an accepted method and compared against the stated investment objectives of the Fund. Such measurement will occur at least annually and will contain data on the results of the total Fund and major classes of investment assets.

INVESTMENT GUIDELINES

The Fund must be invested at all times in strict compliance with the Texas Trust Code (Subtitle B, Title 9, Texas Property Code) and other applicable law. The primary and constant standard for making investment decisions is the "Prudent Person Rule."

Investment restrictions include the following:

- All investments must be U. S. dollar denominated unless held by an investment manager retained to manage an international portfolio.
- No investments may be made in securities of the South African government, government agencies, or firms.
- Commercial paper must be rated in the two highest quality classes by Moody's Investors Service, Inc. (P1 or P2), or Standard & Poor's Corporation (A1 or A2).
- Negotiable certificates of deposit must be with a bank that is associated with a holding company meeting the commercial paper rating criteria specified above or that has a certificate of deposit rating of 1 or better by Duff & Phelps.

- Bankers' Acceptances must be guaranteed by an accepting bank with a minimum certificate of deposit rating of 1 by Duff & Phelps.
- Repurchase Agreements and Reverse Repurchase Agreements must be with a domestic dealer selected by the Federal Reserve as a primary dealer in U. S. Treasury securities; or a bank that is associated with a holding company meeting the commercial paper rating criteria specified above or that has a certificate of deposit rating of 1 or better by Duff & Phelps.
- Corporate bonds and preferred stocks must be rated a minimum of Baa3 by Moody's Investors Service, Inc., or BBB- by Standard & Poor's Corporation, respectively, when purchased unless approved by the Executive Vice Chancellor for Asset Management. Bonds rated below A3 or A- shall not constitute an excessive portion of the total bond portfolio. Unrated bonds or preferred stocks may be purchased prior to review by the Asset Management Committee if, in the opinion of the System's investment staff, they are at least equal in quality to publicly offered securities eligible for purchase. The cost of bonds or preferred stocks rated below Baa3 or BBB-, unrated bonds, and unrated preferred stocks which have been purchased but have not been reviewed by the Asset Management Committee may not exceed 1% of the book value of the Fund.
- No common stocks may be purchased.
- No securities may be purchased or held which would jeopardize the Fund's tax exempt status.
- No securities may be purchased on margin or leverage.
- No transactions in short sales will be made.
- No financial futures and options may be purchased.
- Investment policies of any unaffiliated liquid investment fund must be reviewed and approved by the Executive Vice Chancellor for Asset Management prior to investment of Fund monies in such liquid investment fund. No requirement exists that such funds conform to the above restrictions.

FUND ADMINISTRATION

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

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

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

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

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

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

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

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

INVESTOR RESPONSIBILITY

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

2. U. T. System: Approval of Successor Paying Agency Registrar Agreements with Texas Commerce Bank National Association, Houston, Texas, and Authorization for Executive Vice Chancellor for Asset Management to Execute Agreements.--The Board approved the Successor Paying Agency Registrar Agreements set out on Pages 106 - 169 by and between the Board of Regents of The University of Texas System and Texas Commerce Bank National Association, Houston, Texas, and authorized the Executive Vice Chancellor for Asset Management to execute the Successor Paying Agency Registrar Agreements for the following bond issues:

Board of Regents of The University of Texas System, The University of Texas at El Paso Student Union Revenue Bonds, Series A and B of 1967

Board of Regents of The University of Texas System, The University of Texas at El Paso Revenue Bonds, Series 1969

Board of Regents of The University of Texas System, The University of Texas at Austin Housing Revenue Bonds, Series 1967.

SUCCESSOR PAYING AGENCY REGISTRAR AGREEMENT

THIS SUCCESSOR PAYING AGENCY REGISTRAR AGREEMENT entered into as of April 1, 1990 (hereinafter designated as the "Agreement"), by and between The Board of Regents of The University of Texas System (hereinafter referred to as the "Issuer"), and Texas Commerce Bank National Association, a national bank organized and existing under the laws of the United States of America, with its principal offices in Houston, Texas (hereinafter together with any successor designated as the "Bank");

W I T N E S S E T H:

WHEREAS, the Issuer previously has issued the \$3,158,000 Board of Regents of The University of Texas System, The University of Texas at El Paso Student Union Revenue Bond, Series A and B of 1967 (the "Bonds") in accordance with the Bond Resolution, dated December 7, 1967, attached hereto as Exhibit "A" and incorporated herein for all purposes (the "Bond Resolution");

WHEREAS, the Issuer now desires to appoint a successor paying agent for the Bonds, and the Bank desires to serve as the successor paying agent for the Bonds; and

WHEREAS, upon further discussion and negotiation the Bank has agreed, subject to the terms and conditions below, to perform the paying agent functions for the Bonds.

(1)

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants herein contained, and subject to the conditions herein set forth, the Issuer and the Bank agree as follows:

ARTICLE ONE

DEFINITIONS AND OTHER PROVISIONS
OF GENERAL APPLICATION

SECTION 1.01. Definitions

The terms defined in this Article shall have the meanings set out below unless the context requires a different meaning:

a. "Agreement" means this instrument as originally executed or as it may from time to time be supplemented, modified, or amended.

b. "Bank" means the entity named as the "Bank" in the first paragraph of this instrument or a successor Bank selected in accordance with the applicable provisions of this Agreement.

c. "Board" means The Board of Regents of The University of Texas System.

d. "Bond Order" means the Resolution authorizing issuance of the \$3,158,000 Board of Regents of The University of Texas System, The University of Texas at El Paso Student Union Revenue Bond, Series A and B of 1967 adopted by the Board substantially in the form attached hereto as Exhibit "A" and incorporated herein for all purposes.

e. "Bonds" means the \$3,158,000 Board of Regents of The University of Texas System, The University of Texas at El Paso Student Union Revenue Bond, Series A and B of 1967.

(2)

f. "Bearer" when used with respect to any Bond, means the Person in possession of any bond or coupon of the Bonds.

g. "Interest Payment Date" means that Stated Maturity of an installment of interest on any Bonds.

h. "Issuer" means Board of Regents of The University of Texas System.

i. "Maturity" when used with respect to any Bond means the date on which the principal of such Bond becomes due and payable as therein provided, whether at the Stated Maturity or call for redemption or otherwise.

j. "Person" means any entity, individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any governmental agency or political subdivision.

k. "Redemption Date" when used with respect to any Bond to be redeemed means the date fixed for such redemption pursuant to the terms thereof.

l. "Redemption Price" when used with respect to any Bond to be redeemed means the price at which it is to be redeemed pursuant to terms thereof, excluding installments of interest whose Stated Maturity is on or before the Redemption Date.

m. "Stated Maturity" when used with respect to any Bond or any installment of interest thereon means the date specified in such Bond as the fixed date on which the principal of such Bond or such installment of interest is due and payable.

(3)

SECTION 1.02. Written Communication

Any request, demand, authorization, direction, notice, consent, waiver, or other written communication provided or permitted by this Agreement to be made upon, given or furnished to, or filed with (a) the Issuer, shall be sufficient for every purpose hereunder if in writing and mailed, first-class postage prepaid, to the Issuer addressed: Board of Regents of the University of Texas System, Office of Finance, 210 W. 6th St., Austin, Texas, 78701, or at any other address previously furnished to the Bank in writing by the Issuer, and (b) the Bank, shall be sufficient for every purpose hereunder if in writing and mailed first-class postage prepaid (and properly referred to this Agreement or the Bonds) to the Bank addressed to it at P. O. Box 4631, Houston, Texas 77210, Attention: Corporate Trust Department, or at any other address previously furnished to the Issuer in writing by the Bank.

SECTION 1.03. Notices to Bearer

Where this Agreement provides for notice to Bearers of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if published in a financial journal in the City of New York or publication of general circulation in the United States of America or in Austin, Texas.

SECTION 1.04. Captions

The Article and Section captions herein are for convenience only and shall not affect the construction hereof.

SECTION 1.05. Successors and Assigns

All covenants and agreements in this Agreement by the Issuer and the Bank shall bind its successors and assigns.

(4)

SECTION 1.06. Severability Clause

In case any provision of this Agreement or in the Bonds or any application thereof shall be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions and applications shall not in any way be affected or impaired thereby.

SECTION 1.07. Benefits of Agreement

Nothing in this Agreement or in the Bonds, express or implied, shall give to any Person other than the Bearers and the parties hereto and their successors hereunder, any benefit or any legal or equitable right, remedy, or claim under this Agreement.

SECTION 1.08. Governing Law

This Agreement shall be construed in accordance with and governed by the laws of the State of Texas.

ARTICLE TWO

PAYMENT OF BONDS

SECTION 2.01. Payment of Interest

Interest on any Bond, which is payable on any Interest Payment Date, shall be paid to the Bearer upon presentation and surrender to the Bank of the coupon due on or before the date of presentation and surrender, solely from funds collected from the Issuer for such purpose. Coupons presented and surrendered before payable date will be paid on payable date.

(5)

SECTION 2.02. Payment of Principal and Redemption Price

Principal (or the Redemption Price, if applicable) of each Bond shall be paid by the Bank to the Bearer at the Maturity thereof, but solely from funds collected from the Issuer for such purpose, upon surrender of such Bond to the Bank.

SECTION 2.03. Issuer to Deposit Funds

The Issuer will duly and punctually pay the principal (or the Redemption Price, if applicable) of and interest on the Bonds in accordance with their terms and shall deposit with the Bank on or before each Stated Maturity of interest on Bonds and each Maturity of Bonds money sufficient to pay the principal (or the Redemption Price, if applicable) of and interest on the Bonds when due.

SECTION 2.04. Persons Deemed Owners

The Issuer, the Bank, and any agent of the Issuer or the Bank may treat the Person who has possession of any Bond as the owner of such Bond for the purpose of receiving payment of the principal (or the Redemption Price, if applicable) of and interest on such Bond and for all other purposes whatsoever whether or not such Bond be overdue, and, to the extent permitted by law, neither the Issuer, the Bank, nor any such agent shall be affected by notice to the contrary.

ARTICLE THREE

REDEMPTION OF BONDS

SECTION 3.01. General Applicability of Article

Bonds which are redeemable before their Stated Maturity shall be redeemable in accordance with their terms and (except as otherwise provided by the Bond Resolution) in accordance with this Article.

(6)

SECTION 3.02 Election to Redeem: Notice to Bank

The exercise by the Issuer of its option to redeem any Bonds prior to maturity shall be evidenced by an order of the Board consistent with the provisions of the Bond Resolution. In case of any redemption, at the election of the Issuer, of less than all of the outstanding Bonds, the Issuer, at least 30 days prior to the Redemption Date (unless a shorter notice shall be satisfactory to the Bank), shall notify the Bank of such Redemption Date and of the principal amount of Bonds of each Stated Maturity to be redeemed.

SECTION 3.03. Notice of Redemption

Notice of redemption shall be prepared by the Issuer and given by the Bank in the name and at the expense of the Issuer not less than 30 nor more than 60 days prior to the Redemption Date as required by the Bond Resolution and in accordance with Section 1.03 herein.

All notices of redemption shall include a statement as to:

- A. the Redemption Date,
- B. the Redemption Price,
- C. the principal amount of Bonds to be redeemed, and, if less than all outstanding Bonds are to be redeemed, the identification (and, in case of partial redemption, the principal amounts) of the Bonds to be redeemed,

(7)

- D. the fact that on the Redemption Date the Redemption Price of each of the Bonds to be redeemed will become due and payable and that the interest thereon shall cease to accrue from and after said date, and
- E. the fact that the Bonds to be redeemed are to be surrendered for payment of the Redemption Price at the principal corporate trust office of the Bank, and the address of such office.

ARTICLE FOUR
MISCELLANEOUS

SECTION 4.01. Surety Bond

The Issuer hereby accepts the Bank's current blanket bond for lost, stolen, or destroyed certificates and any future substitute blanket bond for lost, stolen, or destroyed certificates that the Bank may arrange, and agrees that the coverage under any such blanket bond is acceptable to it and meets the Issuer's requirements as to security or indemnity. The bank need not notify the Issuer of any changes in the security or other company giving such bond or the terms of any such bond. The blanket bond then utilized for the purpose of lost, stolen or destroyed certificates by the Bank is available for inspection by the Issuer on request

SECTION 4.02. Transaction Information to Issuer

The Bank will furnish the Issuer periodic information as to the principal of and interest on the Bonds it has paid, as well as cash balances remaining in the account to be paid upon request.

(3)

ARTICLE FIVE
RIGHTS AND OBLIGATIONS OF BANK

SECTION 5.01. Certain Duties and Responsibilities

A. The Bank (a) shall exercise reasonable care in the performance of its duties as are specifically set forth in this Agreement, and no implied covenants or obligations shall be read into this Agreement against the Bank, and (b) in the absence of bad faith on its part, may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Bank and conforming to the requirements of this Agreement, but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Bank, shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Agreement.

B. No provision of this Agreement shall be construed to relieve the Bank from liability for its own grossly negligent action, its own grossly negligent failure to act, or its own willful misconduct except that (a) this Subsection shall not be construed to limit the effect of Subsection A of this Section; and (b) the Bank shall not be liable for any error of judgement made in good faith by any officer thereof, unless it shall be proved that the Bank was grossly negligent in ascertaining the pertinent facts.

(9)

C. The Issuer hereby releases and holds Texas Commerce Bank Houston harmless, to the extent permitted by law, from any and all claims, liabilities, causes of action, damages, including attorneys fees and expenses, and including any consequential, incidental or punitive damages that might arise in connection with any acts or omissions of Texas Commerce Bank - El Paso which may have occurred prior to the date of this Agreement in connection with any and all earlier payments of the Issuer's Bonds. Therefore, Texas Commerce Bank - El Paso will be held liable exclusively regarding all such acts or omissions.

D. Whether or not therein expressly so provided, every provision of this Agreement relating to the conduct or affecting the liability of or affording protection to the Bank shall be subject to the provisions of this Section.

SECTION 5.02. Certain Rights of Bank

Except as otherwise provided in Section 5.01 hereof:

A. the Bank may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order bond, coupon, or other paper or document reasonably believed by it to be genuine and to have been signed or presented by the proper party or parties;

(10)

B. the Bank may consult with legal counsel and the written advice of such counsel or any opinion of counsel shall be full and complete authorization and protection in respect of any action taken, suffered, or omitted by the Bank hereunder in good faith and in reliance thereon;

C. the Bank shall not be bound to make any investigation into the facts of matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, coupon, or other paper or document, but the Bank, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Bank shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records, and premises of the Issuer, personally or by agent or attorney; and

D. the Bank may execute any of the trusts or powers hereunder or perform any of the duties hereunder either directly or by or through agents or attorneys, and the Bank shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed hereunder with due care by it.

(11)

SECTION 5.03. May Hold Bonds

The Bank, in its individual or any other capacity, may become the owner or pledgee of Bonds and otherwise deal with the Issuer with the same rights it would have if it were not serving as paying agent, or in other capacity hereunder.

SECTION 5.04. Money Deposited with Bank

Money deposited by the Issuer with the Bank for payment of the principal (or Redemption Price, if applicable) of or interest on any Bonds shall be segregated from other funds of the Bank and the Issuer and shall be held in trust for the benefit of the Bearers of such Bonds.

All money deposited with the Bank hereunder shall be secured in the manner and to the fullest extent required by law for the security of funds of the Issuer.

Any money deposited with the Bank for the payment of the principal, premium (if any) or interest on any Bond and remaining unclaimed for three years from the date such amounts have become due and payable shall be reported and disposed of by the Registrar in accordance with the provisions of Texas law including to the extent applicable, Title 6 of the Texas Property Code, as amended.

The Bank shall be under no liability for interest on any money received by it hereunder.

This Agreement relates solely to money deposited for the purposes described herein, and the parties agree that the Bank may serve as depository for other funds of the Issuer, act as Trustee under indentures authorizing other bond transactions, or act in any other capacity not in conflict with its duties hereunder.

SECTION 5.05. Indemnity Clause

The Issuer agrees, to hold Texas Commerce Bank Houston harmless against, any loss, liability, or expense incurred without gross negligence or bad faith on its part, arising out of or in connection with the acts or omissions in the performance of paying agent services on the part of Texas Commerce Bank-El Paso as stated in Section 5.01 C. Texas Commerce Bank-El Paso will be held liable exclusively for any such acts or omissions.

SECTION 5.06. Resignation and Removal

The Bank may resign from its duties hereunder at any time by giving not less than 30 days written notice thereof to the Issuer and not within 45 days of an interest payment date.

The Bank may be removed from its duties hereunder at any time with or without cause of this order designating a successor upon not less than 30 days notice; provided, however, that no such removal shall become effective until such successor shall have accepted the duties of the Bank hereunder by written instrument.

Upon the effective date of such resignation or removal (or earlier date designated by the Issuer in case of resignation) the Bank shall, upon payment of all its fees, charges, and expenses then due, transfer and deliver to or upon the order of the Issuer all funds, records, and Bonds held by it (except any Bonds owned by the Bank as Bearer), under this Agreement.

If the Bank shall resign or be removed, the Issuer shall by order of the Board promptly appoint and engage a successor to act in the place of the Bank hereunder, which appointment shall be effective as of the effective date of the resignation or removal of the Bank. Such successor shall immediately give notice of its substitution hereunder in the name and at the expense of the Issuer to the Bearers, including the name of the successor to the Bank and the address of its principal office.

SECTION 5.07. Merger, Conversion, Consolidation, or Succession

Any corporation into which the Bank may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion, or consolidation to which the Bank shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Bank shall be the successor of the Bank hereunder without the execution or filing of any paper or any further act on the part of either of the parties hereto.

SECTION 5.08. Bank Not a Trustee

This Agreement shall not be construed to require the Bank to enforce any remedy which any Bearer may have against the Issuer during any default or event of default under any agreement between any Bearer and the Issuer, including the Bond Resolution, or to act as trustee for such Bearer.

SECTION 5.09. Bank Not Responsible for Bonds

The Bank shall not be accountable for the use of any Bonds or for the use on application of the proceeds thereof.

SECTION 5.10. Interpleader

The Issuer and the Bank agree that the Bank may seek adjudication of any adverse claim, demand, or controversy over its persons as well as funds on deposit, in either the District Court of Harris County, Texas, or the United States Federal District Court for the Southern District of Texas, waive personal service of any process, and agree that service of process by certified or registered mail, return receipt requested, to the address set forth in this Agreement shall constitute adequate service. The Issuer and the Bank further agree that the Bank has the right to file a Bill of Interpleader in any court of competent jurisdiction to determine the rights of any Person claiming interest herein.

(15)

SECTION 5.11. Bank's Funds Not Used

No provisions of this Agreement shall require the Bank to expend or risk its own funds or otherwise incur any financial liability for performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity satisfactory to it against such risks or liability is not assured to it.

The Bank shall in no event be liable to the Issuer, any Bearer, or any other Person for any amount due on any Bond from its own funds.

SECTION 5.12. Counterparts

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed, and their respective seals to be hereunto fixed and attested, all as of the day and year first above written.

By X _____

ATTEST:

Address: _____

(SEAL)

TEXAS COMMERCE BANK NATIONAL
ASSOCIATION

By _____

ATTEST:

Address: P. O. Box 4631
Houston, Texas 77210
Attn: Corporate Trust
Department

Title _____

(SEAL)

(17)

THE STATE OF TEXAS
COUNTY OF HARRIS

X This instrument was acknowledged before me on
_____, 19____, by _____
as _____ of _____.

(NOTARY SEAL)

Notary Public in and for the State
of Texas
My Commission Expires: _____

THE STATE OF TEXAS
COUNTY OF HARRIS

This instrument was acknowledged before me on
_____, 19____, by _____
as _____ of Texas Commerce Bank National
Association, on behalf of said Texas Commerce Bank National
Association.

(NOTARY SEAL)

Notary Public in and for the State
of Texas
My Commission Expires: _____

CERTIFICATE FOR RESOLUTION AUTHORIZING THE
ISSUANCE OF BONDS

THE STATE OF TEXAS :

THE UNIVERSITY OF TEXAS SYSTEM :

We, the undersigned officers of the Board of Regents of The University of Texas System, hereby certify as follows:

1. The Board of Regents of The University of Texas System convened in REGULAR MEETING ON THE 7TH DAY OF DECEMBER, 1967, in Houston, Texas, and the roll was called of the duly constituted officers and members of said Board, to-wit:

Mr. Frank C. Erwin, Jr., Chairman	Mrs. J. Lee Johnson, III
Mr. Jack S. Josey, Vice Chairman	Mr. Joe M. Kilgore
Mr. W. H. Bauer	Rabbi Levi Olan
Mr. John Peace	Dr. E. T. Ximenes
Mr. Frank Ikard	Betty Anne Thedford, Secretary

and all of said persons were present, except the following absentees: Mrs. Johnson and Mr. Peace, thus constituting a quorum. Whereupon, among other business, the following was transacted at said Meeting: a written RESOLUTION AUTHORIZING THE ISSUANCE OF THE UNIVERSITY OF TEXAS AT EL PASO STUDENT UNION REVENUE BONDS, SERIES A AND B OF 1967, AGGREGATING \$3,158,000 was duly introduced for the consideration of said Board and read in full. It was then duly moved and seconded that said Resolution be adopted; and, after due discussion, said motion, carrying with it the adoption of said Resolution, prevailed and carried by the following vote:

AYES: All members of said Board shown present above voted "Aye."

NOES: None.

2. That a true, full and correct copy of the aforesaid Resolution adopted at the Meeting described in the above and foregoing paragraph is attached to and follows this Certificate; that said Resolution has been duly recorded in said Board's minutes of said Meeting; that the above and foregoing paragraph is a true, full and correct excerpt from said Board's minutes of said Meeting pertaining to the adoption of said Resolution; that the persons named in the above and foregoing paragraph are the duly chosen, qualified, and acting officers and members of said as indicated therein; that each of the officers and members said Board was duly and sufficiently notified officially or personally, in advance, of the time, place, and purpose of aforesaid Meeting; and that said Resolution would be introduced and considered for adoption at said Meeting, and each of said officers and members consented, in advance, to the holding said Meeting for such purpose; and that said Meeting was open to the public as required by law.

SIGNED AND SEALED the 7th day of December, 1967.

<u>1s/ Betty Anne Thedford</u>	<u>1s/ Frank C. Erwin, Jr.</u>
(SEAL) Secretary	Chairman

Section 7. That the Series B Bonds scheduled to mature during the years, respectively, set forth below shall bear interest from their date, until maturity or redemption, at the following rates per annum:

maturities 1969 through 81, 6.00 %
maturities 1982 through _____, 5.20 %
maturities 1983 through 1987, 5.00 %
maturities 1988 through 1992, 5.10 %
maturities 1993 through 2001, 5.20 %

Said interest shall be evidenced by interest coupons which shall appertain to said Series B Bonds, and which shall be payable on April 1, 1968, and semi-annually thereafter on each October 1 and April 1.

Section 8. (a) That the Series B Bonds, all being coupon bonds, and also any coupon bonds which may in the future be printed, executed, and exchanged as herein provided for the single Series A Bond, and all interest coupons appertaining thereto, shall be payable, shall have the characteristics, and shall be signed and executed (and said coupon bonds shall be sealed), all as provided, and in the manner indicated, in the FORM OF COUPON BOND set forth in this Resolution.

(b) That the form of said coupon bonds, including the form of Registration Certificate of the Comptroller of Public Accounts of the State of Texas to be printed and endorsed on each of said bonds, and the form of the aforesaid interest coupons which shall appear in and be attached initially to each of said coupon bonds, shall be respectively, substantially as follows:

FORM OF COUPON BOND:

NO. _____

\$____,0

UNITED STATES OF AMERICA
STATE OF TEXAS
THE UNIVERSITY OF TEXAS AT EL PASO
STUDENT UNION BUILDING REVENUE BOND, SERIES ____ OF 1967

ON OCTOBER 1, _____, the BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM, for and on behalf of THE UNIVERSITY OF TEXAS AT EL PASO promises to pay to bearer the principal amount of

_____ THOUSAND DOLLARS

and to pay interest thereon, from the date hereof, at the rate of _____% per annum, evidenced by interest coupons payable _____ 1, 19____, and semi-annually thereafter on each APRIL 1 and OCTOBER 1 while this bond is outstanding. The principal of this bond and the interest coupons appertaining hereto shall be payable to bearer, in lawful money of the United States of America, without exchange or collection charges to the bearer, upon presentation and surrender of this bond or proper interest coupon at the EL PASO NATIONAL BANK, EL PASO, TEXAS, or, at the option of the bearer, at the CHASE MANHATTAN BANK (NATIONAL ASSOCIATION), NEW YORK, NEW YORK, which places shall be the paying agents for this Series of Bonds.

THIS BOND is one of a Series of negotiable, serial, coupon bonds dated OCTOBER 1, 1967, issued in the principal amount of \$_____ in accordance with Article 2909c, Vernon's Annotated Texas Statutes, and authorized pursuant to a Resolution duly adopted by said Board.

SUCCESSOR PAYING AGENCY REGISTRAR AGREEMENT

THIS SUCCESSOR PAYING AGENCY REGISTRAR AGREEMENT entered into as of April 1, 1990 (hereinafter designated as the "Agreement"), by and between The Board of Regents of The University of Texas System (hereinafter referred to as the "Issuer"), and Texas Commerce Bank National Association, a national bank organized and existing under the laws of the United States of America, with its principal offices in Houston, Texas (hereinafter together with any successor designated as the "Bank");

W I T N E S S E T H:

WHEREAS, the Issuer previously has issued the \$8,500,000 Board of Regents of The University of Texas System, The University of Texas at El Paso Revenue Bonds, Series 1969 (the "Bonds") in accordance with the Bond Resolution, dated May 2, 1969, attached hereto as Exhibit "A" and incorporated herein for all purposes (the "Bond Resolution");

WHEREAS, the Issuer now desires to appoint a successor paying agent for the Bonds, and the Bank desires to serve as the successor paying agent for the Bonds; and

WHEREAS, upon further discussion and negotiation the Bank has agreed, subject to the terms and conditions below, to perform the paying agent functions for the Bonds.

(1)

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants herein contained, and subject to the conditions herein set forth, the Issuer and the Bank agree as follows:

ARTICLE ONE

DEFINITIONS AND OTHER PROVISIONS
OF GENERAL APPLICATION

SECTION 1.01. Definitions

The terms defined in this Article shall have the meanings set out below unless the context requires a different meaning:

a. "Agreement" means this instrument as originally executed or as it may from time to time be supplemented, modified, or amended.

b. "Bank" means the entity named as the "Bank" in the first paragraph of this instrument or a successor Bank selected in accordance with the applicable provisions of this Agreement.

c. "Board" means The Board of Regents of The University of Texas System.

d. "Bond Order" means the Resolution authorizing issuance of the \$8,500,000 Board of Regents of The University of Texas System, The University of Texas at El Paso Revenue Bonds, Series 1969 adopted by the Board substantially in the form attached hereto as Exhibit "A" and incorporated herein for all purposes.

e. "Bonds" means the \$8,500,000 Board of Regents of The University of Texas System, The University of Texas at El Paso Revenue Bonds, Series 1969.

(2)

f. "Bearer" when used with respect to any Bond, means the Person in possession of any bond or coupon of the Bonds.

g. "Interest Payment Date" means that Stated Maturity of an installment of interest on any Bonds.

h. "Issuer" means Board of Regents of The University of Texas System.

i. "Maturity" when used with respect to any Bond means the date on which the principal of such Bond becomes due and payable as therein provided, whether at the Stated Maturity or call for redemption or otherwise.

j. "Person" means any entity, individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any governmental agency or political subdivision.

k. "Redemption Date" when used with respect to any Bond to be redeemed means the date fixed for such redemption pursuant to the terms thereof.

l. "Redemption Price" when used with respect to any Bond to be redeemed means the price at which it is to be redeemed pursuant to terms thereof, excluding installments of interest whose Stated Maturity is on or before the Redemption Date.

m. "Stated Maturity" when used with respect to any Bond or any installment of interest thereon means the date specified in such Bond as the fixed date on which the principal of such Bond or such installment of interest is due and payable.

(3)

SECTION 1.02. Written Communication

Any request, demand, authorization, direction, notice, consent, waiver, or other written communication provided or permitted by this Agreement to be made upon, given or furnished to, or filed with (a) the Issuer, shall be sufficient for every purpose hereunder if in writing and mailed, first-class postage prepaid, to the Issuer addressed: Board of Regents of the University of Texas System, Office of Finance, 210 W. 6th St., Austin, Texas, 78701, or at any other address previously furnished to the Bank in writing by the Issuer, and (b) the Bank, shall be sufficient for every purpose hereunder if in writing and mailed first-class postage prepaid (and properly referred to this Agreement or the Bonds) to the Bank addressed to it at P. O. Box 4631, Houston, Texas 77210, Attention: Corporate Trust Department, or at any other address previously furnished to the Issuer in writing by the Bank.

SECTION 1.03. Notices to Bearer

Where this Agreement provides for notice to Bearers of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if published in a financial journal in the City of New York or publication of general circulation in the United States of America or in Austin, Texas.

SECTION 1.04. Captions

The Article and Section captions herein are for convenience only and shall not affect the construction hereof.

SECTION 1.05. Successors and Assigns

All covenants and agreements in this Agreement by the Issuer and the Bank shall bind its successors and assigns.

(4)

SECTION 1.06. Severability Clause

In case any provision of this Agreement or in the Bonds or any application thereof shall be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions and applications shall not in any way be affected or impaired thereby.

SECTION 1.07. Benefits of Agreement

Nothing in this Agreement or in the Bonds, express or implied, shall give to any Person other than the Bearers and the parties hereto and their successors hereunder, any benefit or any legal or equitable right, remedy, or claim under this Agreement.

SECTION 1.08. Governing Law

This Agreement shall be construed in accordance with and governed by the laws of the State of Texas.

ARTICLE TWO

PAYMENT OF BONDS

SECTION 2.01. Payment of Interest

Interest on any Bond, which is payable on any Interest Payment Date, shall be paid to the Bearer upon presentation and surrender to the Bank of the coupon due on or before the date of presentation and surrender, solely from funds collected from the Issuer for such purpose. Coupons presented and surrendered before payable date will be paid on payable date.

(5)

SECTION 2.02. Payment of Principal and Redemption Price

Principal (or the Redemption Price, if applicable) of each Bond shall be paid by the Bank to the Bearer at the Maturity thereof, but solely from funds collected from the Issuer for such purpose, upon surrender of such Bond to the Bank.

SECTION 2.03. Issuer to Deposit Funds

The Issuer will duly and punctually pay the principal (or the Redemption Price, if applicable) of and interest on the Bonds in accordance with their terms and shall deposit with the Bank on or before each Stated Maturity of interest on Bonds and each Maturity of Bonds money sufficient to pay the principal (or the Redemption Price, if applicable) of and interest on the Bonds when due.

SECTION 2.04. Persons Deemed Owners

The Issuer, the Bank, and any agent of the Issuer or the Bank may treat the Person who has possession of any Bond as the owner of such Bond for the purpose of receiving payment of the principal (or the Redemption Price, if applicable) of and interest on such Bond and for all other purposes whatsoever whether or not such Bond be overdue, and, to the extent permitted by law, neither the Issuer, the Bank, nor any such agent shall be affected by notice to the contrary.

ARTICLE THREE

REDEMPTION OF BONDS

SECTION 3.01. General Applicability of Article

Bonds which are redeemable before their Stated Maturity shall be redeemable in accordance with their terms and (except as otherwise provided by the Bond Resolution) in accordance with this Article.

(6)

SECTION 3.02 Election to Redeem; Notice to Bank

The exercise by the Issuer of its option to redeem any Bonds prior to maturity shall be evidenced by an order of the Board consistent with the provisions of the Bond Resolution. In case of any redemption, at the election of the Issuer, of less than all of the outstanding Bonds, the Issuer, at least 30 days prior to the Redemption Date (unless a shorter notice shall be satisfactory to the Bank), shall notify the Bank of such Redemption Date and of the principal amount of Bonds of each Stated Maturity to be redeemed.

SECTION 3.03. Notice of Redemption

Notice of redemption shall be prepared by the Issuer and given by the Bank in the name and at the expense of the Issuer not less than 30 nor more than 60 days prior to the Redemption Date as required by the Bond Resolution and in accordance with Section 1.03 herein.

All notices of redemption shall include a statement as to:

- A. the Redemption Date,
- B. the Redemption Price,
- C. the principal amount of Bonds to be redeemed, and, if less than all outstanding Bonds are to be redeemed, the identification (and, in case of partial redemption, the principal amounts) of the Bonds to be redeemed,

(7)

- D. the fact that on the Redemption Date the Redemption Price of each of the Bonds to be redeemed will become due and payable and that the interest thereon shall cease to accrue from and after said date, and
- E. the fact that the Bonds to be redeemed are to be surrendered for payment of the Redemption Price at the principal corporate trust office of the Bank, and the address of such office.

ARTICLE FOUR
MISCELLANEOUS

SECTION 4.01. Surety Bond

The Issuer hereby accepts the Bank's current blanket bond for lost, stolen, or destroyed certificates and any future substitute blanket bond for lost, stolen, or destroyed certificates that the Bank may arrange, and agrees that the coverage under any such blanket bond is acceptable to it and meets the Issuer's requirements as to security or indemnity. The bank need not notify the Issuer of any changes in the security or other company giving such bond or the terms of any such bond. The blanket bond then utilized for the purpose of lost, stolen or destroyed certificates by the Bank is available for inspection by the Issuer on request

SECTION 4.02. Transaction Information to Issuer

The Bank will furnish the Issuer periodic information as to the principal of and interest on the Bonds it has paid, as well as cash balances remaining in the account to be paid upon request.

ARTICLE FIVE

RIGHTS AND OBLIGATIONS OF BANK

SECTION 5.01. Certain Duties and Responsibilities

A. The Bank (a) shall exercise reasonable care in the performance of its duties as are specifically set forth in this Agreement, and no implied covenants or obligations shall be read into this Agreement against the Bank, and (b) in the absence of bad faith on its part, may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Bank and conforming to the requirements of this Agreement, but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Bank, shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Agreement.

B. No provision of this Agreement shall be construed to relieve the Bank from liability for its own grossly negligent action, its own grossly negligent failure to act, or its own willful misconduct except that (a) this Subsection shall not be construed to limit the effect of Subsection A of this Section; and (b) the Bank shall not be liable for any error of judgement made in good faith by any officer thereof, unless it shall be proved that the Bank was grossly negligent in ascertaining the pertinent facts.

(9)

C. The Issuer hereby releases and holds Texas Commerce Bank Houston harmless, to the extent permitted by law, from any and all claims, liabilities, causes of action, damages, including attorneys fees and expenses, and including any consequential, incidental or punitive damages that might arise in connection with any acts or omissions of Texas Commerce Bank - El Paso which may have occurred prior to the date of this Agreement in connection with any and all earlier payments of the Issuer's Bonds. Therefore, Texas Commerce Bank - El Paso will be held liable exclusively regarding all such acts or omissions.

D. Whether or not therein expressly so provided, every provision of this Agreement relating to the conduct or affecting the liability of or affording protection to the Bank shall be subject to the provisions of this Section.

SECTION 5.02. Certain Rights of Bank

Except as otherwise provided in Section 5.01 hereof:

A. the Bank may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order bond, coupon, or other paper or document reasonably believed by it to be genuine and to have been signed or presented by the proper party or parties;

(10)

B. the Bank may consult with legal counsel and the written advice of such counsel or any opinion of counsel shall be full and complete authorization and protection in respect of any action taken, suffered, or omitted by the Bank hereunder in good faith and in reliance thereon;

C. the Bank shall not be bound to make any investigation into the facts of matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, coupon, or other paper or document, but the Bank, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Bank shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records, and premises of the Issuer, personally or by agent or attorney; and

D. the Bank may execute any of the trusts or powers hereunder or perform any of the duties hereunder either directly or by or through agents or attorneys, and the Bank shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed hereunder with due care by it.

(11)

SECTION 5.03. May Hold Bonds

The Bank, in its individual or any other capacity, may become the owner or pledgee of Bonds and otherwise deal with the Issuer with the same rights it would have if it were not serving as paying agent, or in other capacity hereunder.

SECTION 5.04. Money Deposited with Bank

Money deposited by the Issuer with the Bank for payment of the principal (or Redemption Price, if applicable) of or interest on any Bonds shall be segregated from other funds of the Bank and the Issuer and shall be held in trust for the benefit of the Bearers of such Bonds.

All money deposited with the Bank hereunder shall be secured in the manner and to the fullest extent required by law for the security of funds of the Issuer.

Any money deposited with the Bank for the payment of the principal, premium (if any) or interest on any Bond and remaining unclaimed for three years from the date such amounts have become due and payable shall be reported and disposed of by the Registrar in accordance with the provisions of Texas law including to the extent applicable, Title 6 of the Texas Property Code, as amended.

The Bank shall be under no liability for interest on any money received by it hereunder.

This Agreement relates solely to money deposited for the purposes described herein, and the parties agree that the Bank may serve as depository for other funds of the Issuer, act as Trustee under indentures authorizing other bond transactions, or act in any other capacity not in conflict with its duties hereunder.

SECTION 5.05. Indemnity Clause

The Issuer agrees, to hold Texas Commerce Bank Houston harmless against, any loss, liability, or expense incurred without gross negligence or bad faith on its part, arising out of or in connection with the acts or omissions in the performance of paying agent services on the part of Texas Commerce Bank-El Paso as stated in Section 5.01 C. Texas Commerce Bank-El Paso will be held liable exclusively for any such acts or omissions.

SECTION 5.06. Resignation and Removal

The Bank may resign from its duties hereunder at any time by giving not less than 30 days written notice thereof to the Issuer and not within 45 days of an interest payment date.

The Bank may be removed from its duties hereunder at any time with or without cause of this order designating a successor upon not less than 30 days notice; provided, however, that no such removal shall become effective until such successor shall have accepted the duties of the Bank hereunder by written instrument.

Upon the effective date of such resignation or removal (or earlier date designated by the Issuer in case of resignation) the Bank shall, upon payment of all its fees, charges, and expenses then due, transfer and deliver to or upon the order of the Issuer all funds, records, and Bonds held by it (except any Bonds owned by the Bank as Bearer), under this Agreement.

If the Bank shall resign or be removed, the Issuer shall by order of the Board promptly appoint and engage a successor to act in the place of the Bank hereunder, which appointment shall be effective as of the effective date of the resignation or removal of the Bank. Such successor shall immediately give notice of its substitution hereunder in the name and at the expense of the Issuer to the Bearers, including the name of the successor to the Bank and the address of its principal office.

SECTION 5.07. Merger, Conversion, Consolidation, or Succession

Any corporation into which the Bank may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion, or consolidation to which the Bank shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Bank shall be the successor of the Bank hereunder without the execution or filing of any paper or any further act on the part of either of the parties hereto.

(14)

SECTION 5.08. Bank Not a Trustee

This Agreement shall not be construed to require the Bank to enforce any remedy which any Bearer may have against the Issuer during any default or event of default under any agreement between any Bearer and the Issuer, including the Bond Resolution, or to act as trustee for such Bearer.

SECTION 5.09. Bank Not Responsible for Bonds

The Bank shall not be accountable for the use of any Bonds or for the use on application of the proceeds thereof.

SECTION 5.10. Interpleader

The Issuer and the Bank agree that the Bank may seek adjudication of any adverse claim, demand, or controversy over its persons as well as funds on deposit, in either the District Court of Harris County, Texas, or the United States Federal District Court for the Southern District of Texas, waive personal service of any process, and agree that service of process by certified or registered mail, return receipt requested, to the address set forth in this Agreement shall constitute adequate service. The Issuer and the Bank further agree that the Bank has the right to file a Bill of Interpleader in any court of competent jurisdiction to determine the rights of any Person claiming interest herein.

SECTION 5.11. Bank's Funds Not Used

No provisions of this Agreement shall require the Bank to expend or risk its own funds or otherwise incur any financial liability for performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity satisfactory to it against such risks or liability is not assured to it.

The Bank shall in no event be liable to the Issuer, any Bearer, or any other Person for any amount due on any Bond from its own funds.

SECTION 5.12. Counterparts

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed, and their respective seals to be hereunto fixed and attested, all as of the day and year first above written.

By X _____

ATTEST:

Address: _____

(SEAL)

TEXAS COMMERCE BANK NATIONAL
ASSOCIATION

By _____

ATTEST:

Address: P. O. Box 4631
Houston, Texas 77210
Attn: Corporate Trust
Department

Title _____

(SEAL)

(17)

THE STATE OF TEXAS

COUNTY OF HARRIS

X This instrument was acknowledged before me on
_____, 19____, by _____
as _____ of _____.

(NOTARY SEAL)

Notary Public in and for the State
of Texas

My Commission Expires: _____

THE STATE OF TEXAS

COUNTY OF HARRIS

This instrument was acknowledged before me on
_____, 19____, by _____
as _____ of Texas Commerce Bank National
Association, on behalf of said Texas Commerce Bank National
Association.

(NOTARY SEAL)

Notary Public in and for the State
of Texas

My Commission Expires: _____

(18)

CERTIFICATE FOR RESOLUTION AUTHORIZING
THE ISSUANCE OF BOARD OF REGENTS OF THE
UNIVERSITY OF TEXAS SYSTEM, THE UNIVER-
SITY OF TEXAS AT EL PASO, BUILDING REVE-
NUE BONDS, SERIES 1959, \$8,500,000

THE STATE OF TEXAS :
COUNTY OF TRAVIS :
THE UNIVERSITY OF TEXAS SYSTEM:

We, the undersigned officers of the Board of Regents of The University of Texas System, hereby certify as follows:

1. The Board of Regents of The University of Texas System convened in REGULAR MEETING ON THE 2nd DAY OF MAY, 1969, in Arlington, Texas, and the roll was called of the duly constituted officers and members of said Board, to-wit:

Mr. Frank C. Erwin, Jr., Chairman	Mr. Joe M. Kilgore
Mr. Jack S. Josey, Vice Chairman	Mr. John Peace
Mr. W. H. Bauer	Mr. Dan C. Williams
Mr. Jenkins Garrett	Dr. E. T. Ximenes
Mr. Frank Ikard	Betty Anne Thedford, Secretary

and all of said persons were present, except the following absentees:

thus constituting a quorum. Whereupon, among other business, the following was transacted at said Meeting:
a written

and to pay interest thereon, from the date hereof, at the rate of _____% per annum, evidenced by interest coupons payable NOVEMBER 1, 1969, and semi-annually thereafter on each MAY 1 and NOVEMBER 1 while this bond is outstanding. The principal of this bond and the interest coupons appertaining hereto shall be payable to bearer, in lawful money of the United States of America, without exchange or collection charges to the bearer, upon presentation and surrender of this bond or proper interest coupon at the El Paso National Bank, El Paso, Texas, or, at the option of the bearer, at the Bankers Trust Company, New York, New York, which places shall be the paying agents for this Series of bonds.

THIS BOND is one of a Series of negotiable, serial, coupon bonds, dated MAY 1, 1969, issued in the principal amount of \$8,500,000 in accordance with Article 2909c, Vernon's Annotated Texas Statutes, as amended, and authorized pursuant to a Resolution duly adopted by said Board, for the purpose of PAYING THE COST OF CONSTRUCTING, ACQUIRING, IMPROVING, AND

if any, as will accrue or mature on the November 1 or May 1 immediately following. The paying agents shall totally destroy all paid bonds and coupons and furnish the Board with an appropriate certificate of destruction covering the bonds and coupons thus destroyed.

Section 22. (a) That all money in all Funds created by this Resolution, to the extent not invested, shall be secured in the manner prescribed by law for securing funds of The University of Texas System, in principal amounts at all times not less than the amounts of money credited to such Funds, respectively.

(b) That whenever the total amount in the Interest and Redemption Fund and the Reserve Fund shall be equivalent to (1) the aggregate principal amount of Bonds and Additional Bonds, if any, outstanding, plus (2) the aggregate amount of all unpaid coupons thereto appertaining unmatured and matured, no further payments need be made into the Interest and Redemption Fund or the Reserve Fund. In determining the amount of Bonds or Additional Bonds outstanding, there shall be subtracted the amount of any Bonds or Additional Bonds which shall have been duly called for redemption and for which funds shall have been deposited with the paying agents sufficient

ORIGINALS SENT TO MISS THEDFORD ON MAY 5, 1969.

BID FORM

April 26, 1969

Date

To : The Board of Regents of The University of Texas System

Address : Care of Floyd O. Shelton, Executive Director
Office of Investments, Trusts and Lands
The University of Texas System
P. O. Box 7968
Austin, Texas 78712

Gentlemen:

In accordance with your letter of April 16, 1969, we bid for our selection as Paying Agent for the \$8,500,000 Board of Regents of The University of Texas System, The University of Texas at El Paso, Building Revenue Bonds, Series 1969 (1,700 bonds in the denomination of \$5,000 each) as follows:

- (1) We will charge the Board of Regents 20 ¢ per coupon paid and \$1.75 ¢ per bond paid.*
- (2) We will pay to the Board of Regents the sum of \$ and will make no charge to the Board of Regents for the payment of said coupons or bonds.*

* NOTE TO BIDDER: Either Paragraph (1) or Paragraph (2) should be used.

We understand that if we are selected as Paying Agent, we shall as provided in the Resolution authorizing the bonds, totally destroy paid bonds and coupons and furnish the Board of Regents with an appropriate certificate of destruction covering the bonds and coupons thus destroyed.

If we are selected as Paying Agent, the following New York bank will be named Co-paying Agent: Bankers Trust Company

El Paso National Bank

Name of Bank

By 

W. R. SQUIRES, JR.

Vice President & Senior Trust Officer

Title

P. O. Drawer 140, El Paso, Texas 79999
Address

SUCCESSOR PAYING AGENCY REGISTRAR AGREEMENT

THIS SUCCESSOR PAYING AGENCY REGISTRAR AGREEMENT entered into as of April 1, 1990 (hereinafter designated as the "Agreement"), by and between The Board of Regents of The University of Texas System (hereinafter referred to as the "Issuer"), and Texas Commerce Bank National Association, a national bank organized and existing under the laws of the United States of America, with its principal offices in Houston, Texas (hereinafter together with any successor designated as the "Bank");

W I T N E S S E T H:

WHEREAS, the Issuer previously has issued the \$16,500,000 Board of Regents of The University of Texas System, The University of Texas at Austin Housing Revenue Bonds, Series 1967 (the "Bonds") in accordance with the Bond Resolution, dated February 23, 1967, attached hereto as Exhibit "A" and incorporated herein for all purposes (the "Bond Resolution");

WHEREAS, the Issuer now desires to appoint a successor paying agent for the Bonds, and the Bank desires to serve as the successor paying agent for the Bonds; and

WHEREAS, upon further discussion and negotiation the Bank has agreed, subject to the terms and conditions below, to perform the paying agent functions for the Bonds.

(1)

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants herein contained, and subject to the conditions herein set forth, the Issuer and the Bank agree as follows:

ARTICLE ONE

DEFINITIONS AND OTHER PROVISIONS
OF GENERAL APPLICATION

SECTION 1.01. Definitions

The terms defined in this Article shall have the meanings set out below unless the context requires a different meaning:

a. "Agreement" means this instrument as originally executed or as it may from time to time be supplemented, modified, or amended.

b. "Bank" means the entity named as the "Bank" in the first paragraph of this instrument or a successor Bank selected in accordance with the applicable provisions of this Agreement.

c. "Board" means The Board or Regents of The University of Texas System.

d. "Bond Order" means the Resolution authorizing issuance of the \$16,500,000 Board of Regents of The University of Texas System, The University of Texas at Austin Housing Revenue Bonds, Series 1967 adopted by the Board substantially in the form attached hereto as Exhibit "A" and incorporated herein for all purposes.

e. "Bonds" means the \$16,500,000 Board of Regents of The University of Texas System, The University of Texas at Austin Housing Revenue Bonds, Series 1967.

(2)

f. "Bearer" when used with respect to any Bond, means the Person in possession of any bond or coupon of the Bonds.

g. "Interest Payment Date" means that Stated Maturity of an installment of interest on any Bonds.

h. "Issuer" means Board of Regents of The University of Texas System.

i. "Maturity" when used with respect to any Bond means the date on which the principal of such Bond becomes due and payable as therein provided, whether at the Stated Maturity or call for redemption or otherwise.

j. "Person" means any entity, individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any governmental agency or political subdivision.

k. "Redemption Date" when used with respect to any Bond to be redeemed means the date fixed for such redemption pursuant to the terms thereof.

l. "Redemption Price" when used with respect to any Bond to be redeemed means the price at which it is to be redeemed pursuant to terms thereof, excluding installments of interest whose Stated Maturity is on or before the Redemption Date.

m. "Stated Maturity" when used with respect to any Bond or any installment of interest thereon means the date specified in such Bond as the fixed date on which the principal of such Bond or such installment of interest is due and payable.

(3)

SECTION 1.02. Written Communication

Any request, demand, authorization, direction, notice, consent, waiver, or other written communication provided or permitted by this Agreement to be made upon, given or furnished to, or filed with (a) the Issuer, shall be sufficient for every purpose hereunder if in writing and mailed, first-class postage prepaid, to the Issuer addressed: Board of Regents of the University of Texas System, Office of Finance, 210 W. 6th St., Austin, Texas, 78701, or at any other address previously furnished to the Bank in writing by the Issuer, and (b) the Bank, shall be sufficient for every purpose hereunder if in writing and mailed first-class postage prepaid (and properly referred to this Agreement or the Bonds) to the Bank addressed to it at P. O. Box 4631, Houston, Texas 77210, Attention: Corporate Trust Department, or at any other address previously furnished to the Issuer in writing by the Bank.

SECTION 1.03. Notices to Bearer

Where this Agreement provides for notice to Bearers of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if published in a financial journal in the City of New York or publication of general circulation in the United States of America or in Austin, Texas.

SECTION 1.04. Captions

The Article and Section captions herein are for convenience only and shall not affect the construction hereof.

SECTION 1.05. Successors and Assigns

All covenants and agreements in this Agreement by the Issuer and the Bank shall bind its successors and assigns.

(4)

SECTION 1.06. Severability Clause

In case any provision of this Agreement or in the Bonds or any application thereof shall be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions and applications shall not in any way be affected or impaired thereby.

SECTION 1.07. Benefits of Agreement

Nothing in this Agreement or in the Bonds, express or implied, shall give to any Person other than the Bearers and the parties hereto and their successors hereunder, any benefit or any legal or equitable right, remedy, or claim under this Agreement.

SECTION 1.08. Governing Law

This Agreement shall be construed in accordance with and governed by the laws of the State of Texas.

ARTICLE TWO

PAYMENT OF BONDS

SECTION 2.01. Payment of Interest

Interest on any Bond, which is payable on any Interest Payment Date, shall be paid to the Bearer upon presentation and surrender to the Bank of the coupon due on or before the date of presentation and surrender, solely from funds collected from the Issuer for such purpose. Coupons presented and surrendered before payable date will be paid on payable date.

(5)

SECTION 2.02. Payment of Principal and Redemption Price

Principal (or the Redemption Price, if applicable) of each Bond shall be paid by the Bank to the Bearer at the Maturity thereof, but solely from funds collected from the Issuer for such purpose, upon surrender of such Bond to the Bank.

SECTION 2.03. Issuer to Deposit Funds

The Issuer will duly and punctually pay the principal (or the Redemption Price, if applicable) of and interest on the Bonds in accordance with their terms and shall deposit with the Bank on or before each Stated Maturity of interest on Bonds and each Maturity of Bonds money sufficient to pay the principal (or the Redemption Price, if applicable) of and interest on the Bonds when due.

SECTION 2.04. Persons Deemed Owners

The Issuer, the Bank, and any agent of the Issuer or the Bank may treat the Person who has possession of any Bond as the owner of such Bond for the purpose of receiving payment of the principal (or the Redemption Price, if applicable) of and interest on such Bond and for all other purposes whatsoever whether or not such Bond be overdue, and, to the extent permitted by law, neither the Issuer, the Bank, nor any such agent shall be affected by notice to the contrary.

ARTICLE THREE

REDEMPTION OF BONDS

SECTION 3.01. General Applicability of Article

Bonds which are redeemable before their Stated Maturity shall be redeemable in accordance with their terms and (except as otherwise provided by the Bond Resolution) in accordance with this Article.

(6)

SECTION 3.02 Election to Redeem: Notice to Bank

The exercise by the Issuer of its option to redeem any Bonds prior to maturity shall be evidenced by an order of the Board consistent with the provisions of the Bond Resolution. In case of any redemption, at the election of the Issuer, of less than all of the outstanding Bonds, the Issuer, at least 30 days prior to the Redemption Date (unless a shorter notice shall be satisfactory to the Bank), shall notify the Bank of such Redemption Date and of the principal amount of Bonds of each Stated Maturity to be redeemed.

SECTION 3.03. Notice of Redemption

Notice of redemption shall be prepared by the Issuer and given by the Bank in the name and at the expense of the Issuer not less than 30 nor more than 60 days prior to the Redemption Date as required by the Bond Resolution and in accordance with Section 1.03 herein.

All notices of redemption shall include a statement as to:

- A. the Redemption Date,
- B. the Redemption Price,
- C. the principal amount of Bonds to be redeemed, and, if less than all outstanding Bonds are to be redeemed, the identification (and, in case of partial redemption, the principal amounts) of the Bonds to be redeemed,

(7)

- D. the fact that on the Redemption Date the Redemption Price of each of the Bonds to be redeemed will become due and payable and that the interest thereon shall cease to accrue from and after said date, and
- E. the fact that the Bonds to be redeemed are to be surrendered for payment of the Redemption Price at the principal corporate trust office of the Bank, and the address of such office.

ARTICLE FOUR

MISCELLANEOUS

SECTION 4.01. Surety Bond

The Issuer hereby accepts the Bank's current blanket bond for lost, stolen, or destroyed certificates and any future substitute blanket bond for lost, stolen, or destroyed certificates that the Bank may arrange, and agrees that the coverage under any such blanket bond is acceptable to it and meets the Issuer's requirements as to security or indemnity. The bank need not notify the Issuer of any changes in the security or other company giving such bond or the terms of any such bond. The blanket bond then utilized for the purpose of lost, stolen or destroyed certificates by the Bank is available for inspection by the Issuer on request

SECTION 4.02. Transaction Information to Issuer

The Bank will furnish the Issuer periodic information as to the principal of and interest on the Bonds it has paid, as well as cash balances remaining in the account to be paid upon request.

(8)

ARTICLE FIVE
RIGHTS AND OBLIGATIONS OF BANK

SECTION 5.01. Certain Duties and Responsibilities

A. The Bank (a) shall exercise reasonable care in the performance of its duties as are specifically set forth in this Agreement, and no implied covenants or obligations shall be read into this Agreement against the Bank, and (b) in the absence of bad faith on its part, may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Bank and conforming to the requirements of this Agreement, but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Bank, shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Agreement.

B. No provision of this Agreement shall be construed to relieve the Bank from liability for its own grossly negligent action, its own grossly negligent failure to act, or its own willful misconduct except that (a) this Subsection shall not be construed to limit the effect of Subsection A of this Section; and (b) the Bank shall not be liable for any error of judgement made in good faith by any officer thereof, unless it shall be proved that the Bank was grossly negligent in ascertaining the pertinent facts.

(9)

C. The Issuer hereby releases and holds Texas Commerce Bank Houston harmless, to the extent permitted by law, from any and all claims, liabilities, causes of action, damages, including attorneys fees and expenses, and including any consequential, incidental or punitive damages that might arise in connection with any acts or omissions of Texas Commerce Bank - El Paso which may have occurred prior to the date of this Agreement in connection with any and all earlier payments of the Issuer's Bonds. Therefore, Texas Commerce Bank - El Paso will be held liable exclusively regarding all such acts or omissions.

D. Whether or not therein expressly so provided, every provision of this Agreement relating to the conduct or affecting the liability of or affording protection to the Bank shall be subject to the provisions of this Section.

SECTION 5.02. Certain Rights of Bank

Except as otherwise provided in Section 5.01 hereof:

A. the Bank may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order bond, coupon, or other paper or document reasonably believed by it to be genuine and to have been signed or presented by the proper party or parties;

(10)

B. the Bank may consult with legal counsel and the written advice of such counsel or any opinion of counsel shall be full and complete authorization and protection in respect of any action taken, suffered, or omitted by the Bank hereunder in good faith and in reliance thereon;

C. the Bank shall not be bound to make any investigation into the facts of matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, coupon, or other paper or document, but the Bank, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Bank shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records, and premises of the Issuer, personally or by agent or attorney; and

D. the Bank may execute any of the trusts or powers hereunder or perform any of the duties hereunder either directly or by or through agents or attorneys, and the Bank shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed hereunder with due care by it.

(11)

SECTION 5.03. May Hold Bonds

The Bank, in its individual or any other capacity, may become the owner or pledgee of Bonds and otherwise deal with the Issuer with the same rights it would have if it were not serving as paying agent, or in other capacity hereunder.

SECTION 5.04. Money Deposited with Bank

Money deposited by the Issuer with the Bank for payment of the principal (or Redemption Price, if applicable) of or interest on any Bonds shall be segregated from other funds of the Bank and the Issuer and shall be held in trust for the benefit of the Bearers of such Bonds.

All money deposited with the Bank hereunder shall be secured in the manner and to the fullest extent required by law for the security of funds of the Issuer.

Any money deposited with the Bank for the payment of the principal, premium (if any) or interest on any Bond and remaining unclaimed for three years from the date such amounts have become due and payable shall be reported and disposed of by the Registrar in accordance with the provisions of Texas law including to the extent applicable, Title 6 of the Texas Property Code, as amended.

The Bank shall be under no liability for interest on any money received by it hereunder.

This Agreement relates solely to money deposited for the purposes described herein, and the parties agree that the Bank may serve as depository for other funds of the Issuer, act as Trustee under indentures authorizing other bond transactions, or act in any other capacity not in conflict with its duties hereunder.

SECTION 5.05. Indemnity Clause

The Issuer agrees, to hold Texas Commerce Bank Houston harmless against, any loss, liability, or expense incurred without gross negligence or bad faith on its part, arising out of or in connection with the acts or omissions in the performance of paying agent services on the part of Texas Commerce Bank-El Paso as stated in Section 5.01 C. Texas Commerce Bank-El Paso will be held liable exclusively for any such acts or omissions.

SECTION 5.06. Resignation and Removal

The Bank may resign from its duties hereunder at any time by giving not less than 30 days written notice thereof to the Issuer and not within 45 days of an interest payment date.

The Bank may be removed from its duties hereunder at any time with or without cause of this order designating a successor upon not less than 30 days notice; provided, however, that no such removal shall become effective until such successor shall have accepted the duties of the Bank hereunder by written instrument.

Upon the effective date of such resignation or removal (or earlier date designated by the Issuer in case of resignation) the Bank shall, upon payment of all its fees, charges, and expenses then due, transfer and deliver to or upon the order of the Issuer all funds, records, and Bonds held by it (except any Bonds owned by the Bank as Bearer), under this Agreement.

If the Bank shall resign or be removed, the Issuer shall by order of the Board promptly appoint and engage a successor to act in the place of the Bank hereunder, which appointment shall be effective as of the effective date of the resignation or removal of the Bank. Such successor shall immediately give notice of its substitution hereunder in the name and at the expense of the Issuer to the Bearers, including the name of the successor to the Bank and the address of its principal office.

SECTION 5.07. Merger, Conversion, Consolidation, or Succession

Any corporation into which the Bank may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion, or consolidation to which the Bank shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Bank shall be the successor of the Bank hereunder without the execution or filing of any paper or any further act on the part of either of the parties hereto.

SECTION 5.08. Bank Not a Trustee

This Agreement shall not be construed to require the Bank to enforce any remedy which any Bearer may have against the Issuer during any default or event of default under any agreement between any Bearer and the Issuer, including the Bond Resolution, or to act as trustee for such Bearer.

SECTION 5.09. Bank Not Responsible for Bonds

The Bank shall not be accountable for the use of any Bonds or for the use on application of the proceeds thereof.

SECTION 5.10. Interpleader

The Issuer and the Bank agree that the Bank may seek adjudication of any adverse claim, demand, or controversy over its persons as well as funds on deposit, in either the District Court of Harris County, Texas, or the United States Federal District Court for the Southern District of Texas, waive personal service of any process, and agree that service of process by certified or registered mail, return receipt requested, to the address set forth in this Agreement shall constitute adequate service. The Issuer and the Bank further agree that the Bank has the right to file a Bill of Interpleader in any court of competent jurisdiction to determine the rights of any Person claiming interest herein.

SECTION 5.11. Bank's Funds Not Used

No provisions of this Agreement shall require the Bank to expend or risk its own funds or otherwise incur any financial liability for performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity satisfactory to it against such risks or liability is not assured to it.

The Bank shall in no event be liable to the Issuer, any Bearer, or any other Person for any amount due on any Bond from its own funds.

SECTION 5.12. Counterparts

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed, and their respective seals to be hereunto fixed and attested, all as of the day and year first above written.

By X _____

ATTEST:

Address: _____

(SEAL)

TEXAS COMMERCE BANK NATIONAL
ASSOCIATION

By _____

ATTEST:

Address: P. O. Box 4631
Houston, Texas 77210
Attn: Corporate Trust
Department

Title _____

(SEAL)

(17)

THE STATE OF TEXAS

COUNTY OF HARRIS

X This instrument was acknowledged before me on _____, 19____, by _____ as _____ of _____.

(NOTARY SEAL)

Notary Public in and for the State
of Texas

My Commission Expires: _____

THE STATE OF TEXAS

COUNTY OF HARRIS

This instrument was acknowledged before me on _____, 19____, by _____ as _____ of Texas Commerce Bank National Association, on behalf of said Texas Commerce Bank National Association.

(NOTARY SEAL)

Notary Public in and for the State
of Texas

My Commission Expires: _____

EXHIBIT A

CERTIFICATE FOR RESOLUTION AUTHORIZING THE
ISSUANCE OF BONDS

THE STATE OF TEXAS :
COUNTY OF TRAVIS :
THE UNIVERSITY OF TEXAS :

We, the undersigned officers of the Board of Regents of The University of Texas, hereby certify as follows:

1. The Board of Regents of said University convened in SPECIAL MEETING ON THE 23RD DAY OF FEBRUARY, 1967, on the Campus of said University, in the City of Austin, Travis County, Texas, and the roll was called of the duly constituted officers and members of said Board, to-wit:

Mr. Frank C. Erwin, Jr., Chairman	Mr. W. W. Heath
Mr. Jack S. Josey, Vice Chairman	Mr. Frank Ikard
Mr. W. H. Bauer	Mrs. J. Lee Johnson, III
Mr. Walter P. Brennan	Rabbi Levi Olan
Dr. H. F. Connally, Jr.	Betty Anne Thedford, Secretary

and all of said persons were present, except the following absentees: Bauer, Shard, Johnson and Olan, thus constituting a quorum. Whereupon, among other business, the following was transacted at said Meeting: a written

RESOLUTION AUTHORIZING THE ISSUANCE OF BONDS

was duly introduced for the consideration of said Board and read in full. It was then duly moved and seconded that said Resolution be adopted; and, after due discussion, said motion, carrying with it the adoption of said Resolution, prevailed and carried by the following vote:

AYES: All members of said Board shown present above voted "Aye."

NOES: None.

2. That a true, full and correct copy of the aforesaid Resolution adopted at the Meeting described in the above and foregoing paragraph is attached to and follows this Certificate; that said Resolution has been duly recorded in said Board's minutes of said Meeting; that the above and foregoing paragraph is a true, full and correct excerpt from said Board's minutes of said Meeting pertaining to the adoption of said Resolution; that the persons named in the above and foregoing paragraph are the duly chosen, qualified, and acting officers and members of said Board as indicated therein; that each of the officers and members of said Board was duly and sufficiently notified officially and personally, in advance, of the time, place, and purpose of the aforesaid Meeting; and that said Resolution would be introduced and considered for adoption at said Meeting, and each of said officers and members consented, in advance, to the holding of said Meeting for such purpose.

SIGNED AND SEALED the 23rd day of February, 1967.

1/3 Betty Anne Thedford Secretary 1/3 Frank C. Erwin Jr. Chairman

(SEAL)

November 1, 1967, and semi-annually thereafter on May 1 and November 1 of each year until said principal sum is paid, but until the maturity hereof only upon presentation and surrender of the interest coupons hereto appertaining as they severally become due. Both the principal of and the interest on this bond shall be payable to the bearer in lawful money of the United States of America, without exchange or collection charges to the bearer, at El Paso National Bank, El Paso, Texas, or, at the option of the holder, at Bankers Trust Company, New York, New York, or, at Continental Illinois National Bank and Trust Company of Chicago, Chicago, Illinois.

This bond is one of a duly authorized series of bonds of like tenor and effect except as to serial number, rate of interest, maturity and right of prior redemption numbered One (1) to Three Thousand Three Hundred (3,300), both inclusive, in the denomination of Five Thousand (\$5,000.00) Dollars each, aggregating Sixteen Million Five Hundred Thousand (\$16,500,000.00) Dollars, issued pursuant to a resolution adopted by the Board of Regents for the purpose of providing the funds for the construction and equipment of dormitory and dining facilities for approximately 3,000 students on the campus of The University of Texas, in Austin, Travis County, Texas.

The bonds of this issue are issued under the laws of the State of Texas, and are equally and ratably secured by and are payable both as to principal and interest from (1) a first lien on and pledge of the gross revenues of the University Housing System and (2) a lien on and pledge of the gross revenues of the Encumbered Facilities, subject only to the prior liens securing the Encumbered Facilities Bonds. The University Housing System is defined in the resolution authorizing the bonds to

BID FORM

February 15, 1967

Date

To: The Board of Regents of
The University of Texas

Address: Care of Floyd O. Shelton, Executive Director
Office of Investments, Trusts and Lands
The University of Texas
Main Building 205
Austin, Texas 78712

Gentlemen:

In accordance with the Notice to Texas Banks, dated February 8, 1967, we bid for our selection as Paying Agent for the \$16,500,000 Board of Regents of The University of Texas Housing System Revenue Bonds, Series 1967 (3,300 bonds in the denomination of \$5,000 each) as follows:

- (1) We will charge the Board of Regents 2¢
per coupon paid and 10¢ per bond paid.*
- (2) We will pay to the Board of Regents the sum of
\$_____ and will make no charge to the Board
of Regents for the payment of said coupons or bonds.*

*(NOTE TO BIDDER: Either Paragraph (1) or
Paragraph (2) should be used.)

We understand that if we are selected as Paying Agent we shall, in accordance with Section 17 (a) of the Resolution authorizing said bonds, totally destroy paid bonds and coupons and furnish the Board of Regents with an appropriate certificate of destruction covering the bonds and coupons thus destroyed.

If we are selected as Texas Paying Agent, the following are to be named as Co-Paying Agents:

New York Paying Agent: Bankers Trust Co

Chicago Paying Agent: Continental Illinois National Bank and Trust
Company of Chicago

El Paso National Bank
(Name of Bank)

By [Signature]
Vice President and Trust Officer
(Title)

P.O. Drawer 140 El Paso, Texas 79941
(Address)

and at the places and manner prescribed in such Bond, and that it will, at the times and in the manner prescribed herein, deposit or cause to be deposited, from the revenues pledged, the amounts of money specified herein. All bonds and coupons, when paid, shall be totally destroyed by the Banks of Payment and a certificate or certificates to such effect shall be furnished the Board by the Banks of Payment.

(b) It is duly authorized under the laws of the State of Texas to create and issue the Bonds; that all action on its part for the creation and issuance of the Bonds has been duly, lawfully and effectively taken, and that the Bonds in the hands of the holders and owners thereof will be valid and enforceable special obligations of the Board in accordance with their terms and the terms of this resolution.

(c) It lawfully owns and is lawfully possessed of the land upon which the University Housing System is located and it has a good and indefeasible estate in such land in fee simple; it warrants that it has, and will defend, the title to the said land and every part thereof and improvements thereon, for the benefit of the holders and owners of the Bonds against the claims and demands of all persons whomsoever; that the Project will be constructed in accordance with the plans herein approved and adopted; it is lawfully qualified to pledge the revenues herein pledged in the manner prescribed herein, and has lawfully exercised such right.

(d) It will from time to time, and before the same become delinquent, pay and discharge all taxes, assessments and

RECONVENE.--At 10:50 a.m., the Board reconvened as a committee of the whole to consider those items remaining on the agenda.

ITEM FOR THE RECORD

U. T. Austin: Baker and Penny McAdams Endowed Presidential Scholarship in the College of Business Administration - Correction of Minute Order of June 6, 1991, Related to Reporting of Gift.--At the June 1991 meeting, the U. T. Board of Regents accepted a \$4,000 gift from Mr. and Mrs. W. Baker McAdams, Chicago, Illinois, a \$16,400 pledge from Mr. and Mrs. McAdams and the Arthur Andersen & Company Foundation, Chicago, Illinois, and \$4,600 in corporate matching funds from the Arthur Andersen & Company Foundation for a total of \$25,000 and established the Baker and Penny McAdams Endowed Presidential Scholarship in the College of Business Administration at The University of Texas at Austin.

At the request of President Cunningham and the donor, the Regental action of June 6, 1991, has been amended to reflect a \$4,000 gift from Mr. and Mrs. McAdams, a \$17,000 pledge, payable by August 31, 1993, from Mr. and Mrs. McAdams and the Arthur Andersen & Company Foundation, and \$4,000 in corporate matching funds from the Arthur Andersen & Company Foundation as the funding sources to establish the scholarship in the amount of \$25,000.

REPORT OF BOARD FOR LEASE OF UNIVERSITY LANDS

Regent Ramirez, Vice-Chairman of the Board for Lease of University Lands, submitted the following report on behalf of that Board:

Report

The Board for Lease of University Lands met in Midland, Texas, on June 27, 1991, and offered 42,248 acres of Permanent University Fund land in thirteen West Texas counties for oil and gas lease by sealed bids. Sale results were as follows:

Total high bonus	\$2,383,108
Acreage leased	23,624
Acreage receiving no bids	18,624
Average bonus per acre	\$101

At its August 8, 1991 meeting, the Board tentatively set an oil and gas lease sale for May 1992.

In response to a question from Chairman Beecherl, Vice Chancellor for Business Affairs Burck indicated that the Board for Lease still had under consideration special arrangements to specifically encourage leasing in far West Texas, such as Brewster and Hudspeth Counties.

REPORT OF SPECIAL COMMITTEE

U. T. Board of Regents - Report of Santa Rita Award Committee: Presentation of Award to Mr. Jess Hay, Dallas, Texas.--Chairman Beecherl reported that the Santa Rita Award Committee (composed of Regents Barshop, Beecherl, and Moncrief) recommended to the Board that the 1991 Santa Rita Award be presented to Mr. Jess Hay of Dallas, Texas.

Chairman Beecherl pointed out that the Santa Rita Award is the highest honor bestowed by the U. T. Board of Regents and recognizes truly exceptional dedication, leadership, and support on behalf of both The University of Texas System and higher education generally. He noted the Committee had agreed that Mr. Hay has more than demonstrated those qualities of service to higher education which have characterized the previous twelve winners of this award.

The Board unanimously endorsed the recommendation of the Santa Rita Award Committee, and Chairman Beecherl announced that the formal presentation to Mr. Hay would be held in conjunction with the October 1991 U. T. Board of Regents' meeting at U. T. Arlington.

OTHER MATTERS

U. T. System: Report on the Current Status of Implementing the Regental Resolution Adopted at the June 1991 Meeting Regarding the Use of Tobacco Products.--Chairman Beecherl called on Chancellor Mark to report on the implementation of the programs which were included in the resolution related to tobacco products which was passed at the June 6, 1991 meeting.

Chancellor Mark reported that a decision was made at the June 6, 1991 meeting of the U. T. Board of Regents to create a smoke free environment at all component institutions of The University of Texas System. As a result of that Board action, the U. T. System Administration is developing and implementing policies to enforce that decision. He noted that a Smoke Free Task Force, which is chaired by Mr. Trennis Jones, U. T. System Personnel Director, and composed of representatives from System Administration and the component institutions, was established to coordinate implementation of the resolution. Dr. Mark pointed out that a majority of the institutions were smoke free at the time the Board passed the resolution in June and considerable expertise on this subject was available to the Administration. He then called on Mr. Dan Burck, Vice Chancellor for Business Affairs, to explain the development of the guidelines to accomplish the objectives set by the Board.

Mr. Burck stated that the resolution adopted by the Board directed Chancellor Mark to develop and implement a System-wide health information/educational program on the health risks related to tobacco with the active leadership of The University of Texas M.D. Anderson Cancer Center, The University of Texas School of Public Health at Houston, and other health components with expertise in effective health promotion and public health education. He noted that immediately after the June 1991 meeting a Smoke Free Task Force was established and met with Dr. Michael Ericksen of the U. T. M.D. Anderson Cancer Center who has had extensive experience with the successful implementation of smoke free programs in both the private and public sectors.

Mr. Burck stated that U. T. M.D. Anderson Cancer Center has prepared a paper that includes recommendations and proposals to address the primary and secondary school health education programs and this information will be provided to Executive Vice Chancellor for Academic Affairs Duncan for coordination with the academic components. He noted that a brochure, as well as a videotape, is being developed to address the health concerns of using tobacco products and this brochure will be offered to all components. In addition, each component will tailor programs and informational materials to address issues as they relate to each campus.

Vice Chancellor Burck stated that effective September 1, 1991, all nonsmoking employees within the health insurance plan will receive a premium discount of \$120 per year based on the passage of the 1991-92 health plan (Page 14) and that no U. T. System institutions will be selling tobacco products effective that date. Prior to the adoption of the resolution by the Board, eight of the components already had smoke free policies in place.

In response to an inquiry, Charles LeMaistre, M.D., President of the U. T. M.D. Anderson Cancer Center, reaffirmed the willingness of that institution to work with the other components in the development of effective smoking cessation programs.

FOUNDATION MATTERS

Ima Hogg Foundation, The Robertson-Poth Foundation, and Winedale Stagecoach Inn Fund: Election of Officers and Approval of Minutes (Deferred).--In accordance with Section 5, Chapter VII, Part One of the Regents' Rules and Regulations, the Board of Regents recessed its meeting to meet independently in its capacity as the Board of Trustees for the Ima Hogg Foundation, The Robertson-Poth Foundation, and the Winedale Stagecoach Inn Fund for the purpose of electing officers and approving Minutes of the preceding meeting.

Chairman Beecherl stated that the Board of Regents has a fiduciary responsibility for these three foundations and given that factor the Board should be more involved in their activities to ensure that they are following their original intent or purpose. He directed the Business Affairs and Audit Committee to review the activities of these foundations and to report its findings to the Board at a future meeting.

At the suggestion of Chairman Beecherl, the Board deferred action on the foundation matters until such time as a report is received from the Business Affairs and Audit Committee.

RECESS TO EXECUTIVE SESSION.--At 11:15 a.m., the Board recessed to convene in Executive Session pursuant to Vernon's Texas Civil Statutes, Article 6252-17, Sections 2(e), (f) and (g) to consider those matters set out in the Material Supporting the Agenda.

RECONVENE.--At 2:05 p.m., the Board reconvened in open session.

EXECUTIVE SESSION OF THE BOARD OF REGENTS

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


U. T. Medical Branch - Galveston and U. T. Health Science Center - Houston: Settlement of Medical Liability Litigations and Claims.--Vice-Chairman Ramirez moved that the Chancellor and the Office of General Counsel be authorized to settle the following medical liability lawsuits and claims in accordance with the individual proposals presented in Executive Session:

- a. On behalf of The University of Texas Medical Branch at Galveston, the medical liability litigation filed by the heirs of Theresa Smith, et al
- b. On behalf of The University of Texas Health Science Center at Houston, the:
 - Medical liability litigation filed by Barry Wayne Barrett and Lou Ellen Barrett
 - Medical liability claim filed by Wilma Fitzgerald
 - Medical liability claim filed by Mr. and Mrs. David Lamb.

Regent Rapoport seconded the motion which carried without objection.

SCHEDULED MEETING.--Chairman Beecherl announced that the next meeting of the U. T. Board of Regents would be held on October 11, 1991, in Arlington, Texas.

ADJOURNMENT.--There being no further business, the meeting was adjourned at 2:10 p.m.


Arthur H. Dilly
Executive Secretary

August 15, 1991