

MATERIAL SUPPORTING THE AGENDA

Volume XXXIIIc

This volume contains the Material Supporting the Agenda furnished to each member of the Board of Regents prior to the meetings held on

February 13-14, 1986  
April 10-11, 1986

The material is divided according to the standing committees and the meetings that were held and is color coded as follows:

White paper - for documentation of all items that were presented before the deadline date.

Blue paper - all items submitted to the Executive Session and distributed only to the Regents, Chancellor and Executive Vice Chancellors of the System.

Yellow paper - emergency items distributed at the meeting.

Material distributed at the meeting as additional documentation is not included in the bound volume, because sometimes there is an unusual amount and other times some people get copies and some do not get copies. If the Executive Secretary was furnished a copy, then that material goes into the appropriate subject file.



Material Supporting the Agenda  
of the  
Board of Regents  
The University of Texas System

Meeting No.: 815

Date: April 10-11, 1986

Location: Galveston, Texas

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BOARD OF REGENTS  
OF  
THE UNIVERSITY OF TEXAS SYSTEM

CALENDAR

Place: Caduceus Room, 6th Floor, Administration Building  
The University of Texas Medical Branch at Galveston  
301 University Boulevard  
Galveston, Texas

Host Institution: The University of Texas Medical  
Branch at Galveston

Thursday, April 10, 1986

1:00 p.m. Meeting of the Board of Regents

See Pages B of R 1 - 19,  
Items A - M

Friday, April 11, 1986

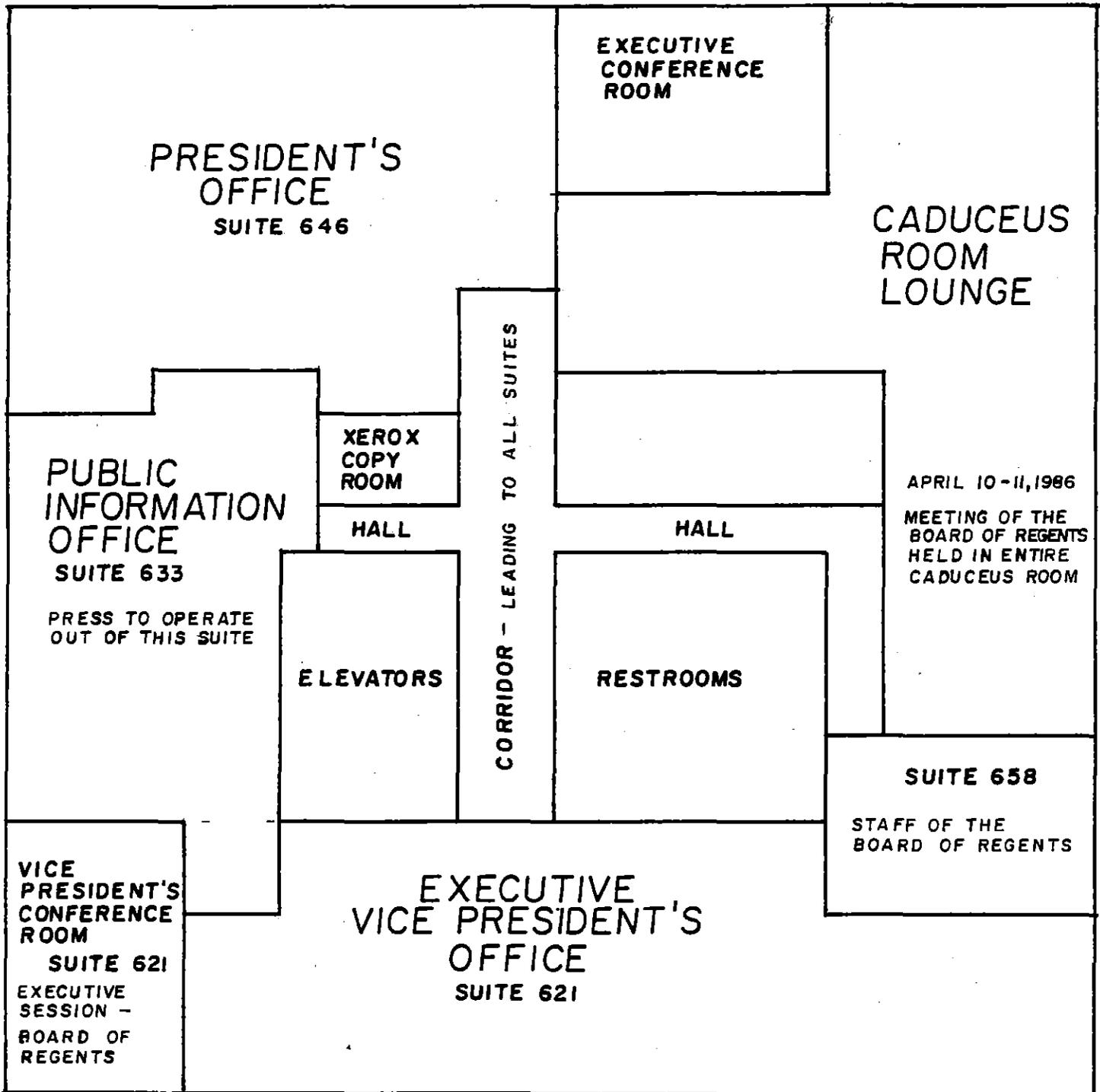
9:00 a.m. Meeting of the Board of Regents

See Page B of R - 20,  
Items N - R

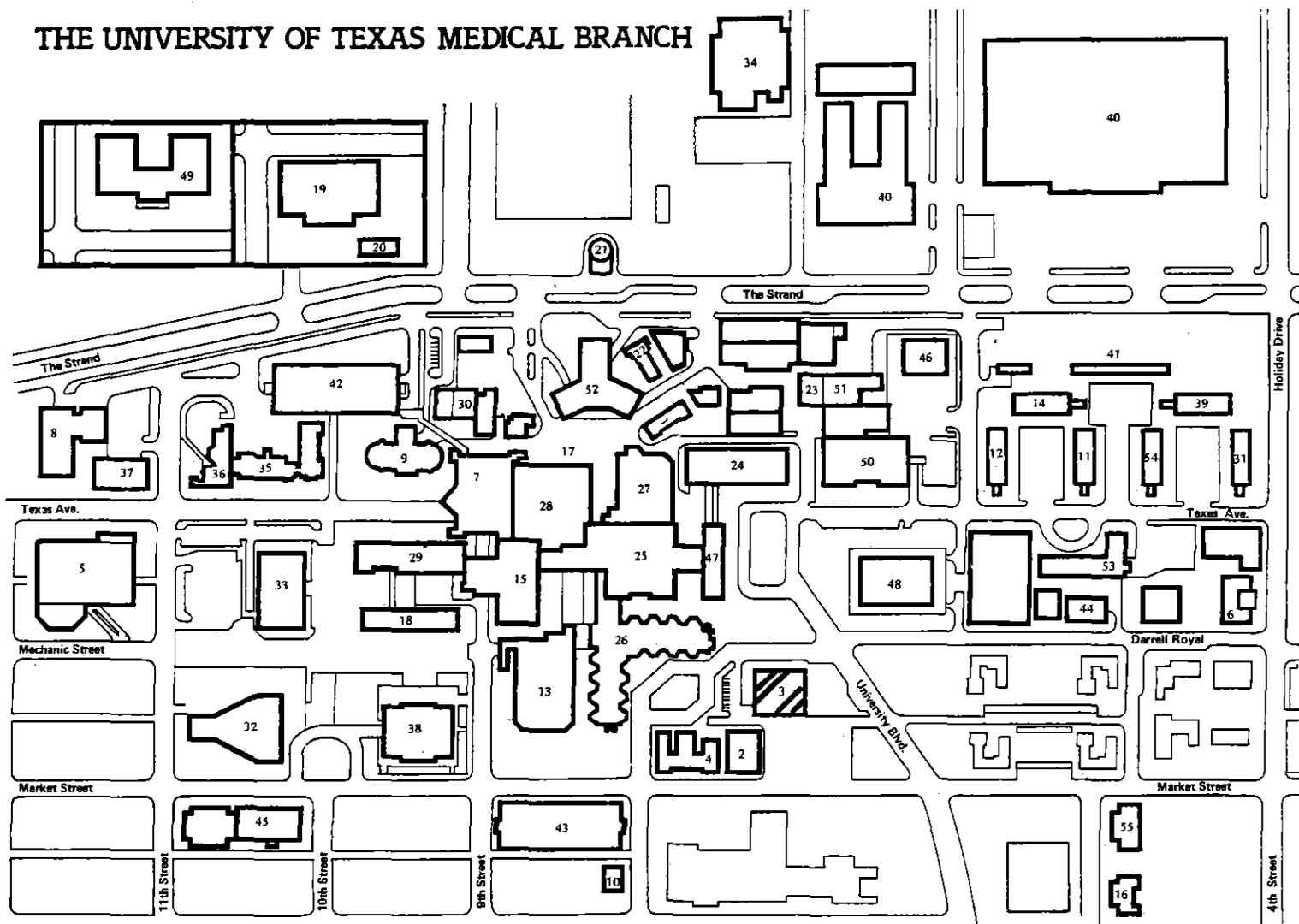
Telephone Numbers

President Levin	(409) 761-1902
The Tremont House 2300 Ship's Mechanic Row	(409) 763-0300
The Bob Smith Yacht Club 601 Holiday Drive North	(409) 762-1253

SIXTH FLOOR  
ADMINISTRATION BUILDING



# THE UNIVERSITY OF TEXAS MEDICAL BRANCH

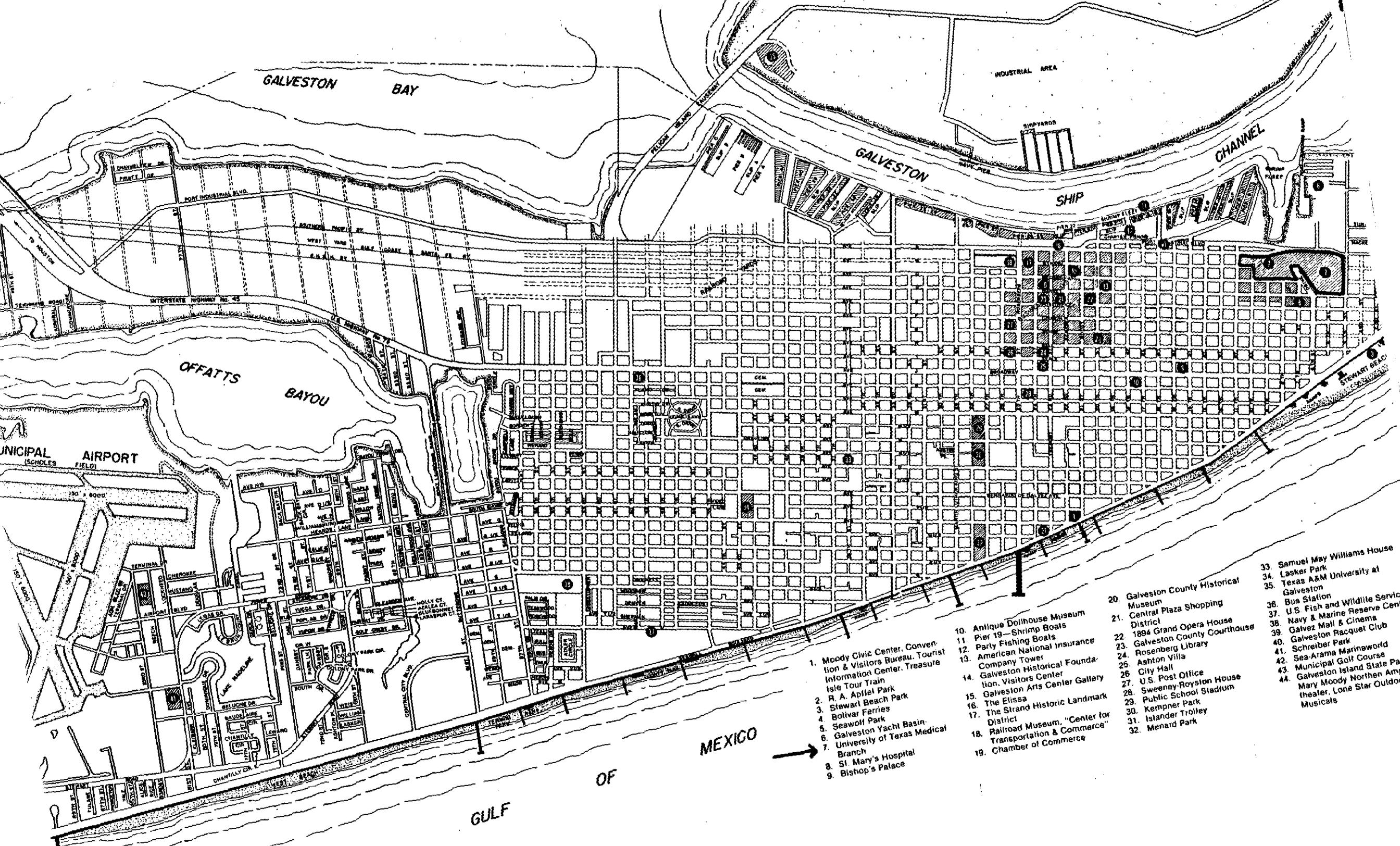


## Campus Map

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| <ol style="list-style-type: none"> <li>1. Administration Annex</li> <li>2. Administration Annex II</li> <li>3. Administration Building</li> <li>4. Allied Health Sciences Building</li> <li>5. Allied Health Sciences and Nursing Building (under construction)</li> <li>6. Alumni Field House and Swimming Pool</li> <li>7. Ambulatory Care Center</li> <li>8. Animal Care Center</li> <li>9. Ashbel Smith Building (Old Red)</li> <li>10. Baptist Student Union</li> <li>11. Bethel Hall (Center for Audiology &amp; Speech Pathology)</li> <li>12. Brackenridge Hall (School of Nursing)</li> <li>13. Child Health Center</li> <li>14. Clay Hall (Chronic Home Dialysis Center)</li> <li>15. Clinical Sciences Building</li> <li>16. Credit Union</li> <li>17. Emergency Entrance</li> <li>18. Gail Borden Building</li> <li>19. General Stores Warehouse</li> <li>20. Greenhouse</li> <li>21. Heliport</li> <li>22. Hendrix Building</li> <li>23. Hyperbaric Facility</li> <li>24. Jennie Sealy Hospital</li> <li>25. John Sealy Hospital</li> <li>26. John Sealy Tower</li> <li>27. John Sealy Hospital Surgical Annex</li> <li>28. John W. McCullough Building</li> </ol> | <ol style="list-style-type: none"> <li>29. Keiller Building</li> <li>30. Laundry Building</li> <li>31. League Hall</li> <li>32. Learning Center</li> <li>33. Libbie Moody Thompson Basic Science Building</li> <li>34. Marine Science Institute</li> <li>35. Marvin Graves Building</li> <li>36. Mary Moody Northern Pavilion</li> <li>37. Microbiology Building</li> <li>38. Moody Medical Library</li> <li>39. Morgan Hall</li> <li>40. Motel and Shopping Areas</li> <li>41. Nolan Hall</li> <li>42. Parking Garage</li> <li>43. Parking Garage</li> <li>44. Parking Garage</li> <li>45. Pharmacology Building</li> <li>46. Physical Plant Building</li> <li>47. R. Waverley Smith Pavilion</li> <li>48. Sealy &amp; Smith Professional Building</li> <li>49. Seventeen-Hundred Strand Building</li> <li>50. Shriners Burns Institute</li> <li>51. Surgical Research Laboratory</li> <li>52. Texas Department of Corrections Hospital</li> <li>53. Unit D (Family Medicine)</li> <li>54. Vinsant Hall</li> <li>55. William Temple Community House</li> </ol> |
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(See reverse side for city map.)

Produced by Office of Communications



GALVESTON BAY

INDUSTRIAL AREA

GALVESTON CHANNEL

SHIP

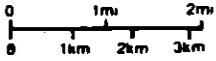
OFFATTS BAYOU

MUNICIPAL AIRPORT (SCHOLTES FIELD)

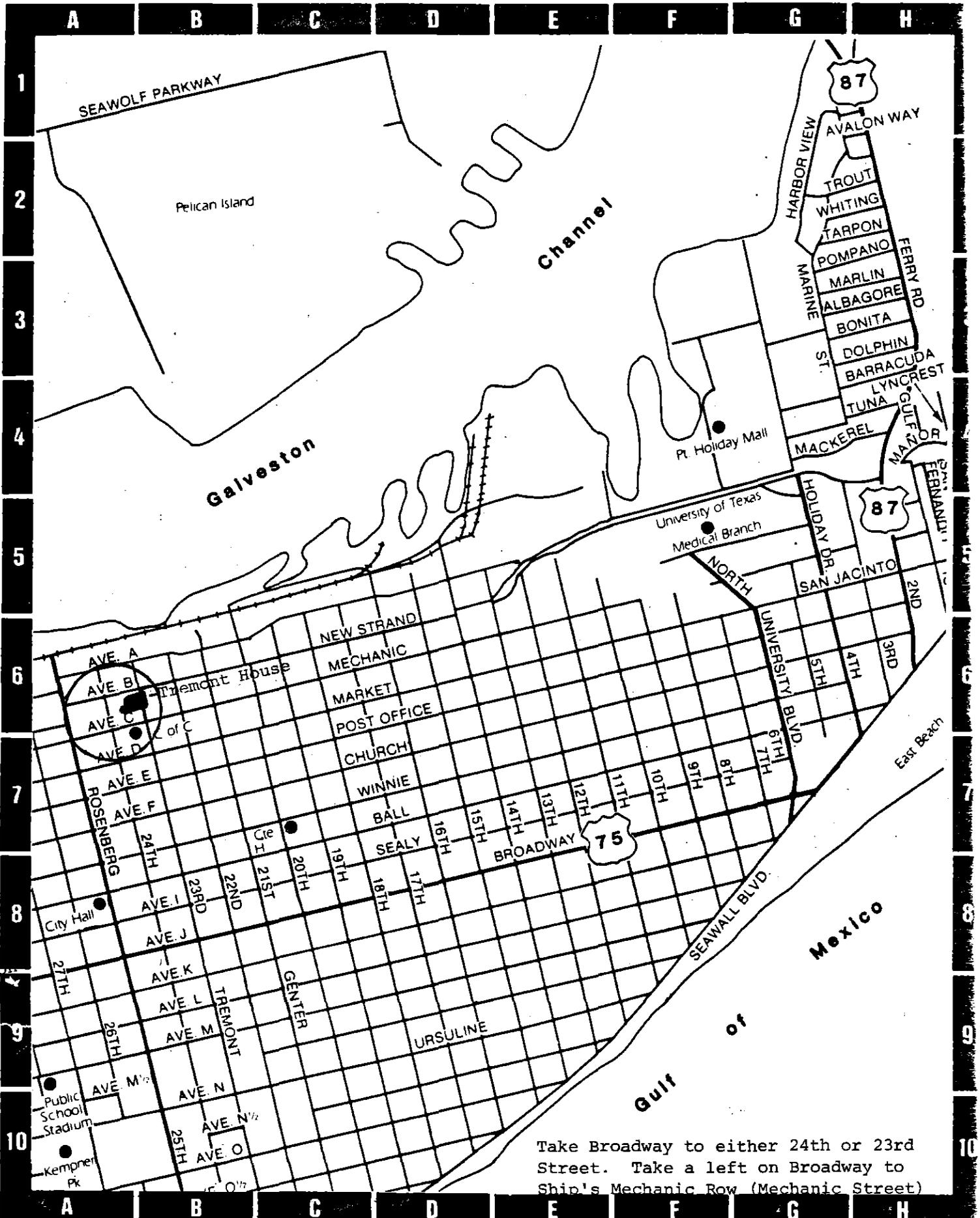
1. Moody Civic Center, Convention & Visitors Bureau, Tourist Information Center, Treasure Isle Tour Train
2. R. A. Apfel Park
3. Stewart Beach Park
4. Bolivar Ferries
5. Seawolf Park
6. Galveston Yacht Basin
7. University of Texas Medical Branch
8. St. Mary's Hospital
9. Bishop's Palace
10. Antique Dollhouse Museum
11. Pier 19—Shrimp Boats
12. Party Fishing Boats
13. American National Insurance Company Tower
14. Galveston Historical Foundation, Visitors Center
15. Galveston Arts Center Gallery
16. The Elissa
17. The Strand Historic Landmark District
18. Railroad Museum, "Center for Transportation & Commerce"
19. Chamber of Commerce
20. Galveston County Historical Museum
21. Central Plaza Shopping District
22. 1894 Grand Opera House
23. Galveston County Courthouse
24. Rosenberg Library
25. Ashton Villa
26. City Hall
27. U.S. Post Office
28. Sweeney-Royston House
29. Public School Stadium
30. Kempner Park
31. Islander Trolley
32. Menard Park
33. Samuel May Williams House
34. Lasker Park
35. Texas A&M University at Galveston
36. Bus Station
37. U.S. Fish and Wildlife Service
38. Navy & Marine Reserve Center
39. Galvez Mall & Cinema
40. Galveston Racquet Club
41. Schreiber Park
42. Sea-Arama Marineworld
43. Municipal Golf Course
44. Galveston Island State Park
- Mary Moody Northern Amphitheater, Lone Star Outdoor Musicals

MEXICO

GULF OF



# Galveston Downtown Locator Map Z



Take Broadway to either 24th or 23rd Street. Take a left on Broadway to Ship's Mechanic Row (Mechanic Street)

## Meeting of the Board



E. SPECIAL ITEMS

1. U. T. Board of Regents: Proposed Amendments to the Regents' Rules and Regulations, Part One, Chapter II, Sections 7 and 8.--

RECOMMENDATION

The Office of the Chancellor recommends that the Regents' Rules and Regulations be amended to provide for a description of the duties of a Director of Public Affairs as set out below:

- a. Delete from the duties of the Director of Development as set out in Part One, Chapter II, Section 7, Subsection 7.4, the following language:

~~[7.48--Coordinating the activities and functions of the Office of Public Information.]~~

- b. Renumber Subsection 7.49 of Section 7 of Part One, Chapter II as Subsection 7.48.
- c. Add a new Subsection 8.3 to Section 8 of Part One, Chapter II to read as follows:

- 8.3 Duties of the Director of Public Affairs. Working under established procedures that insure effective coordination with the Executive Vice Chancellors, and the Vice Chancellors, the Director of Public Affairs reports to the Chancellor. His primary responsibilities include:
- 8.31 The provision of staff assistance to the Chancellor, the Executive Vice Chancellors, and the Vice Chancellors in the execution of their responsibilities.
- 8.32 Communicating the activities of the Board and System Administration.
- 8.33 Coordinating news releases and other public information emanating from the component institutions, which releases and information involve the Board and System Administration.
- 8.34 Developing a format for the presentation of information about System institutions and activities to the general public.
- 8.35 Making recommendations to the Chancellor and the appropriate Executive Vice Chancellor regarding budget requests and staffing requirements for the public information services of the component institutions.
- 8.36 Defining the job responsibilities, the assignment of duties, and supervising staff members employed in or assigned to work in the area of Public Information.
- 8.37 Performing such other duties and responsibilities for the efficient operation of the System as shall be assigned by the Chancellor.

- d. Add the title "Director of Public Affairs" to the list of members of the System Council and to the lists of ex officio members of the Council of Academic Institutions, the Council of Health Institutions, and the Business Management Council as set out in Part One, Chapter II, Section 16 of the Regents' Rules and Regulations.

#### BACKGROUND INFORMATION

The addition of these proposed amendments to the Regents' Rules and Regulations will culminate a reorganization of the Public Information function of the U. T. System that began in September 1984. Previous reductions in annual personnel costs to provide the flexibility for this reorganization have totaled \$70,000 - \$75,000. It is considered important by the Office of the Chancellor that during this time of fiscal crisis the U. T. System increase its ability to inform the public regarding the contributions that U. T. System components make to the State in the areas of education, research, public service and economic development.

2. U. T. Board of Regents: Resolution Authorizing the Issuance of Replacement Bonds in the Amount of \$100,000 of Board of Regents of The University of Texas Housing System Revenue Bonds, Series 1967.--

#### RECOMMENDATION

The Office of the Chancellor recommends the adoption of the Resolution set out on Pages B of R 4 - 7 authorizing the issuance of replacement bonds Numbers R-872 through R-891 to be issued to Paine Webber Jackson & Curtis Incorporated, New York, New York. The Bonds were originally issued by Resolution of the U. T. Board of Regents on February 23, 1967.

#### BACKGROUND INFORMATION

Paine Webber Jackson & Curtis Incorporated ("Owner") is unable to locate Bonds Numbers 872 through 891, inclusive, each in the denomination of \$5,000, and an aggregate amount of \$100,000, and bearing interest at the rate of 4% per annum, payable semi-annually on each May 1 and November 1 (Interest Coupon No. 38 and subsequent coupons appertaining thereto unpaid), and maturing May 1, 1987. Owner has submitted an affidavit of loss stating that it cannot locate the bonds and that it has not sold, transferred or disposed of the bonds in any manner. Owner has requested that the U. T. Board of Regents authorize issuance of replacement bonds in accordance with provisions of Article 715a of the Revised Civil Statutes of Texas. Owner also has submitted a sole obligor indemnity bond with the Federal Insurance Company, New York, New York, as surety, indemnifying the U. T. Board of Regents, its registrar, depositories, and paying agency banks from and against any and all liability in the event that the original bonds or coupons are subsequently presented for payment. All expenses of printing the replacement bonds and any other charges are the sole responsibility of Owner. Bond counsel for the original bond issue was McCall, Parkhurst & Horton of Dallas, Texas. That firm has prepared the Resolution, instruments, and draft instruments for the actions here proposed and has approved the affidavit of loss and the indemnity bond.

REPLACEMENT BOND RESOLUTION OF THE BOARD OF REGENTS  
OF THE UNIVERSITY OF TEXAS SYSTEM  
THE UNIVERSITY OF TEXAS HOUSING SYSTEM REVENUE BONDS,  
SERIES 1967, BOND NOS. 872 THROUGH 891, INCLUSIVE

A resolution passed by the Board of Regents of The University of Texas System authorizing the issuance of twenty \$5,000.00 replacement bonds to replace Bond Numbers 872 through 891, inclusive, of Board of Regents of The University of Texas Housing System Revenue Bond, Series 1967 and resolving other matters relating to the subject.

WHEREAS, the Board of Regents of The University of Texas (now known as the Board of Regents of The University of Texas System) by resolution passed on February 23, 1967 authorized the issuance of and sold its Board of Regents of The University of Texas Housing System Revenue Bonds, Series 1967, in the aggregate principal amount of \$16,500,000.00, dated January 1, 1967; and

WHEREAS, twenty bonds of the above described Series of bonds, to-wit:

Bond Numbers 872 through 891, inclusive, each in the denomination of \$5,000.00, and an aggregate amount of \$100,000.00, and bearing interest at the rate of 4% per annum, payable semiannually on each May 1 and November 1 (Interest Coupon No. 38 and subsequent coupons appertaining thereto unpaid), and maturing May 1, 1987 (the "Bonds")

are outstanding and unpaid; and

WHEREAS, an affidavit in due form verified by John J. Meyer, Assistant Vice President of PaineWebber, Incorporated, (the "Owner"), to the effect that on or about October 8, 1985 the Owner received the bonds at its premises and on or about October 14, 1985, after a thorough search of the Owner's premises the bonds could not be located and that the Owner has not sold, transferred or otherwise disposed of the bonds in any manner, has been received and is on file in the offices of the Board of Regents, and such affidavit has been accepted by the Board of Regents of The University of Texas System as sufficient evidence that the Bonds have been lost, within the meaning of Article 715a of the Revised Civil Statutes of Texas, and a certified copy of such affidavit is attached hereto as a permanent part hereof; and

WHEREAS, at the time the loss occurred, Coupon Number 38, coming due on May 1, 1985, and subsequent coupons were attached to each of said Bonds, and therefore neither said coupons nor any subsequent coupons have been presented for payment; and

WHEREAS, the Owner of said Bonds and appurtenant coupons desires that replacement bonds be issued to replace the aforesaid lost Bonds and appurtenant coupons; and

WHEREAS, by Acts 1965 of the 59th Legislature of the State of Texas, Chapter 334, commonly known as Article 715a of the Revised Civil Statutes of Texas, the Board of Regents of The University of Texas System is authorized to issue without an election bonds to replace any bonds theretofore lawfully issued which are outstanding and which have been destroyed, lost or stolen, provided that such replacement bonds may be issued only upon indemnification satisfactory to the Board establishing proof of ownership and the circumstances of the loss, theft or destruction of the bonds for which replacement bonds are being sought; and

WHEREAS, a Bond of Indemnity Number PW98900-1-86-29 dated February 27, 1986, and executed by an authorized representative of the Federal Insurance Company, as obligor, has been received and is on file in the office of the Board of Regents and such Bond of Indemnity is acceptable to the Board of Regents of The University of Texas System as sufficient indemnity under the provisions of Article 715a of the Revised Civil Statutes of Texas, and a certified copy of such Bond of Indemnity Number PW98900-1-86-29 is attached hereto as a permanent part hereof.

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

Section 1. That there are hereby authorized to be issued twenty replacement bonds to replace the Bonds. Said replacement bonds and the interest coupons appertaining thereto shall be in the same form and in all respects of like tenor and effect as the Bonds, and the interest coupons

appertaining thereto, except that such replacement bonds and the interest coupons appertaining thereto shall be signed manually, or in facsimile, as provided by law, by the proper officials holding office at the time of their issuance, and that no interest coupon shall mature prior to May 1, 1985.

Section 2. That said replacement bonds shall be dated January 1, 1967, which is the date of the Bonds.

Section 3. That said replacement bonds and all interest coupons appertaining thereto shall have the letter "R" preceding the Bond Number and following the Interest Coupon Number.

Section 4. That after said replacement bonds have been executed, it shall be the duty of the Chairman of the Board of Regents or some officer, employee or attorney of the Board acting through authority from him, to deliver the replacement bonds to the Attorney General of Texas for examination and approval. After approval by the Attorney General of Texas, the replacement bonds shall be delivered to the Comptroller of Public Accounts of the State of Texas for registration. The replacement bonds thus registered shall remain in custody of the Chairman of the Board, or subject to his order, until the delivery thereof to the owner of the original Bonds being replaced thereby.

Section 5. That the Comptroller of Public Accounts of the State of Texas is hereby authorized and directed to register the replacement bonds in the same manner as the original Bonds were registered, giving them the same registration number as each respective original Bond except that such number shall be preceded by the Letter "R". The Comptroller shall date his registration certificate as of the date of registration of the replacement bonds.

Section 6. That all provisions of the resolution passed by the Members of the Board of Regents of The University of Texas on February 23, 1967 authorizing the series of bonds of which the Bonds were a part and which

are not in conflict with this resolution are hereby adopted by reference and shall be a part of this resolution.

Section 7. That the preparation and passage of this resolution by the Board of Regents of The University of Texas System and the performance of each and every, all and singular, the acts ordered hereby and all acts or expenditures incidental thereto shall be at no cost to the Board of Regents of The University of Texas System and shall be borne entirely by and be the sole liability of the Owner of the lost Bonds which has requested the issuance of replacement securities as provided herein.

3. U. T. Board of Regents: Resolution Authorizing the Issuance of Replacement Bonds in the Amount of \$100,000 of Board of Regents of The University of Texas System, The University of Texas Health Science Center at Houston Housing System Revenue Bonds, Series 1981.--

#### RECOMMENDATION

The Office of the Chancellor recommends the adoption of the Resolution set out on Pages B of R 9 - 12 authorizing the issuance of replacement bonds Numbers R-2319 through R-2338 to be issued to Paine Webber Jackson & Curtis Incorporated, New York, New York. The Bonds were originally issued by Resolution of the U. T. Board of Regents on April 10, 1981.

#### BACKGROUND INFORMATION

Paine Webber Jackson & Curtis Incorporated ("Owner") is unable to locate Bonds Numbers 2319 through 2338, inclusive, each in the denomination of \$5,000, and an aggregate amount of \$100,000, and bearing interest at the rate of 10.25% per annum, payable semiannually on each May 1 and November 1 (Interest Coupon No. 10 and subsequent coupons appertaining thereto unpaid), and maturing May 1, 1997. Owner has submitted an affidavit of loss stating that it cannot locate the bonds and that it has not sold, transferred or disposed of the bonds in any manner. Owner has requested that the U. T. Board of Regents authorize issuance of replacement bonds in accordance with provisions of Article 715a of the Revised Civil Statutes of Texas. Owner has submitted a sole obligor indemnity bond with the Federal Insurance Company, New York, New York, as surety, indemnifying the U. T. Board of Regents, its registrar, depositories, and paying agency banks from and against any and all liability in the event that the original bonds or coupons are subsequently presented for payment. All expenses of printing the replacement bonds and any other charges are the sole responsibility of Owner. Bond counsel for the original bond issue was McCall, Parkhurst & Horton of Dallas, Texas. That firm has prepared the Resolution, instruments, and draft instruments for the actions here proposed and has approved the affidavit of loss and the indemnity bond.

REPLACEMENT BOND RESOLUTION OF THE BOARD OF REGENTS  
OF THE UNIVERSITY OF TEXAS SYSTEM  
THE UNIVERSITY OF TEXAS HEALTH SCIENCE CENTER AT HOUSTON  
HOUSING SYSTEM REVENUE BONDS,  
SERIES 1981, BOND NOS. 2319 THROUGH 2338, INCLUSIVE

A resolution passed by the Board of Regents of The University of Texas System authorizing the issuance of twenty \$5,000.00 replacement bonds to replace Bonds Numbers 2319 through 2338, inclusive, of Board of Regents of The University of Texas System, The University of Texas Health Science Center at Houston Housing System Revenue Bonds, Series 1981 and resolving other matters relating to the subject.

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WHEREAS, the Board of Regents of The University of Texas System by resolution passed on April 10, 1981 authorized the issuance of and sold its Board of Regents of The University of Texas System, The University of Texas Health Science Center at Houston Housing System Revenue Bonds, Series 1981, in the aggregate principal amount of \$14,000,000.00, dated May 1, 1981; and

WHEREAS, twenty bonds of the above described Series of bonds, to-wit:

Bond Numbers 2319 through 2338, inclusive, each in the denomination of \$5,000.00, and an aggregate amount of \$100,000.00, and bearing interest at the rate of 10.25% per annum, payable semiannually on each May 1 and November 1 (Interest Coupon No. 10 and subsequent coupons appertaining thereto unpaid), and maturing May 1, 1997 (the "Bonds")

are outstanding and unpaid; and

WHEREAS, an affidavit in due form verified by John J. Meyer, Assistant Vice President of PaineWebber, Incorporated, (the "Owner"), to the effect that on or about October 14, 1985 the Owner received the bonds at its premises and on or about October 18, 1985, after a thorough search of the Owner's premises the bonds could not be located and that the Owner has not sold, transferred or otherwise disposed of the bonds in any manner, has been received and is on file in the offices of the Board of Regents, and such affidavit has been accepted by the Board of Regents of The University of Texas System as sufficient evidence that the Bonds have been lost, within the meaning of Article 715a of the Revised Civil Statutes of Texas, and a certified copy of such affidavit is attached hereto as a permanent part hereof; and

WHEREAS, at the time the loss occurred, Coupon Number 10, coming due on May 1, 1986, and subsequent coupons were attached to each of said Bonds, and therefore neither said coupons nor any subsequent coupons have been presented for payment; and

WHEREAS, the Owner of said Bonds and appurtenant coupons desires that replacement bonds be issued to replace the aforesaid lost Bonds and appurtenant coupons; and

WHEREAS, by Acts 1965 of the 59th Legislature of the State of Texas, Chapter 334, commonly known as Article 715a of the Revised Civil Statutes of Texas, the Board of Regents of The University of Texas System is authorized to issue without an election bonds to replace any bonds theretofore lawfully issued which are outstanding and which have been destroyed, lost or stolen, provided that such replacement bonds may be issued only upon indemnification satisfactory to the Board establishing proof of ownership and the circumstances of the loss, theft or destruction of the bonds for which replacement bonds are being sought; and

WHEREAS, a Bond of Indemnity Number PW 98900-2-86-2 dated February 5, 1986, and executed by an authorized representative of the Federal Insurance Company, as obligor, has been received and is on file in the office of the Board of Regents and such Bond of Indemnity is acceptable to the Board of Regents of The University of Texas System as sufficient indemnity under the provisions of Article 715a of the Revised Civil Statutes of Texas, and a certified copy of such Bond of Indemnity Number PW 98900-2-86-2 is attached hereto as a permanent part hereof.

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

Section 1. That there are hereby authorized to be issued twenty replacement bonds to replace the Bonds. Said replacement bonds and the interest coupons appertaining thereto shall be in the same form and in all respects of like tenor and effect as the Bonds, and the interest coupons

appertaining thereto, except that such replacement bonds and the interest coupons appertaining thereto shall be signed manually, or in facsimile, as provided by law, by the proper officials holding office at the time of their issuance, and that no interest coupon shall mature prior to May 1, 1986.

Section 2. That said replacement bonds shall be dated May 1, 1981, which is the date of the Bonds.

Section 3. That said replacement bonds and all interest coupons appertaining thereto shall have the letter "R" preceding the Bond Number and following the Interest Coupon Number.

Section 4. That after said replacement bonds have been executed, it shall be the duty of the Chairman of the Board of Regents or some officer, employee or attorney of the Board acting through authority from him, to deliver the replacement bonds to the Attorney General of Texas for examination and approval. After approval by the Attorney General of Texas, the replacement bonds shall be delivered to the Comptroller of Public Accounts of the State of Texas for registration. The replacement bonds thus registered shall remain in custody of the Chairman of the Board, or subject to his order, until the delivery thereof to the owner of the original Bonds being replaced thereby.

Section 5. That the Comptroller of Public Accounts of the State of Texas is hereby authorized and directed to register the replacement bonds in the same manner as the original Bonds were registered, giving them the same registration number as each respective original Bond except that such number shall be preceded by the Letter "R". The Comptroller shall date his registration certificate as of the date of registration of the replacement bonds.

Section 6. That all provisions of the resolution passed by the Members of the Board of Regents of The University of Texas on April 10, 1981 authorizing the series of bonds of which the Bonds were a part and which are not

in conflict with this resolution are hereby adopted by reference and shall be a part of this resolution.

Section 7. That the preparation and passage of this resolution by the Board of Regents of The University of Texas System and the performance of each and every, all and singular, the acts ordered hereby and all acts or expenditures incidental thereto shall be at no cost to the Board of Regents of The University of Texas System and shall be borne entirely by and be the sole liability of the Owner of the lost Bonds which has requested the issuance of replacement securities as provided herein.

4. U. T. Medical Branch - Galveston: Recommendation for Cash Defeasance of the \$34,500,000 Board of Regents of The University of Texas System, The University of Texas Medical Branch at Galveston Endowment and Hospital Revenue Bonds, Series 1973.--

RECOMMENDATION

The Office of the Chancellor concurs with the recommendation of President Levin that the U. T. Board of Regents authorize the cash defeasance of the \$34,500,000 Board of Regents of The University of Texas System, The University of Texas Medical Branch at Galveston Endowment and Hospital Revenue Bonds, Series 1973.

It is further recommended that, in connection with this cash defeasance, the U. T. Board of Regents:

- a. Appoint McCall, Parkhurst & Horton of Dallas, Dallas County, Texas, as Counsel (this firm acted as bond counsel on the original bond issue in 1973) to draft and review necessary documents to effect the transaction
- b. Approve an Escrow Agent to be recommended by the Executive Vice Chancellor for Asset Management at the meeting
- c. Appoint Ernst & Whinney, New York, New York, Certified Public Accountants as Escrow Verification Agent
- d. Appoint Morgan Guaranty Trust Company of New York, New York, New York, as Financial Advisor for the transaction
- e. Authorize the sale of the Mitchell Development Corporation of the Southwest mortgage note, dated March 12, 1973, to The Sealy & Smith Foundation for the John Sealy Hospital, City of Galveston, Galveston County, Texas, at the principal amount plus accrued interest
- f. Accept a gift from The Sealy & Smith Foundation for the John Sealy Hospital in the incremental amount necessary to fund the escrow (approximately \$5 million)
- g. Authorize the Office of Asset Management and the Office of General Counsel to take all further steps necessary to complete the transaction

A Resolution, an Escrow Agreement, and all other related and necessary documents will be made available to the U. T. Board of Regents as far in advance of the Board meeting as possible.

## BACKGROUND INFORMATION

The Bonds were issued in 1973 to finance construction of the John Sealy Hospital Towers and a two-story northside addition comprising twelve operating rooms. The Bonds are secured by an irrevocable first lien on (a) the gross revenues of the hospital facilities, (b) gross proceeds from the sale of endowment land, (c) 80% of the annual net income of The Sealy & Smith Foundation for the John Sealy Hospital, and (d) the annual net income from the Special Fund under the joint control of the U. T. Board of Regents and the Foundation.

The endowment land, which consisted of 7,602.557 acres in Montgomery County, Texas, was given to the U. T. Board of Regents by The Sealy & Smith Foundation for the John Sealy Hospital. It was sold to the Mitchell Development Corporation of the Southwest in March 1973, in exchange for \$1,250,890.45 in cash and a \$11,443,821.36 mortgage note at 7.00%. One final principal payment, in the amount of \$953,651.78, remains on the note, due March 12, 1987.

Analysis conducted by the Office of Asset Management indicates that, at current market rates, the \$25,875,000 outstanding balance on the Bonds can be extinguished by depositing \$23,787,923 into an escrow account with a bank. As with an advanced refunding, the escrow deposit would be invested in risk free government securities yielding a cash flow schedule identical to the required debt service on the Bonds. In this particular "low to high" defeasance, the smaller escrow balance, earning an investment yield of 7.93%, is sufficient to fund the debt service requirements of a larger bond balance bearing a lower interest rate of 5.65%. With a cash defeasance, the U. T. Board of Regents will be able to realize a cost savings of \$2,087,077 by purchasing every \$1.00 of bond liability at a discount for \$.92.

The \$23,787,923 escrow deposit would be funded as follows:

a)	Interest and Sinking Fund Balance	\$10,526,477
b)	Debt Service Reserve Fund Balance	7,361,139
c)	Purchase by The Sealy & Smith Foundation for the John Sealy Hospital of the Mitchell Development Corporation of the Southwest mortgage note (assumes principal plus accrued interest as of April 12, 1986)	959,215
d)	Gift from The Sealy & Smith Foundation for the John Sealy Hospital	4,941,092
		<hr/>
	TOTAL	\$23,787,923

The numbers cited above are based on current market conditions and will vary slightly with changes in interest rates.

This action was preliminarily approved by the U. T. Board of Regents at its February 1986 meeting as a part of a package of proposed advance refunding and cash defeasances. After consultation with Morgan Guaranty Trust Company and bond counsel, it was deemed appropriate to request specific approval, apart from the February 1986 general approval, in order to proceed with this transaction.

SPECIAL ITEM

SUPPLEMENTAL MATERIAL

April 10-11, 1986

4. U. T. Medical Branch - Galveston: Recommendation for Cash Defeasance of the \$34,500,000 Board of Regents of The University of Texas System, The University of Texas Medical Branch at Galveston Endowment and Hospital Revenue Bonds, Series 1973.--

The attached materials relate to the proposed cash defeasance of the U. T. Medical Branch - Galveston Endowment and Hospital Revenue Bonds, Series 1973 (agenda item 4 on Page B of R - 13 in the Material Supporting the Agenda). While final documents will be presented to the Board at the meeting, the attached documents are substantially in the form in which the Board will be asked to approve them.

Draft of 3/24/86

RESOLUTION PROVIDING FOR THE CASH DEFEASANCE OF  
THE BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS  
SYSTEM, THE UNIVERSITY OF TEXAS MEDICAL BRANCH AT  
GALVESTON ENDOWMENT AND HOSPITAL REVENUE BONDS AND  
AUTHORIZING AN ESCROW AGREEMENT AND OTHER ACTIONS  
RELATING THERETO

WHEREAS, there are currently outstanding the Board of Regents of The University of Texas System, The University of Texas Medical Branch at Galveston Endowment and Hospital Revenue Bonds, dated July 1, 1973, numbered 1706 through 6900, maturing on July 1 in each of the years 1986 through 1999, and currently outstanding in the aggregate principal amount of \$25,875,000 (the "Outstanding Bonds"); and

WHEREAS, by providing for a defeasance of the Outstanding Bonds through the use of the funds described herein a significant savings can be realized.

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

Section 1. That the Chairman of the Board of Regents and the Executive Secretary are hereby authorized and directed to execute and deliver an Escrow Agreement (the "Escrow Agreement") in substantially the form attached hereto and such officers and the other officials and employees of the system are authorized and directed to take such further actions as are deemed necessary in connection with the cash defeasance of the Outstanding Bonds.

Section 2. That the sale of the Mitchell Development Corporation of the Southwest Mortgage Note (the "Mitchell Note"), dated March 12, 1973, to the Sealy & Smith Foundation for the John Sealy Hospital, at a purchase price equal to the outstanding principal amount of the Note plus accrued interest is hereby authorized.

Section 3. That the Board hereby accepts a gift from the Sealy & Smith Foundation for the John Sealy Hospital in the incremental amount necessary to fund the defeasance escrow under the Escrow Agreement.

Section 4. That the office of asset management and the office of general counsel are hereby authorized to transfer the following amounts to the Escrow Agent on the date of delivery of the Escrow Agreement:

a) the balance in the Interest and Sinking Fund and the Reserve Fund established and maintained for the benefit of the Outstanding Bonds,

b) the amount received from the sale of the Mitchell Note,

c) the gift received from the Sealy & Smith Foundation,

and to take all further action necessary to complete the transaction.

Section 5. The appointment of McCall, Parkhurst & Horton as Bond Counsel, MBank Houston, N.A., as Escrow Agent, Ernst & Whinney as Escrow Verification Agent and Morgan Guaranty Trust Company of New York as Financial Advisor for the transaction are hereby authorized and confirmed.

Draft of March 24, 1986

ESCROW AGREEMENT

The Board of Regents of The University of Texas System  
Medical Branch at Galveston  
Endowment and Hospital Revenue Bonds

THIS ESCROW AGREEMENT, dated as of April 14, 1986 (herein, together with any amendments or supplements hereto, called the "Agreement") is entered into by and between the Board of Regents of The University of Texas System (the "University") and MBank Houston, N.A., as escrow agent (herein, together with any successor in such capacity, called the "Escrow Agent"), a national banking association organized under the laws of the United States of America and having its principal office in Houston, Texas.

W I T N E S S E T H:

WHEREAS, the University has heretofore issued and there presently remain outstanding a series of Bonds captioned "Board of Regents of The University of Texas, The University of Texas Medical Branch at Galveston Endowment and Hospital Revenue Bonds", dated July 1, 1973, numbered 1706 through 6900, maturing on July 1 in each of the years 1986 through 1999, and currently outstanding in the aggregate principal amount of \$25,875,000 (the "Defeased Obligations"); and

WHEREAS, the Defeased Obligations were issued pursuant to a resolution which provided the maturities, redemption features, interest rates and scheduled debt service payments thereof, all as described in Exhibit A attached hereto and made a part hereof; and

WHEREAS, when firm banking arrangements have been made for the payment of principal and interest to the maturity or redemption dates of the Defeased Obligations, then the Defeased Obligations shall no longer be regarded as outstanding except for the purpose of receiving payment from the funds provided for such purpose; and

WHEREAS, Article 717k, Vernon's Texas Civil Statutes, authorizes the University to deposit any available funds or resources, directly with one of the places of payment (paying agent) for the Defeased Obligations, and such deposit, if made before such payment dates, shall constitute the making of firm banking and financial arrangements for the discharge and final payment of the Defeased Obligations; and

WHEREAS, said Article 717k further authorizes the University to enter into an escrow agreement with any paying agent or trustee for the Defeased Obligations with respect to the safekeeping, investment, administration and disposition of any such deposit, upon such terms and conditions as the University and such paying agent or trustee may agree, provided that such deposits may be invested only in direct obligations of the United States of America, including obligations the principal of and interest on which are unconditionally guaranteed by the United States of America, and which may be in book entry form, and which shall mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment of the Defeased Obligations; and

WHEREAS, MBank Houston, N.A. is a paying agent for the Defeased Obligations and this Agreement constitutes an escrow agreement as authorized and permitted by said Article 717k; and

WHEREAS, concurrently herewith the University has adopted a resolution (the "Resolution") for the purpose, among others, of providing amounts which will be sufficient to provide for the payment of the principal of and premium on the Defeased Obligations at their respective redemption dates and interest thereon to such dates; and

WHEREAS, the University desires that said amounts made available by the University shall be applied to purchase certain direct obligations of the United States of America (hereinafter defined as the "Escrowed Securities") for deposit to the credit of the "Escrow Fund" created pursuant to the terms of this Agreement and to establish a beginning cash balance (if needed) in such Escrow Fund; and

WHEREAS, the Escrowed Securities shall mature and the interest thereon shall be payable at such times and in such amounts so as to provide moneys which, together with cash balances from time to time on deposit in the Escrow Fund, will be sufficient to pay interest on the Defeased Obligations as it accrues and becomes payable and the principal of the Defeased Obligations to their maturity or redemption dates; and

WHEREAS, to facilitate the receipt and transfer of proceeds of the Escrowed Securities, the University desires to establish the Escrow Fund at the principal corporate trust office of the Escrow Agent; and

WHEREAS, the Escrow Agent is also a party to this Agreement to acknowledge its acceptance of the terms and provisions hereof;

NOW, THEREFORE, in consideration of the mutual undertakings, promises and agreements herein contained, the sufficiency of which hereby are acknowledged, and to secure the full and timely payment of principal of and the interest on the Defeased Obligations, the University, and the Escrow Agent mutually undertake, promise, and agree for themselves and their respective representatives and successors, as follows:

## ARTICLE I

### DEFINITIONS AND INTERPRETATIONS

Section 1.01. Definitions. Unless the context clearly indicates otherwise, the following terms shall have the meanings assigned to them below when they are used in this Agreement:

"Defeased Obligations" means the University's obligations more fully described in the first recital beginning on page 1 of this Agreement.

"Escrow Agent" means MBank Houston, N.A. and its successors as Escrow Agent under this Agreement.

"Escrow Fund" means the fund created by this Agreement to be administered by the Escrow Agent pursuant to the provisions of this Agreement.

"Escrowed Securities" means the noncallable United States Treasury obligations described in Exhibit B attached to this Agreement.

"Paying Agent" means MBank Houston, N.A.

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

Section 1.02. Interpretations. The titles and headings of the articles and sections of this Agreement have been inserted for convenience and reference only and are not to be considered a part hereof and shall not in any way modify or restrict the terms hereof. This Agreement and all of the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein and to achieve the intended purpose of providing for the refunding of the Defeased Obligations in accordance with applicable law.

ARTICLE II

DEPOSIT OF FUNDS AND  
ESCROWED SECURITIES

The University has deposited, or caused to be deposited, in the Escrow Fund the funds and Escrowed Securities described in Exhibit B attached to this Agreement.

ARTICLE III

CREATION AND OPERATION OF ESCROW FUND

Section 3.01. Escrow Fund. The Escrow Agent has created on its books a special trust fund and irrevocable escrow to be known as the Board of Regents of The University of Texas System Medical Branch at Galveston Endowment and Hospital Revenue Bonds Escrow Fund (the "Escrow Fund"). The Escrow Agent hereby acknowledges that there has been deposited to the credit of the Escrow Fund the beginning cash balance and the Escrowed Securities as described in Exhibit B. The Escrowed Securities and all proceeds therefrom shall be the property of the Escrow Fund, and shall be applied only in strict conformity with the terms and conditions of this Agreement. All of the Escrowed Securities, all proceeds therefrom and all cash balances and reinvestment of such cash balances in accordance with Section 4.02 from time to time on deposit in the Escrow Fund are hereby irrevocably pledged to the payment of the principal of and interest on the Defeased Obligations, which payment shall be made by timely transfers of such amounts at such times as are provided for in Section 3.02 hereof. When the final transfers have been made for the payment of such principal of and interest on the Defeased Obligations, any balance then remaining in the Escrow Fund shall be transferred to the University, and the Escrow Agent shall thereupon be discharged from any further duties hereunder.

Section 3.02. Payment of Principal and Interest. The Escrow Agent is hereby irrevocably instructed to transfer from the cash balances from time to time on deposit in the Escrow Fund to its Corporate Trust Division, as Paying Agent, the amounts required to pay the principal of the Defeased Obligations at their respective maturity or redemption dates, redemption premium, and interest thereon to such dates in the amounts and at the times shown in Exhibit A attached hereto.

Section 3.03. Sufficiency of Escrow Fund. The University represents that the successive receipts of the

principal of and interest on the Escrowed Securities will assure that the cash balance on deposit from time to time in the Escrow Fund will be at all times sufficient to provide moneys for transfer to the Paying Agent at the times and in the amounts required to pay the interest on the Defeased Obligations as such interest comes due and the principal and redemption premium of the Defeased Obligations as the principal and redemption premium come due on the Defeased Obligations, all as more fully set forth in Exhibit C attached hereto. If, for any reason, at any time, the cash balances on deposit or scheduled to be on deposit in the Escrow Fund shall be insufficient to transfer the amounts required by the Paying Agent to make the payments set forth in Section 3.02 hereof, the University shall timely deposit in the Escrow Fund, from lawfully available funds, additional funds in the amounts required to make such payments. Notice of any such insufficiency shall be given promptly by the Escrow Agent to the University.

Section 3.04. Trust Fund. The Escrow Agent shall hold at all times the Escrow Fund, the Escrowed Securities and all other assets of the Escrow Fund, wholly segregated on its books from all other funds and securities on deposit with the Escrow Agent; it shall never allow the Escrowed Securities or any other assets of the Escrow Fund to be commingled with any other funds or securities of the Escrow Agent; and it shall hold and dispose of the assets of the Escrow Fund only as set forth herein. The Escrowed Securities and other assets of the Escrow Fund shall always be maintained by the Escrow Agent as trust funds for the benefit of the holders of the Defeased Obligations; and the books and records of the Escrow Agent shall reflect the foregoing. The holders of the Defeased Obligations shall be entitled to the same preferred claim and first lien upon the Escrowed Securities, the proceeds thereof and all other assets of the Escrow Fund to which they were entitled as holders of the Defeased Obligations. The amounts received by the Escrow Agent under this Agreement shall not be considered as a banking deposit by the University, and the Escrow Agent shall have no right to title with respect thereto except as a trustee and Escrow Agent under the terms of this Agreement. The amounts received by the Escrow Agent under this Agreement shall not be subject to warrants, drafts or checks drawn by the University or, except to the extent expressly herein provided, by the Paying Agent.

## ARTICLE IV

### LIMITATION ON INVESTMENTS

Section 4.01. Except for the initial investment in the Escrowed Securities, and except as provided in Sections 4.02 and 4.03 hereof, the Escrow Agent shall not have any power or duty to invest or reinvest any money held hereunder; or to make substitutions of the Escrowed Securities; or to sell transfer or otherwise dispose of the Escrowed Securities.

Section 4.02. Substitutions and Reinvestments. At the discretion of the University, the Escrow Agent shall make substitutions of the Escrowed Securities or redeem the Escrowed Securities and reinvest the proceeds thereof or hold such proceeds as cash, together with other monies or securities held in the Escrow Fund provided that the University delivers to the Escrow Agent the following:

(1) an opinion by an independent certified public accountant or a firm of independent certified public accountants that after such substitution or reinvestment the principal amount of the securities in the Escrow Fund (which shall be noncallable direct obligations of the United States of America), together with the interest thereon and other available moneys, will be sufficient to pay, as the same become due in accordance with Exhibit C, the principal of, interest on, and premium, if any, on the Defeased Obligations which have not previously been paid, and

(2) an unqualified opinion of McCall, Parkhurst & Horton to the effect that (a) such substitution or reinvestment will not make the interest on the Defeased Obligations subject to Federal income taxation, and (b) such substitution or reinvestment complies with the Constitution and laws of the State of Texas and with all relevant documents relating to the issuance of the Defeased Obligations.

Section 4.03. Excess Balances. The Escrow Agent may transfer amounts held in the Escrow Fund to or on the order of the University provided that the University delivers to the Escrow Agent the following:

(1) an opinion by an independent certified public accountant or a firm of independent certified public accountants that after the transfer of such excess, the principal amount of securities in the Escrow Fund, together with the interest thereon and other available moneys, will be sufficient to pay, as the same become due, in accordance with Exhibit C, the principal of,

interest on, and premium, if any, the Defeased Obligations which have not previously been paid, and

(2) an unqualified opinion of McCall, Parkhurst & Horton to the effect that (a) such transfer will not make the interest on the Defeased Obligations subject to Federal income taxation, and (b) such transfer complies with the Constitution and laws of the State of Texas and with all relevant documents relating to the issuance of Defeased Obligations.

#### ARTICLE V

##### APPLICATION OF CASH BALANCES

Except as provided in Sections 3.02, 4.02 and 4.03 hereof, no withdrawals, transfers, or reinvestment shall be made of cash balances in the Escrow Fund.

#### ARTICLE VI

##### RECORDS AND REPORTS

Section 6.01. Records. The Escrow Agent will keep books of record and account in which complete and correct entries shall be made of all transactions relating to the receipts, disbursements, allocations and application of the money and Escrowed Securities deposited to the Escrow Fund and all proceeds thereof, and such books shall be available for inspection at reasonable hours and under reasonable conditions by the University and the holders of the Defeased Obligations.

Section 6.02. Reports: The Escrow Agent shall prepare and send to the University annual written reports summarizing all transactions relating to the Escrow Fund, including without limitation credits to the Escrow Fund as a result of interest payments on or maturities of the Escrowed Securities and transfers from the Escrow Fund for payments on the Defeased Obligations or otherwise, together with a detailed statement of all Escrowed Securities and the cash balance on deposit in the Escrow Fund as of the end of each such annual period.

## ARTICLE VII

### CONCERNING THE PAYING AGENTS AND ESCROW AGENT

Section 7.01. Representations. The Escrow Agent hereby represents that it has all necessary power and authority to enter into this Agreement and undertake the obligations and responsibilities imposed upon it herein, and that it will carry out all of its obligations hereunder.

Section 7.02. Limitation on Liability. The liability of the Escrow Agent to transfer funds for the payment of the principal of and interest on the Defeased Obligations shall be limited to the proceeds of the Escrowed Securities and the cash balances from time to time on deposit in the Escrow Fund.

The recitals herein shall be taken as the statements of the University and shall not be considered as made by, or imposing any obligation or liability upon, the Escrow Agent. The Escrow Agent is not a party to the resolution authorizing the Defeased Obligations, other than in its role as Paying Agent for the Defeased Obligations, and is not otherwise responsible for nor bound by any of the provisions thereof. In its capacity as Escrow Agent, the Escrow Agent undertakes to perform such duties, and only such duties, as are specifically set forth in this Agreement and no implied covenants or obligations shall be read into this Agreement against the Escrow Agent.

The Escrow Agent makes no representations as to the value, conditions or sufficiency of the Escrow Fund, or any part thereof, or as to the title of the University thereto, or as to the security afforded thereby or hereby, and the Escrow Agent shall not incur any liability or responsibility in respect to any of such matters.

It is the intention of the parties hereto that the Escrow Agent shall never be required to use or advance its own funds or otherwise incur personal financial liability in the performance of any of its duties or the exercise of any of its rights and powers hereunder.

The Escrow Agent shall not be liable for any action taken or neglected to be taken by it in good faith in any exercise of reasonable care and believed by it to be within the discretion or power conferred upon it by this Agreement, nor shall the Escrow Agent be responsible for the consequences of any error of judgment; and the Escrow Agent shall not be answerable except for its own action, neglect or default, nor for any loss unless the same shall have been through its negligence or bad faith.

Unless it is specifically otherwise provided herein, the Escrow Agent has no duty to determine or inquire into the happening or occurrence of any event or contingency or the performance or failure of performance of the University with respect to arrangements or contracts with others, with the Escrow Agent's sole duty hereunder being to safeguard the Escrow Fund, to dispose of and deliver the same in accordance with this Agreement. If, however, the Escrow Agent is called upon by the terms of this Agreement to determine the occurrence of any event or contingency, the Escrow Agent shall be obligated, in making such determination, only to exercise reasonable care and diligence, and in event of error in making such determination the Escrow Agent shall be liable only for its own willful misconduct or its negligence. In determining the occurrence of any such event or contingency the Escrow Agent may request from the University or any other person such reasonable additional evidence as the Escrow Agent in its discretion may deem necessary to determine any fact relating to the occurrence of such event or contingency, and in this connection may make inquiries of, and consult with, among others, the Issuer at any time.

Section 7.03. Compensation. (a) Concurrently with the execution and delivery of this Agreement, the University shall pay to the Escrow Agent, as a fee for performing the services hereunder and for all expenses incurred or to be incurred by the Escrow Agent in the administration of this Agreement, the sum of \$\_\_\_\_\_, the sufficiency of which is hereby acknowledged by the Escrow Agent. In the event that the Escrow Agent is requested to perform any extraordinary services hereunder, the University hereby agrees to pay reasonable fees to the Escrow Agent for such extraordinary services and to reimburse the Escrow Agent for all expenses incurred by the Escrow Agent in performing such extraordinary services, and the Escrow Agent hereby agrees to look only to the University for the payment of such fees and reimbursement of such expenses. The Escrow Agent hereby agrees that in no event shall it ever assert any claim or lien against the Escrow Fund for any fees for its services, whether regular or extraordinary, as Escrow Agent, or in any other capacity, or for reimbursement for any of its expenses.

(b) In addition to the Escrow Agent, Manufacturers Hanover Trust Company, New York, New York, is a place of payment (paying agent) for the Defeased Obligations. Concurrently with the execution and delivery of this Agreement, the University shall pay to the Escrow Agent the sum of \$\_\_\_\_\_, the sufficiency of which is hereby acknowledged by the Escrow Agent, for all future paying agency services of the Escrow Agent and all of the other

places of payment (paying agents) for any of the Defeased Obligations; and the Escrow Agent warrants that such sum is sufficient for such purpose, and that it has confirmed such sufficiency, and received approval of the arrangements herein made, with all of said place of payment (paying agents). The Escrow Agent shall be obligated to make available to such other places of payment (paying agent) for the Defeased Obligations amounts from the Escrow Fund sufficient to pay when due the principal of and interest on any Defeased Obligations presented to them for payment, and to pay all charges of all places of payment (paying agents) for the Defeased Obligations for such paying agency services.

(c) Upon receipt of the aforesaid specific sums stated in subsections (a) and (b) of this Section 7.03 for Escrow Agent and paying agency fees, expenses, and services, the Escrow Agent shall acknowledge such receipt to the University in writing.

Section 7.04. Successor Escrow Agents. If at any time the Escrow Agent or its legal successor or successors should become unable, through operation of law or otherwise, to act as escrow agent hereunder, or if its property and affairs shall be taken under the control of any state or federal court or administrative body because of insolvency or bankruptcy or for any other reason, a vacancy shall forthwith exist in the office of Escrow Agent hereunder, in such event the University, by appropriate resolution or ordinance, shall promptly appoint an Escrow Agent to fill such vacancy. If no successor Escrow Agent shall have been appointed by the University within 60 days, a successor may be appointed by the holders of a majority in principal amount of the Defeased Obligations then outstanding for purposes of this Agreement by an instrument or instruments in writing filed with the University, signed by such holders or by their duly authorized attorneys-in-fact. If, in a proper case, no appointment of a successor Escrow Agent shall be made pursuant to the foregoing provisions of this section within three months after a vacancy shall have occurred, the holder of any Defeased Obligation may apply to any court of competent jurisdiction to appoint a successor Escrow Agent. Such court may thereupon, after such notice, if any, as it may deem proper, prescribe and appoint a successor Escrow Agent.

Any successor Escrow Agent shall be a corporation or banking association organized and doing business under the laws of the United States or one of the States, authorized under such laws to exercise corporate trust powers, having its principal office and place of business in the State of Texas or in The City of New York, having a combined capital

and surplus of at least \$50,000,000 and subject to the supervision or examination by Federal or State authority.

Any successor Escrow Agent shall execute, acknowledge and deliver to the University and the Escrow Agent an instrument accepting such appointment hereunder, and the Escrow Agent shall execute and deliver an instrument transferring to such successor Escrow Agent, subject to the terms of this Agreement, all the rights, powers and trusts of the Escrow Agent hereunder. Upon the request of any such successor Escrow Agent, the University shall execute any and all instruments in writing for more fully and certainly vesting in and confirming to such successor Escrow Agent all such rights, powers and duties. The Escrow Agent shall pay over to its successor Escrow Agent a proportional part of the Escrow Agent's fee hereunder.

#### ARTICLE VIII

##### MISCELLANEOUS

Section 8.01. Notice. Any notice, authorization, request, or demand required or permitted to be given hereunder shall be in writing and shall be deemed to have been duly given when mailed by registered or certified mail, postage prepaid addressed as follows:

To the Escrow Agent:

MBank Houston, N.A.  
910 Travis  
P. O. Box 2629  
Houston, TX 77252

Attention: Corporate Trust

To the University:

Mr. Michael Patrick  
The University of Texas System  
201 W. Seventh Street  
Austin, TX 78701

The United States Post Office registered or certified mail receipt showing delivery of the aforesaid shall be conclusive evidence of the date and fact of delivery. Any party hereto may change the address to which notices are to be delivered by giving to the other parties not less than ten (10) days prior notice thereof.

Section 8.02. Termination of Responsibilities. Upon the taking of all the actions as described herein by the Escrow Agent, the Escrow Agent shall have no further obligations or responsibilities hereunder to the University, the holders of the Defeased Obligations or to any other person or persons in connection with this Agreement.

Section 8.03. Binding Agreement. This Agreement shall be binding upon the University and the Escrow Agent and their respective successors and legal representatives, and shall inure solely to the benefit of the holders of the Defeased Obligations, the University, the Escrow Agent and their respective successors and legal representatives.

Section 8.04. Severability. In case any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Agreement, but this Agreement shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein.

Section 8.05. Texas Law Governs. This Agreement shall be deemed to be an agreement made under the laws of the State of Texas and for all purposes shall be governed by and construed in accordance with the laws of the State of Texas.

Section 8.06. Time of the Essence. Time shall be of the essence in the performance of obligations from time to time imposed upon the Escrow Agent by this Agreement.

Section 8.07. Amendments and Modifications. No amendment, modification or waiver of any provision of this Agreement shall be effective unless the same shall be in writing and signed by the parties hereto. No such amendment, modification or waiver shall adversely affect the rights of the holders of the Defeased Obligations outstanding for purposes of this Agreement at the time of such amendment, modification or waiver.

Section 8.08. Holiday. If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this Agreement, is not a business day, such payment may be made or act performed or right exercised on the next succeeding business day with the same force and effect as if done on the date provided therefor herein and, in the case of any payment, no interest shall accrue for the period after such date.

Section 8.09. Counterparts. This Agreement may be executed in any number of counterparts and each of such

counterparts shall for all purposes be deemed to be an original, and all such counterparts shall together constitute one and the same instrument.

Section 8.10. Consultation. The Escrow Agent may consult with counsel of its choice, including in-house counsel, and shall not be liable for any action taken, suffered or omitted by it in accordance with the advice of such counsel.

EXECUTED as of the date first written above.

THE BOARD OF REGENTS OF  
THE UNIVERSITY OF TEXAS SYSTEM

By \_\_\_\_\_  
Chairman

ATTEST:

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

MBANK HOUSTON, N.A.

By \_\_\_\_\_  
Vice President

ATTEST:

\_\_\_\_\_  
Assistant Secretary

(SEAL)

INDEX TO EXHIBITS

Exhibit "A"	Schedule of Debt Service on Refunded Obligations
Exhibit "B"	Description of Beginning Cash Deposit (if any) and Escrowed Securities
Exhibit "C"	Escrow Fund Cash Flow

EXHIBIT "A"

SCHEDULE OF DEBT SERVICE  
ON DEFEASED OBLIGATIONS

EXHIBIT "B"

ESCROW DEPOSIT

I. CASH

II. ESCROWED SECURITIES

Principal Amount

Interest Rate

Maturity Date

EXHIBIT "C"

ESCROW FUND CASH FLOW

TRANSFER OF LIEN

THE STATE OF TEXAS            §  
                                  §       KNOW ALL MEN BY THESE PRESENTS:  
COUNTY OF MONTGOMERY       §

That the undersigned, of the County of Travis and State of Texas, the present legal and equitable owner and holder of that one certain promissory note in the original principal sum of Eleven Million Four Hundred Forty-three Thousand Eight Hundred Twenty-one and 36/100 Dollars (\$11,443,821.36), dated March 12, 1973, executed by MITCHELL DEVELOPMENT CORPORATION OF THE SOUTHWEST, A Texas corporation, payable to the order of the BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM, more fully described in a Deed of Trust, duly recorded in Vol. 261, page 22 of the Deed of Trust Records of Montgomery County, Texas; said note being secured by said Deed of Trust Lien and a Vendor's Lien against the following-described property, to-wit:

All those certain tracts or parcels of land totaling approximately 7,602.557 acres of land out of the J. Hodge Survey, Abstract 19, J. Pevehouse Survey, Abstract 29, T. Curry Survey, Abstract 136, Wm. P. Cartwright Survey, Abstract 134, J. Eberly Survey, Abstract 194, T. V. Mortimer Survey, Abstract 383, R. Smith Survey, Abstract 491, J. Sealy Survey, Abstract 759, J. Sealy Survey, Abstract 758, M. Cartwright Survey, Abstract 135, being more particularly described by metes and bounds in the Field Note descriptions attached to the said Deed of Trust as Exhibit "A," thereto, and made a part hereof for all purposes, together with all and singular the rights and appurtenances pertaining thereto, including any right, title and interest of the Grantor in and to adjacent roads, easements and rights-of-way,

for a good and valuable consideration paid to the undersigned, the receipt and sufficiency of which is hereby acknowledged, has TRANSFERRED and ASSIGNED, GRANTED and CONVEYED and by these presents TRANSFERS, ASSIGNS, GRANTS and CONVEYS unto THE SEALY AND SMITH FOUNDATION FOR THE JOHN SEALY HOSPITAL of Galveston County, Texas, the above-described note, together with all liens, and any superior title, held by the undersigned securing the payment thereof. There remains unpaid upon said note the principal sum of Nine Hundred Fifty-three Thousand Six Hundred Fifty-one and 78/100 Dollars (\$953,651.78), together with interest thereon from the 12th day of March, 1986, as in said



SPECIAL ITEMS

ADDITIONAL ITEM

APRIL 10-11, 1986

5. U. T. Board of Regents: Recommendation for Confirmatory Actions with Regard to the Advance Refunding of The University of Texas System General Tuition Revenue Bonds, Series 1971, 1972, 1972-A and 1978 and The University of Texas at Austin Building Revenue Bonds, Series 1974 and 1978; and Consideration of Date for Special Board Meeting to Complete the Remaining Advance Refunding Transactions Contemplated in Item 2 on Pages 4-5 of the Minutes of the February 13-14, 1986 Meeting of the Board.--

The Office of Asset Management and the Office of General Counsel will provide background and recommendations at the Board meeting.

REPORT FROM EXECUTIVE VICE CHANCELLOR FOR  
ASSET MANAGEMENT MICHAEL PATRICK

On February 13, 1986, the Board of Regents approved in principle the concept of advance refunding or cash defeasance of the non-Permanent University Fund U.T. bond issues. In a related action today, the Board will have cash defeased the University of Texas Medical Branch at Galveston Endowment and Hospital Revenue Bonds, Series 1973.

In the February action, the Board authorized my office and the Office of General Counsel to take necessary actions to bring recommendations to the Board concerning the advance refunding of the remainder of the non-Permanent University Fund bonded indebtedness. In this regard, my office and the Office of General Counsel recommend that the Board confirm and ratify the following actions:

- a. Appointment of Morgan Guaranty Trust Company of New York, as lead managing underwriter, and First Southwest Company, Goldman, Sachs & Co., MBank Markets, Merrill Lynch Capital Markets, Rauscher Pierce Refsnes, Inc., Rotan Mosle, Inc., Salomon Brothers, Texas Commerce Bank, and Underwood, Neuhaus & Co. as co-managing underwriters.

- b. Concurrence in the appointment of Jenkins, Hutchison & Gilchrest, and Reynolds, Allen & Cook, Inc. as underwriters' counsel.
  
- c. Appointment of Fulbright & Jaworski, McCall, Parkhurst & Horton, Vincent & Elkins as co-bond counsel and co-tax counsel.

It is further recommended that the Board appoint the members of the Land and Investment Committee of the U.T. Board of Regents, the Manager of Debt Administration, the Vice Chancellor and General Counsel and myself as a pricing committee to agree on the pricing terms.

Recommendations for the appointment of escrow agents and paying agents and registrars will be brought to the Board at a later meeting.

From the list of bond issues to be advance refunded, my office, in consultation with bond counsel and investment bankers, has determined that the U.T. System General Tuition Revenue Bonds, Series 1971, 1972, 1972A and 1978, and the U.T. Austin Building Revenue Bonds, Series 1974 and 1978 should be advance refunded on a priority basis. With regard to these two bond issues, the following time schedule is proposed:

1. The preliminary official statements would be mailed on April 23, 1986.
2. During the week of May 5 these two bond issues would be priced after consultation with the pricing committee and I would sign an official bond purchase contract with the underwriters.
3. During the week of May 12, it is requested that the Board of Regents hold a special meeting to authorize the issuance and sale of these bonds and to confirm and ratify the terms of the bond purchase contract.
4. The bonds would be delivered in New York on May 27 and 28.

At the special meeting during the week of May 12, 1986, my office and the Office of General Counsel will have firm recommendations with regard to the advance refunding of the remainder of the bond issues contemplated in Board action on February 13, 1986.

I move that the Board set a special meeting on May \_\_\_\_, 1986, and that the Board approve the recommendations of the Office of Asset Management and the Office of General Counsel as contained in the report of Executive Vice Chancellor Michael Patrick.

F. RECESS FOR MEETINGS OF THE STANDING COMMITTEES AND COMMITTEE REPORTS TO THE BOARD

The Standing Committees of the Board of Regents of The University of Texas System will meet as set forth below to consider recommendations on those matters on the agenda for each Committee listed in the Material Supporting the Agenda. At the conclusion of each Standing Committee meeting, the report of that Committee will be formally presented to the Board for consideration and action.

Executive Committee: Chairman Hay  
Vice-Chairman Baldwin, Vice-Chairman Ratliff  
MSA Page Ex.C - 1

Finance and Audit Committee: Chairman Yzaguirre  
Vice-Chairman Roden, Regent Rhodes  
MSA Page F&A - 1

Academic Affairs Committee: Chairman Baldwin  
Vice-Chairman Milburn, Regent Briscoe  
MSA Page AAC - 1

Health Affairs Committee: Chairman Briscoe  
Vice-Chairman Yzaguirre, Regent Blanton  
MSA Page HAC - 1

Buildings and Grounds Committee: Chairman Rhodes  
Vice-Chairman Ratliff, Regent Hay  
MSA Page B&G - 1

Land and Investment Committee: Chairman Milburn  
Vice-Chairman Blanton, Regent Baldwin, Regent Roden  
MSA Page L&I - 1

G. RECONVENE

H. REPORT OF BOARD FOR LEASE OF UNIVERSITY LANDS

I. REPORT OF SPECIAL COMMITTEES

J. FOUNDATION MATTERS

1. The Robertson-Poth Foundation Agenda.--

RECOMMENDATION

A brief meeting of the Board of Trustees of The Robertson-Poth Foundation (Chairman of the U. T. Board of Regents, the Chairman of the Health Affairs Committee, and the Chairman of the Land and Investment Committee) at the April 10-11, 1986 meeting of the U. T. Board of Regents is recommended to consider action on the following agenda:

- a. Approval of Minutes of the preceding meeting held on April 11-12, 1985
- b. Approval to add the Executive Vice Chancellor for Asset Management to the list of authorized signatures on stock powers.

BACKGROUND INFORMATION

The Robertson-Poth Foundation was established as a charitable, scientific, and educational foundation and has a present book value of \$637,841.53. Income from the Foundation has gone to the U. T. Medical Branch - Galveston for support in the fields of Ophthalmology and General Surgery.

Dr. Edgar J. Poth, his wife, Dr. Gaynelle Robertson Poth, and Dr. Douglas D. Stiernberg resigned as trustees of The Robertson-Poth Foundation in 1967 and requested that the U. T. Board of Regents assume the management of the Foundation. The Chairman of the U. T. Board of Regents, the Chairman of the Health Affairs Committee, and the Chairman of the Land and Investment Committee were appointed as substitute trustees to manage and control The Robertson-Poth Foundation.

In addition to The Robertson-Poth Foundation, gifts and bequests from Dr. Edgar J. Poth and Dr. Gaynelle Robertson Poth (deceased) have gone to the U. T. Medical Branch - Galveston for the following trusts and endowed academic positions:

<u>Account</u>	<u>January 31, 1986 Book Value</u>
*Robertson-Poth Charitable Remainder Trust	\$ 62,623.60
*Robertson-Poth Charitable Trust #2	830,672.91
*Edgar J. Poth and Gaynelle Robertson Poth Trust	335,214.01
Robertson-Poth Professorship in General Surgery	100,000.00
Robertson-Poth Professorship in Ophthalmology	100,648.61
Gaynelle Robertson Memorial Lectureship in Ophthalmology	25,152.28

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\*Will become part of The Robertson-Poth Foundation upon Dr. Poth's death.

Investments and other financial matters of The Robertson-Poth Foundation are handled through the Office of the Executive Vice Chancellor for Asset Management.

2. Winedale Stagecoach Inn Fund Agenda.--

RECOMMENDATION

A brief meeting of the members of the U. T. Board of Regents as Trustees of the Winedale Stagecoach Inn Fund at the April 10-11, 1986 meeting of the U. T. Board of Regents is recommended for action on the following agenda:

- a. Approval of Minutes of the preceding meeting held on April 11-12, 1985
- b. Election of officers of the Board of Trustees. The officers for the past year have been Mr. Jess Hay, President; Mr. Robert B. Baldwin III, Vice-President; Dr. Peter T. Flawn, Secretary-Treasurer; and Mr. Michael Patrick, Assistant Secretary-Treasurer.

Historically, these officers have been:

President: Chairman of the U. T. Board of Regents  
Vice President: Vice-Chairman of the U. T. Board of Regents  
Secretary-Treasurer: President, U. T. Austin  
Assistant Secretary-Treasurer: Executive Vice Chancellor for Asset Management

Proposed new officers are:

President: Mr. Jess Hay, Chairman of the U. T. Board of Regents  
Vice President: Mr. Robert B. Baldwin III, Vice-Chairman of the U. T. Board of Regents  
Secretary-Treasurer: Dr. William H. Cunningham, President, U. T. Austin  
Assistant Secretary-Treasurer: Mr. Michael Patrick, Executive Vice Chancellor for Asset Management

- c. Approval to add the Executive Vice Chancellor for Asset Management to the list of authorized signatures on stock powers.

#### BACKGROUND INFORMATION

The organizational meeting of the Winedale Stagecoach Inn Fund was held January 16, 1965. The income from the Winedale Stagecoach Inn Fund is made available to U. T. Austin for operation, maintenance, related programs, and exhibits at the Winedale Historical Center. The Winedale Stagecoach Inn Fund has a current book value of \$568,533.41.

The Winedale Historical Center, located on 190 acres of land at Round Top, Fayette County, Texas, is a growing center for performing arts and study of early Texas craftsmanship. The Winedale Historical Center, created by Miss Ima Hogg under the name of Winedale Stagecoach Inn, was offered to the U. T. Board of Regents in 1965. The Center was formally dedicated on April 7, 1967. The Winedale properties were leased to the U. T. Board of Regents for the benefit of U. T. Austin on October 24, 1975.

Investments and other financial matters are handled through the Office of the Executive Vice Chancellor for Asset Management.

K. OTHER MATTERS

L. SCHEDULED MEETINGS AND EVENTS

Board of Regents' Meetings

<u>Dates</u>	<u>Locations/Hosts</u>
June 5-6, 1986	Austin
August 14-15, 1986	Austin
October 9-10, 1986	U. T. Health Science Center - Dallas
December 4-5, 1986	U. T. Health Science Center - San Antonio

Other Events

April 10, 1986	U. T. Medical Branch - Galveston: Rededication of Ashbel Smith Building
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Holidays

April 21, 1986	Texas Sesquicentennial Day
May 26, 1986	Memorial Day
July 4, 1986	Independence Day

Commencement - 1986

May 9	U. T. Tyler
May 10	U. T. Permian Basin
May 17	U. T. Dallas
	U. T. El Paso
	U. T. Nursing School - Galveston
	U. T. Allied Health Sciences School - San Antonio
May 18	U. T. San Antonio
	U. T. G.S.B.S. - Galveston
	U. T. Nursing School - San Antonio
May 23	U. T. G.S.B.S. - San Antonio
May 24	U. T. Arlington
	U. T. Austin
	U. T. Medical School - Galveston
	U. T. Medical School - San Antonio
	U. T. Dental School - San Antonio
May 31	U. T. Southwestern Medical School - Dallas and U. T. Southwestern G.S.B.S. - Dallas
	U. T. Medical School - Houston
	U. T. Dental Branch - Houston
June 13	U. T. Public Health School - Houston
June 14	U. T. G.S.B.S. - Houston
	U. T. Allied Health Sciences School - Houston
	U. T. Nursing School - Houston
August 16	U. T. Allied Health Sciences School - Galveston
August 17	U. T. Allied Health Sciences School - Dallas

M. RECESS TO EXECUTIVE SESSION

The Board will 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.

If time permits, the Board will recess on Thursday afternoon to convene in Executive Session and continue that Executive Session beginning at 9:00 a.m. on Friday until the completion of business --- See Page B of R - 20, Item P.

If time will not permit the beginning of the Executive Session on Thursday, the Board will recess to begin its Executive Session at 9:00 a.m. on Friday and continue until the completion of business.

AGENDA FOR MEETING  
OF  
BOARD OF REGENTS  
OF  
THE UNIVERSITY OF TEXAS SYSTEM

Date: April 11, 1986  
Time: 9:00 a.m.  
Place: Caduceus Room, 6th Floor, Administration Building  
U. T. Medical Branch - Galveston

A.-M. (Pages B of R 1 - 19)

N. CONVENE OR RECONVENE IN EXECUTIVE SESSION

O. RECONVENE IN OPEN SESSION

P. CONSIDERATION OF ACTION ON ANY ITEMS DISCUSSED IN THE EXECUTIVE SESSION OF THE BOARD OF REGENTS PURSUANT TO V.T.C.S., ARTICLE 6252-17, SECTIONS 2(e), (f) and (g)

1. Pending and/or Contemplated Litigation - Section 2(e)

U. T. Health Science Center - Houston:  
Proposed Settlement of Medical Malpractice  
Litigation

2. Land Acquisition, Purchase, Exchange, Lease or Value of Real Property and Negotiated Contracts for Prospective Gifts or Donations - Section 2(f)

a. U. T. El Paso: Consideration of Negotiated Amendment to Lease of Real Estate

b. U. T. Health Science Center - Houston and U. T. Cancer Center: Consideration of Negotiations on the Acquisition of Certain Real Estate in the City of Houston, Harris County, Texas

c. U. T. Health Science Center - San Antonio: Consideration of Negotiations for the Gift/Acquisition of Certain Real Estate in San Antonio, Bexar County, Texas

3. Personnel Matters [Section 2(g)] Relating to Appointment, Employment, Evaluation, Assignment, Duties, Discipline, or Dismissal of Officers or Employees

Q. OTHER BUSINESS

R. ADJOURNMENT

# 1986

January  
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## Executive Committee

EXECUTIVE COMMITTEE  
COMMITTEE CHAIRMAN HAY

Date: April 10, 1986  
Time: Following the 1:00 p.m. Session of the Board of Regents  
Place: Caduceus Room, 6th Floor, Administration Building  
U. T. Medical Branch - Galveston

	<u>Page</u> <u>Ex.C</u>
1. U. T. System: Proposed Policies for Preparation of Legislative Budget Requests for 1988-1989 Biennium (Exec. Com. Letter 86-14)	3
2. U. T. System: Recommendation for Approval to Enter Into an Agreement with Rust Properties, Austin, Texas, for Temporary Use of a Portion of the O. Henry Hall Property (Exec. Com. Letter 86-15)	5
3. U. T. Arlington: Salary Increase and Transfer of Funds Requiring Advance Regental Approval Under Budget Rules and Procedures No. 2 (Exec. Com. Letter 86-11)	20
4. U. T. Arlington: Building for School of Architecture and Environmental Design (Project No. 301-548): Recommended Award of Contracts for Furniture and Furnishings to Educational Institutional Cooperative Services, Inc., Dallas, Texas; Architectural Interior Services, Houston, Texas; Disco Print Company, Houston, Texas; H. McCoy, Inc., San Antonio, Texas; Business & Institutional Interiors Inc., Dallas, Texas; (i.e.) Interior Environments, Inc., Austin, Texas; Sherrill Draperies Inc., Austin, Texas; Tekram of Texas, Incorporated, Farmers Branch, Texas; The Photographer's Store, Dallas, Texas; and Request for Authorization for the Chancellor to Sign the Contracts (Exec. Com. Letter 86-11)	21
5. U. T. Arlington - Engineering Building Addition and Renovation (Project No. 301-475): Recommended Award of Construction Contract to Stolte Inc., Los Angeles, California, and Approval of Plaque Inscriptions (Exec. Com. Letter 86-14)	26
6. U. T. Arlington: Recommendation for Approval to Enter Into a Ground Lease and an Operating Agreement with Ames-Teague Joint Venture, Dallas, Texas, for the Provision of a Parking Garage (Exec. Com. Letter 86-12)	30
7. U. T. Permian Basin: Request for Approval of Additional Restructuring of the Academic Administrative Organization (Catalog Change) (Exec. Com. Letter 86-15)	31

8. U. T. San Antonio: University Center Building (Project No. 401-447): Recommended Award of Contracts for Furniture and Furnishings to Wilson Business Products, Systems & Services, Inc., San Antonio, Texas; H. McCoy, Inc., San Antonio, Texas; Business Interiors, Arlington, Texas; Southwest Office Interiors, Austin, Texas; Marshall Clegg/Associates, Inc., San Antonio, Texas; Architectural Interior Services, Houston, Texas; Koplan Kitchens, Inc., San Antonio, Texas; San Antonio Floor Finishers, Inc., San Antonio, Texas; Sherrill Draperies, Inc., Austin, Texas; Audio Technical Services Ltd. of Texas, Inc., Austin, Texas; and Request for Authorization for the Chancellor to Sign the Contracts (Exec. Com. Letter 86-13) 33
9. U. T. Health Science Center - Dallas - Parking Garage No. 3 - Two-Level Addition (Project No. 303-593): Recommended Award of Construction Contract to McKee Building Services, Inc., Dallas, Texas, and Approval of Revised Total Project Cost (Exec. Com. Letter 86-13) 37
10. U. T. Medical Branch - Galveston: Salary Increases Requiring Advance Regental Approval Under Budget Rules and Procedures No. 2 (Exec. Com. Letter 86-11) 38
11. U. T. Medical Branch - Galveston: Transfer of Funds Requiring Advance Regental Approval Under Budget Rules and Procedures No. 2 (Exec. Com. Letter 86-15) 40
12. U. T. Cancer Center: Salary Increases Requiring Advance Regental Approval Under Budget Rules and Procedures No. 2 (Exec. Com. Letter 86-11) 42

1. U. T. System: Proposed Policies for Preparation of Legislative Budget Requests for 1988-1989 Biennium (Exec. Com. Letter 86-14).--

### RECOMMENDATION

The Executive Committee concurs in the recommendation of the Office of the Chancellor that the U. T. Board of Regents approve the following Budget Policies for use in preparing the Legislative Budget Requests for the 1988-1989 Biennium:

#### Policies for Preparing Legislative Budget Requests for the Biennium 1988-1989

In preparing the Legislative Budget Requests for the biennium beginning September 1, 1987, the instructions issued by the Coordinating Board, Texas College and University System, the Legislative Budget Board and the Governor's Office of Management and Budget are to be used as guidelines. Additionally, the following policies and limitations shall be observed relating to areas not funded by formula or otherwise covered by the above-mentioned instructions:

a. Salary Advances for Faculty and Professional Staff

Funds may be requested to grant salary increases up to 8.7% in 1988 and an additional 10.9% in 1989.

b. Salary Advances for Classified Personnel

Funds may be requested to provide for a 7% increase in 1988 and an additional 4% increase in 1989. In addition, requests may include sufficient funds for a 3.4% merit increase for approximately one-half of all employees each year.

c. New Positions

All requests for new positions must be based on new or expanded programs or on improvements in existing programs, and be fully justified.

d. Maintenance, Operation and Equipment

The general guidelines for requesting funds for this item should be for an increase up to 8% in 1988 plus an additional 4% increase in 1989. In limited situations such as scientific equipment, medical supplies, and like items, in which price escalation or other factors make the above limitations totally impractical, actual needs must be the basis for the request. In these situations the variance from the general standard stated above must be carefully justified.

e. Utilities

Requests for Purchased Utilities are to be based on projected needs using the best available rate estimates, carefully documented. In addition, System policy supports an emergency utility request to meet possible deficiencies in the 1986-87 Utilities appropriations.

f. Staff Benefits

1. Employee Insurance Premiums. Use the current \$85 per month in 1988 and \$85 per month in 1989 for each person in requesting funds for payment of the State's contribution toward the cost of insurance premiums. Eligible employees are those covered under provisions of the Texas State College and University Employees Uniform Insurance Benefits Act.
2. O.A.S.I. - State's Contribution of Employees' Share of Tax. As a System policy, the Legislature will be requested to continue the payment of the employees' share of the O.A.S.I. tax and to expand the payments from the current 5.85% on \$16,500 (included in the Legislative Budget Requests) to the actual tax levied by the Federal Government.

g. Special Items

Funds may be requested to support items which are peculiar to the particular institution and which are not otherwise included in other specific "Elements of Institutional Costs." Support for these special items must be fully justified.

1988-1989 LEGISLATIVE BUDGET CALENDAR

Executive Committee	U. T. Board of Regents' Approval of Policies
June 2, 1986	Five draft copies of Legislative Budget Requests (bound) due to System Administration
June 16-27, 1986	Budget Hearings with System Administration
July 1, 1986	Thirty copies of First Submission Legislative Budget Requests (unbound) due to System Administration for binding
July 11, 1986	Filing Date - First Submission of Legislative Budget Requests
August - September, 1986	Hearings with staffs of Legislative Budget Board and Governor's Office of Management and Budget
September 24, 1986	Forty-five copies of Second Submission Legislative Budget Requests (unbound) due to System administration for binding
October 3, 1986	Filing Date - Second Submission of Legislative Budget Requests

2. U. T. System: Recommendation for Approval to Enter Into an Agreement with Rust Properties, Austin, Texas, for Temporary Use of a Portion of the O. Henry Hall Property (Exec. Com. Letter 86-15).--

#### RECOMMENDATION

The Executive Committee concurs in the recommendation of the Office of the Chancellor that the Executive Director for Finance and Administration be authorized to execute an agreement, in the form set out as Attachment 1, subject to the concurrence of the Office of General Counsel, with Rust Properties, Austin, Texas, for temporary use of a portion of the O. Henry Hall property. The agreement has been reviewed and approved by the Office of General Counsel.

#### BACKGROUND INFORMATION

Rust Properties, Austin, Texas, proposes to build a 299-room luxury hotel to be known as The Westin Hotel-Austin at the southeast corner of 7th and Colorado Streets. A drawing of the proposed hotel is attached hereto (Attachment 2). Rust Properties proposes to commence site preparation work as soon as possible after March 1, 1986. The estimated time to complete the entire hotel construction project is 18 months. The Westin Hotel-Austin is scheduled to open on July 1, 1987. A summary of the conditions of the proposed agreement follows.

The hotel construction site abuts the north and east property line of the lot upon which O. Henry Hall is located. Because of the practical limitations imposed by the size and configuration of the hotel construction site and the proximity to the O. Henry Hall building, Rust has proposed to U. T. System an agreement under which Rust would have temporary use of a portion of the O. Henry Hall property during construction of the hotel.

The portion of the O. Henry Hall property which Rust Properties would like to use consists of an L-shaped strip north and east of O. Henry Hall itself, containing an area of approximately 5584 square feet. This portion of the property would be used as a location site for the building crane, and for storage of job trailers, construction equipment, materials and automobiles. Locating the base and tower of the building crane on the O. Henry Hall property will allow the crane to reach all parts of the hotel construction site without swinging loads over O. Henry Hall. An eight-foot wooden barricade is proposed to separate the portion to be used by Rust from the rest of the O. Henry Hall property.

Since the proposed use by Rust will cause a temporary loss of the U. T. System parking area north of O. Henry Hall, Rust will provide, at no cost to U. T. System, comparable replacement parking space in the Norwood Tower Garage for the duration of the construction. Since the use by Rust will cause the destruction of part of the landscaping on the O. Henry Hall property, Rust will provide for the relandscaping of the entire north, east and northernmost west sides of the O. Henry Hall property according to a plan to be approved by the U. T. System. The parking lot

north of the building will also be repaved as necessary by Rust in a manner to be approved by the U. T. System. The value of the landscaping and paving improvements is expected to be a minimum of \$22,000.

The existing iron fence on the east, north and northernmost west side of the O. Henry Hall property will be removed for storage and replaced after completion of the project, with repainting if necessary.

Excavation of up to 18 feet in depth will be necessary along the north and east property lines of the O. Henry Hall property. Rust Properties will construct a retention system to maintain the integrity of the U. T. System property. No blasting will take place on the project site without prior notice to the U. T. System.

Rust Properties will provide adequate comprehensive general liability insurance coverage for the project, as well as insurance coverage for explosion, collapse, and underground property damage, and will name the U. T. Board of Regents as an additional insured party. Insurance coverage will have minimum limits which are approved by the U. T. System. Rust Properties will indemnify the U. T. System from losses and from liability claims arising out of Rust's use of the O. Henry Hall property. Upon completion of the project, Rust will be responsible for removing all construction materials and cleaning the entire O. Henry Hall site.

As additional consideration for the use of a portion of the O. Henry Hall property during the construction, Rust will pay to the U. T. Board of Regents a sum based upon the rental value of the property. The rental rate will be one-half cent per day, per square foot for the actual term and area of usage of the O. Henry Hall property. Westin Hotels has also offered to extend to the U. T. Board of Regents its most favored corporate rate for rental of space in the Westin Hotel-Austin.

POINTS OF AGREEMENT

~~CONFIDENTIAL~~  
- ATTACHMENT 1

Rust Properties  
and  
University of Texas System

March 10, 1986

ARTICLE I

Rust Properties is proposing to build a 299 room luxury hotel at the southeast corner of 7th and Colorado Streets to be known as The Westin Hotel\*Austin. For the purposes of this agreement, the construction shall be referred to as: "the project."

ARTICLE II

This agreement shall be between Rust Properties, a Texas general partnership, and the University of Texas System. It should be noted that Rust Properties will be the managing partner in a partnership to be formed for the construction of the described project. As such, this agreement shall be assigned to that partnership at the time of its formation. Should Rust Properties not be the managing partner, then this agreement shall be null and void.

ARTICLE III

The purpose of this agreement is to fully describe the responsibilities between Rust Properties and the University of Texas System as regards the construction of the project.

ARTICLE IV

The University of Texas System has determined that auxiliary condensers located at the northeast corner of the piece of property on which the O. Henry Hall building sits, are no longer necessary to the function of their facilities. As such, they are willing to abandon these units and have them removed from the existing site. This work shall be performed by Rust Properties, or its selected general contractor, at the expense of Rust Properties, and without any interference to the operation of the University of Texas System heating and air conditioning system. After the removal of these units and upon completion of the project, the site location of these condensers shall be repaired to a suitable condition as described in Article X. In addition, all utilities serving these two condensers shall be disconnected and capped below grade in the vicinity of the existing condensers. No salvage value is due from Rust Properties to the University of Texas System for these units. Rust will provide an as-built drawing of all remaining conditions in this area after the work is completed.

ARTICLE V

Rust Properties, or its selected general contractor, shall remove the existing wrought iron fence running along the east, north and northern-most west property

7.5.1

          
Rust

          
UT

Points of Agreement  
Westin Hotel  
March 10, 1986  
Page 2

ARTICLE V - Contd.

lines of the O. Henry Hall lot. All portions of this fence shall be suitably stored and protected until such time as the project is completed, and then shall be reinstalled in the existing location without alteration, except as follows:

- a. There currently exists at the northeast corner of the O. Henry Hall lot, a stone wall surrounding the north and eastern-most areas of the condenser location. Inasmuch as these condensers will no longer exist after the completion of the project, this wall will no longer serve its current purpose. As such, Rust Properties will take other sections of the existing wrought iron fence and replace the north and east areas at the condenser location with wrought iron fence; thus, the completed fence line along all three property lines will be wrought iron without any stone. Should additional sections of fence be needed or damaged sections need repair, this work will be done or contracted for by Rust Properties. Upon completion of the reinstallation, the fence shall be repainted or touched-up as necessary by Rust Properties in a color and in a manner as advised by the University of Texas System (see attached supplemental drawing #1). The stone wall at the far southeast corner of the O. Henry Hall lot shall remain in place, and any damage occurring during the construction of the project to this particular wall shall be repaired by Rust Properties.
- b. Any impact or approvals necessary with regard to historic designation at the O. Henry Hall lot for the removal of this fence shall be the responsibility of the University of Texas System.

ARTICLE VI

Rust Properties, or its selected general contractor, shall place a temporary barricade along the north and east side of the O. Henry Hall building as shown on the attached supplemental drawing #1. The barricade will be 8'0" tall and constructed of exterior-grade plywood. There will be no access from the north side of the barricade to the south side, or from the east to the west. This barricade shall be removed by Rust Properties upon completion of the project and the site restored to its existing condition as described in Article X. It shall also exclude from the construction site the southern most of the two oak trees located at the west O. Henry Hall property line, north of the O. Henry Hall driveway.

ARTICLE VII

During the construction of the project, Rust Properties, or its selected general contractor, will have the right to use areas (to the north and east of the temporary barricade) on the O. Henry Hall lot as noted on the attached supplemental drawing #1. The purpose of such use will be for the crane base and crane, storage of job trailers, construction equipment, materials and automobiles.

7,5,2

Rust

UT

Points of Agreement  
Westin Hotel  
March 10, 1986  
Page 3

ARTICLE VIII

As shown on the attached supplemental drawing #1, Rust Properties, or its selected general contractor, will place the base of the construction crane and attach thereto, the tower of the crane. The base of the crane will be approximately 8'0" x 8'0" and will be 3'0" south of the north O. Henry Hall property line and 3'0" west of the east property line. It will consist of four (4) 2'0" diameter drilled piers to a depth of approximately 20'0". On top of these piers will be placed a 12" thick (8' x 8') foundation base, 2'0" below the existing grade. The crane tower is 6'6" x 6'6" and will be mounted on top of this base. Upon completion of the project, the crane will be removed, as will the 12" base. The repair to the site (Article X) will be such that no above-grade evidence of the crane will remain. The counter balances (back-jib) will be placed such that they never swing over the O. Henry Hall building, nor will any loads hanging from the boom ever be swung over the O. Henry Hall building. At the conclusion of the project, Rust Properties shall furnish to the University of Texas System an as-built document showing the location of those elements which will remain, including elevation, top and bottom of piers, reinforcing size and number, center line locations, diameters of piers, and class of concrete used.

ARTICLE IX

As partial consideration for the temporary use of the O. Henry Hall lot, Rust Properties shall provide six parking spaces for use by the University of Texas System employees or guests on official business in either the Norwood Tower or One American Center garages. These spaces shall be paid for by Rust Properties and shall be available on a guaranteed basis for the duration of the project. The University of Texas System shall issue to persons that they desire to park in these spaces a University of Texas System parking tag. This tag shall then be presented by the parker to the garage operator's parking attendant on duty as sufficient evidence of that person's right to use one of the six allotted spaces. These tags will then be attached to the parking ticket by the attendant and the parking ticket will then be presented by the garage operator to Rust Properties for payment. The University of Texas System will be under no obligation or responsibility as to payment for these spaces.

ARTICLE X

As further consideration for the use of the O. Henry Hall lot for the term of the project, Rust Properties will:

- a. Reconfigure the parking spaces on the O. Henry Hall lot to increase the number of parking spaces. This plan will be developed by Rust Properties and reviewed and coordinated with the University of Texas System Landscape Architect. This landscape plan shall include the design of an irrigation system which shall be sealed by a Licensed Irrigator.
- b. The entire north, east and northern-most west sides of the O. Henry Hall lot shall be relandscaped and repaved as necessary with granite pavers similar to those existing, according to a plan to be developed by Rust Properties and reviewed

7,5,3

Rust

UT

Points of Agreement  
Westin Hotel  
March 10, 1986  
Page 4

ARTICLE X - Contd.

b. Contd.

with the University of Texas System Landscape Architect. Should either of the two oak trees at the west O. Henry Hall lot line need replacement after the conclusion of construction of the project, Rust Properties shall replace either or both in a caliper size equal to that which currently exists.

- c. Replace granite pavers with original or new pieces as required in the O. Henry Hall lot; any pavers that have been damaged during the term of the project and also those required to be replaced in the area of the condenser removal.
- d. Fully remove all construction materials and clean the entire O. Henry Hall site upon completion of the project. This shall exclude cleaning of the O. Henry Hall building except for the removal of dirt or debris directly resulting from the construction process.
- e. Place lighting on the south and west sides of the hotel sufficient to illuminate the newly landscaped areas and provide safety and security lighting for the O. Henry Hall parking lot. These lights will be on the hotel, and as such, will be maintained by the hotel partnership. The placement of these lights will allow the removal of the present lighting on the north face of the O. Henry Hall building. Removal of these existing lights on the O. Henry Hall building will be the responsibility of the University of Texas System.

ARTICLE XI

During the term of the project, it will be necessary to excavate to a depth of approximately 18 feet along the north and east property lines of the O. Henry Hall lot. Attached supplemental drawing #2 and sketches 5.1, 5.2, 5.3 (SK5.1, 5.2, and 5.3) show the location and details of the retention system that will be necessary to maintain the site integrity of the O. Henry Hall lot. These encroachments are not of a structural nature and will in no way prevent the University of Texas System from excavating up to the north or east property line of the O. Henry Hall lot at any time in the future.

ARTICLE XII

During the term of the project, Rust Properties, or its selected general contractor, will not do any blasting on the project site without prior notice to the University of Texas System.

ARTICLE XIII

The term of the project shall be from approximately February 17, 1986 to July 1, 1987. This agreement shall remain in force until all provisions included herein are satisfied. Signature as noted below is required by both parties to commence this agreement and to acknowledge fulfillment of both parties' obligations at the end of the project.

Rust

UT

7,5,4

Points of Agreement  
 Westin Hotel  
 March 10, 1986  
 Page 5

ARTICLE XIV

As additional consideration for the temporary use of part of the O. Henry Hall lot, Rust Properties agrees to indemnify and save harmless The University of Texas System against all loss or damage to persons or property located on the O. Henry Hall lot, including but not limited to that portion of the O. Henry Hall lot which Rust Properties has the right to use under the terms of this Agreement, arising from any act by, or negligence of, Rust Properties, or its assignees, its subcontractors, or their officers, agents, or employees while engaged in the construction of the project, or while in or about the project premises, including that portion of the O. Henry Hall lot designated for temporary use by Rust Properties.

Rust Properties shall provide and maintain for the term of this project, the minimum insurance coverages as follows:

<u>Type of Coverage</u>	<u>Limits of Liability</u>
1. Comprehensive General Liability	
a. Bodily Injury	\$500,000 (each occurrence)
b. Property Damage	\$100,000 (each occurrence) \$300,000 (aggregate)
2. Explosion, Collapse, and Underground Property Damage Liability	\$500,000 (aggregate)

The above insurance coverages will all specifically include coverage of damages to any persons or property located on the entire O. Henry Hall lot, including but not limited to that portion of the O. Henry Hall lot which Rust Properties has the right to use under the terms of the Agreement. The Board of Regents of The University of Texas System will be listed as an additional insured on each policy providing the above insurance coverages. Rust Properties will furnish a copy of each policy providing the above insurance coverages to The University of Texas System prior to the commencement of any construction on the designated portion of the O. Henry Hall lot.

The procurement of insurance by Rust Properties as provided herein shall not limit the liability of Rust Properties to the Board of Regents under this Article to the limits of such policy or policies.

Rust

UT

Points of Agreement  
Westin Hotel  
March 10, 1986  
Page 6

ARTICLE XV

In addition to all improvements and work mentioned in the preceding Articles, Rust Properties shall provide to the University of Texas System as final compensation for the use of the O. Henry Hall property as outlined above, the following:

- a. A minimum of \$22,000 of landscaping and paving improvements to the O. Henry Hall lot as mentioned above; such costs of improvements to be fully substantiated by legitimate invoices from subcontractors performing such work for Rust Properties. Invoices shall be only for the actual value of improvements and shall not include such miscellaneous services as design, equipment rental, or repair of damage on or about the O. Henry Hall site.
- b. In addition to the \$22,000 worth of improvements mentioned above, Rust Properties shall pay additional rental income to the University of Texas System at the rate of 1/2 cent per day, per square foot for the actual term and area of usage of the O. Henry Hall site. Due to the unexpected nature of construction, the term of usage and rental due can only be determined upon completion of the project. Additionally, the actual square footage enclosed within the barricades (defined on the attached supplemental drawing #1) can only be determined after final construction of such barricades. As such, the measurement of this square footage will take place as soon as is reasonably feasible after the barricades have been erected. A separate document stating the square footage involved, commencement, and expiration of usage shall be formulated at an appropriate time.
- c. The University of Texas System agrees that the total compensation due from Rust Properties shall be the sum of: a minimum of \$22,000 worth of improvements as described in Article XV.a. above; and the additional rental income as described in Article XV.b. above. Should the value of the improvements exceed \$22,000, then the amount of total additional rental income due shall be reduced in an amount equal to the excess over \$22,000. Likewise, should the value of the improvements be less than \$22,000, the total additional rental income due shall be increased by an amount equal to the difference between the actual value of the improvements and \$22,000.

Article XVI

Excluding gross negligence or willful misconduct on the part of the University of Texas System, its employees, agents or contractors, Rust Properties shall and will indemnify and save harmless, the University of Texas System, its agents, officers, and employees, from and against any and all liability claims, demands, damages, expenses, fees, fines, penalties, suits, proceedings, actions and causes of action, of any and every kind and nature arising or growing out of or in any way connected with Rust Properties' use, occupancy, management, operation, or control of the designated portion of the O. Henry Hall lot.

Rust                      UT

7.5.6

Points of Agreement  
Westin Hotel  
March 10, 1986  
Page 7

Page 7 of 7

ARTICLE XVII

Points of contact for all matters pertaining to this Agreement shall be addressed to:

Herb Goodman (512) 474-7385  
Rust Properties  
114 West 7th St., Suite 500  
Austin, Texas 78701

Greg McNicol (512) 499-4363  
University of Texas System  
210 West 6th Street  
Austin, Texas 78701

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

RUST PROPERTIES

BOARD OF REGENTS OF THE  
UNIVERSITY OF TEXAS SYSTEM

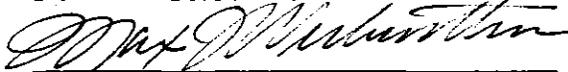
By: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Executive Director for  
Finance & Administration

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

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

FORM APPROVED:



Office of General Counsel  
The University of Texas  
System

CONTENT APPROVED:

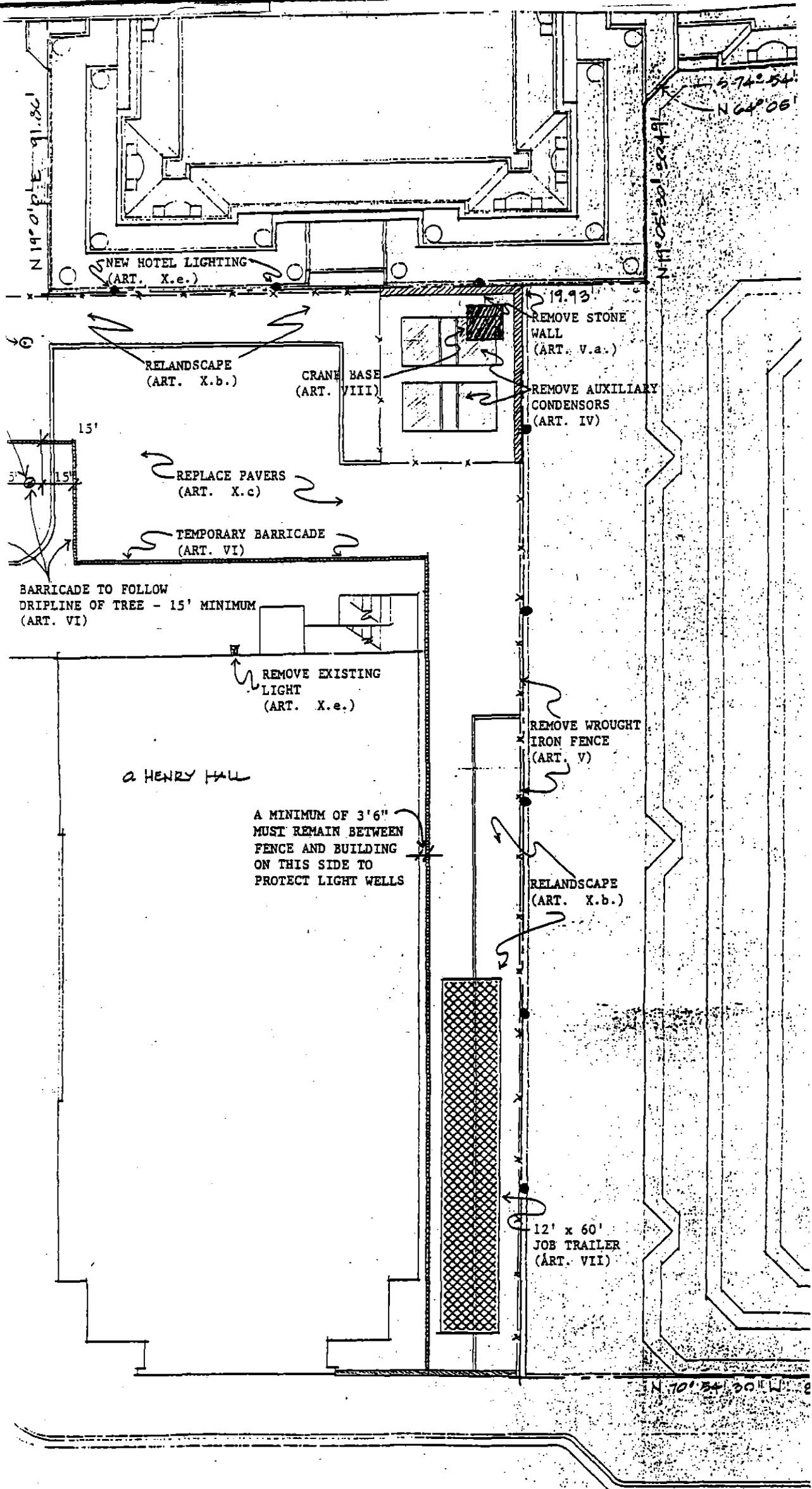
By: \_\_\_\_\_  
Title: \_\_\_\_\_

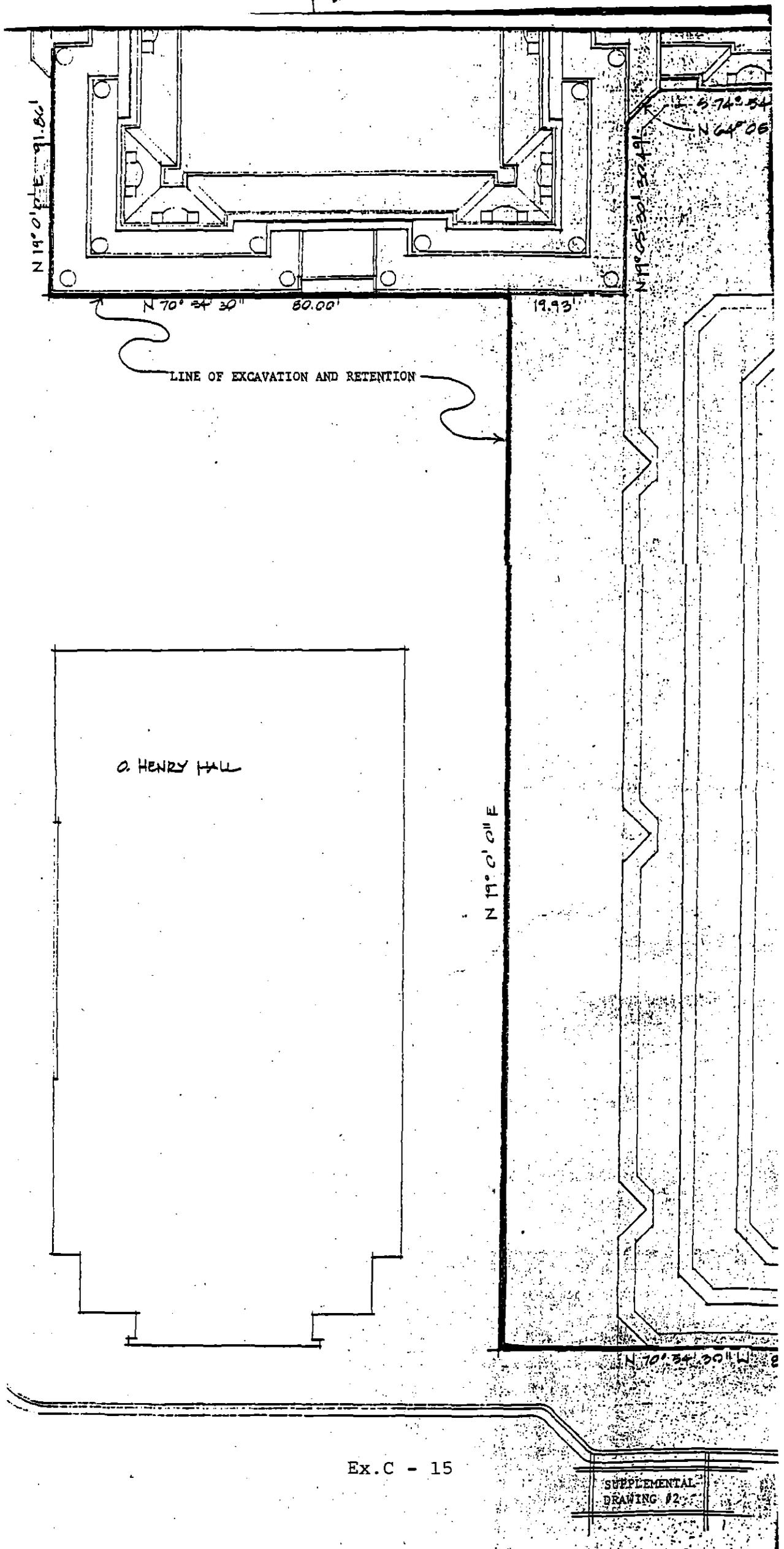
CERTIFICATE OF APPROVAL

I hereby certify that the foregoing Agreement was approved by the Board of Regents of The University of Texas System on the \_\_\_\_\_ day of \_\_\_\_\_, 1986, 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

7,5,7





RUST BROWNING  
 NOV 26 1985  
 BY: \_\_\_\_\_  
 GROUND LEVEL  
 EL 506.00'

3 Light Wells / 16'-0"  
 18'-6"

30'-35' ±

RETENTION SYSTEM  
 TIE-BACK  
 Would Be 18'-6"  
 Deep when it  
 crosses  
 bldg. FACE

12" SAND  
 SEWER  
 LINE

COULD BE  
 A PROBLEM

Assumed  
 30°  
 Manhole is  
 12.3' Deep

BALLROOM LEVEL  
 EL 495.00'

BASEMENT WALL

Note.  
 RETENTION system would have to be  
 removed if we were to EVER BUILD  
 Anything else ON ~~the~~ our property.

RETENTION  
 SYSTEM

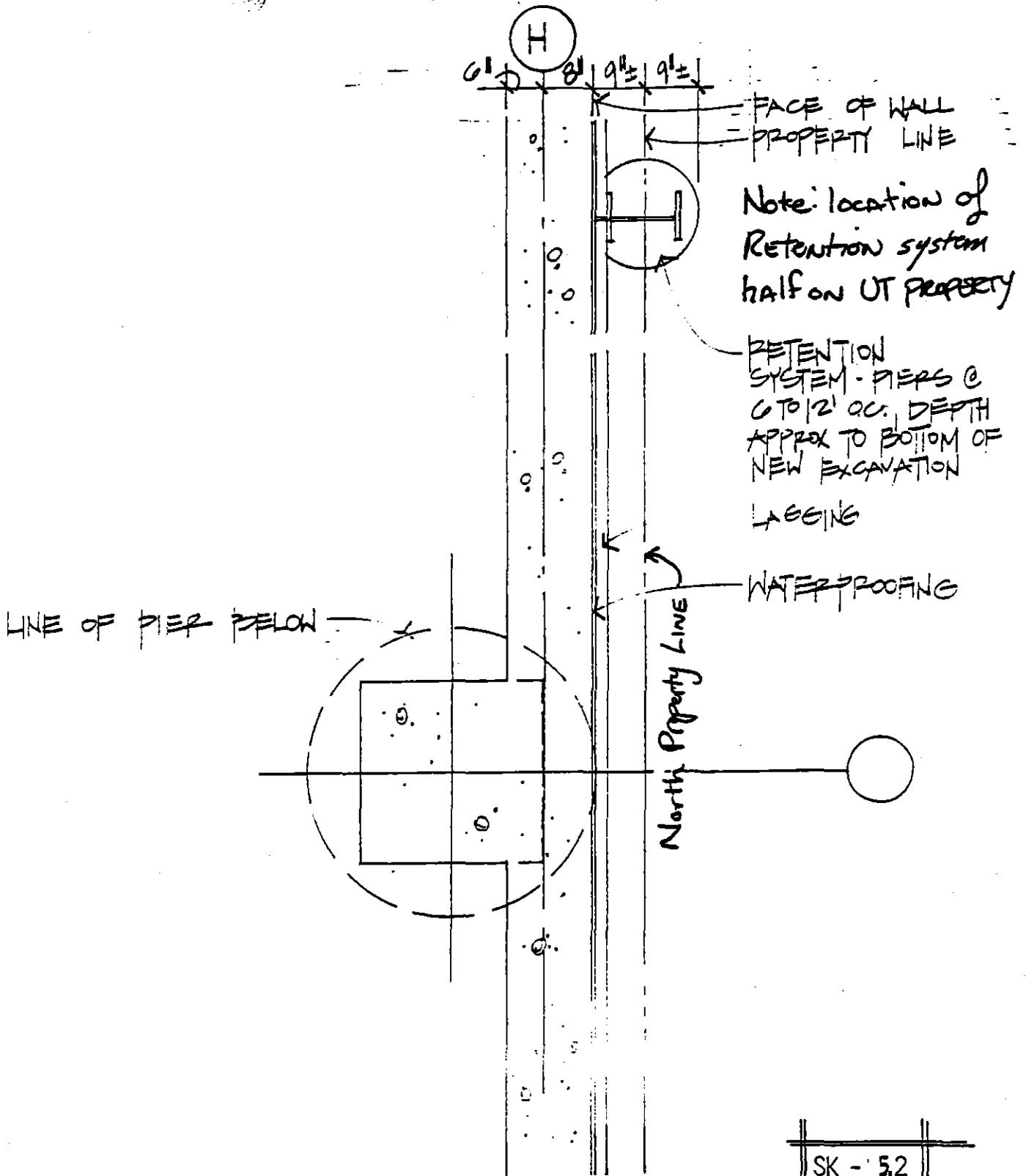
ROCK →

PILE DEPTH APPROX  
 EQUAL TO DEPTH  
 OF EXCAVATION

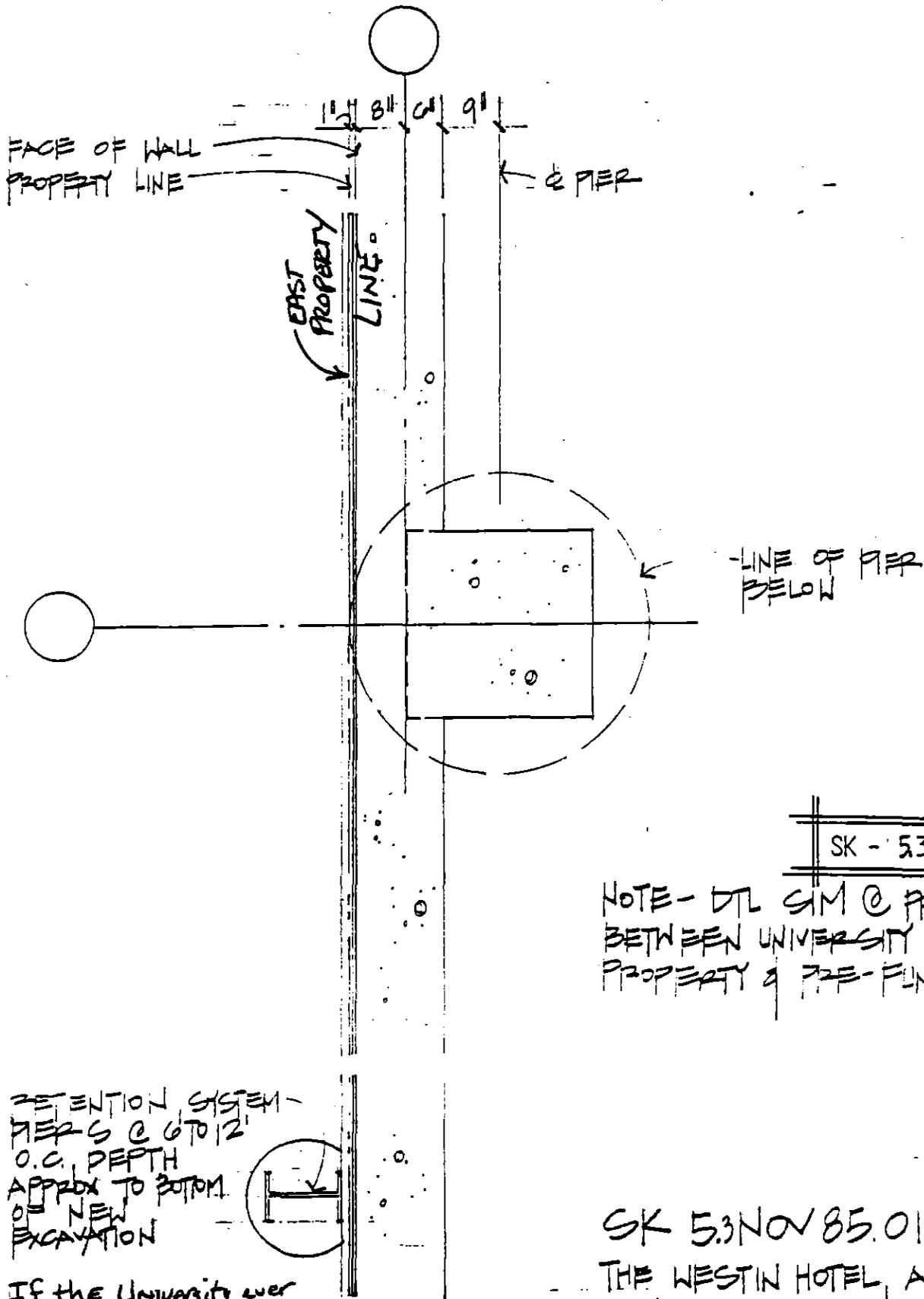
SK - 5.1  
 JR BALLROOM LEVEL  
 EL 477.00'

STRUCTURAL  
 PIER

SK 51 NOV 85.03 REVISION:  
 THE WESTIN HOTEL, AUSTIN  
 MAY 85231  
 SECTION C BASEMENT WALL



SK 52 NOV 85.02 REVISIONS!  
 THE WESTIN HOTEL, AUSTIN  
 MAX 85231  
 PLAN DTL - PIER @  
 UNIV. OF TEXAS PROPERTY  
 LINE SOUTH TOWER FACE

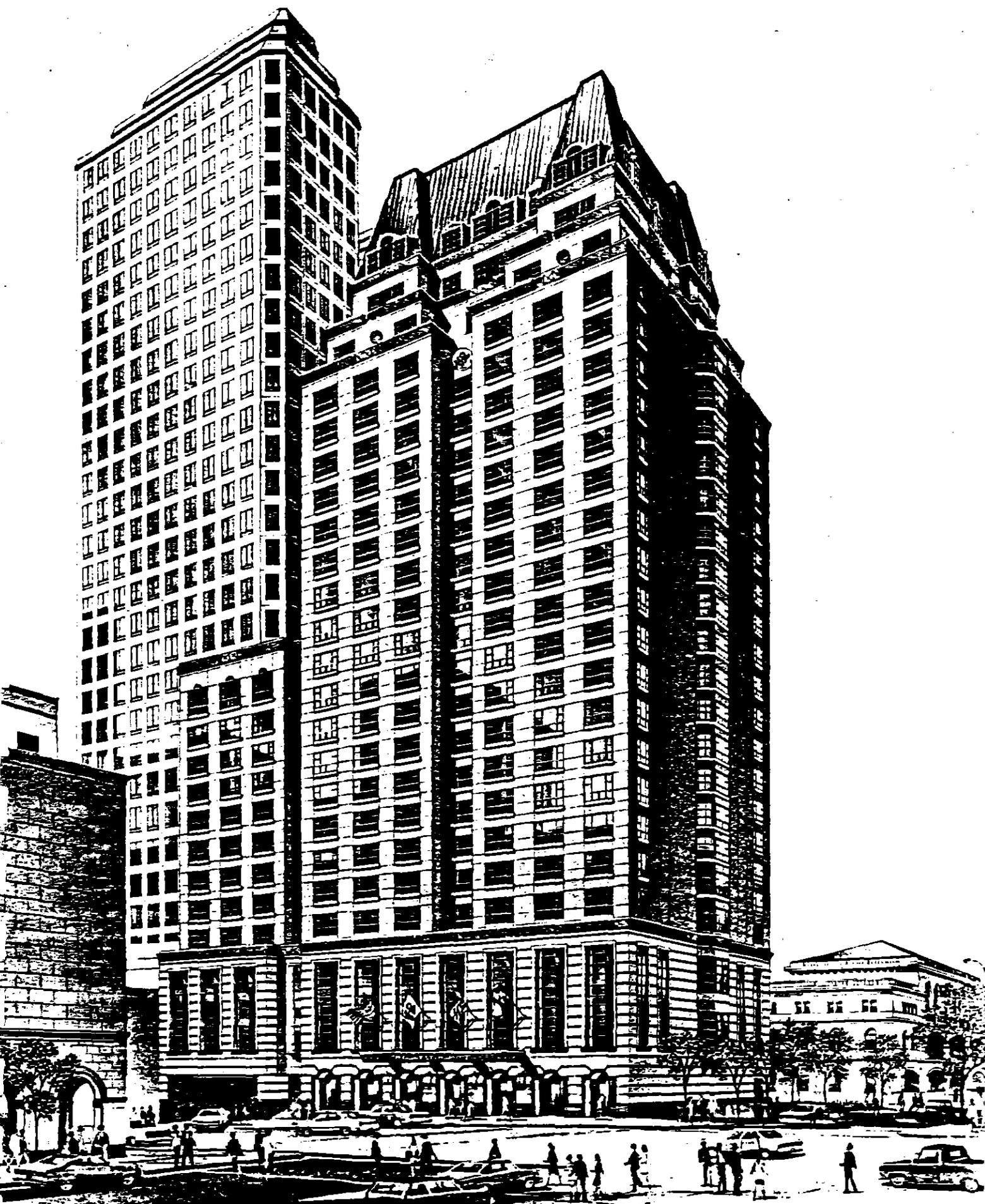


NOTE - DTL SIM @ PROP. LINE  
 BETWEEN UNIVERSITY OF TEXAS  
 PROPERTY & PRE-FUNCTION SPACE

RETENTION SYSTEM -  
 PIERS @ 6 TO 12'  
 O.C. DEPTH  
 APPROX TO BOTTOM  
 OF NEW  
 EXCAVATION

IF THE UNIVERSITY WER  
 BUILT ANYTHING ELSE ON  
 THIS PROPERTY THE  
 RETENTION SYSTEM WOULD  
 HAVE TO BE REMOVED.

SK 53 NOV 85.01 REV 15 NOV 85  
 THE WESTIN HOTEL, AUSTIN  
 MAX 85231  
 PLAN DTL - PIER @  
 1TH & COLORADO STREET  
 PROPERTY LINES  
 1/2" = 1' - 0"



3. U. T. Arlington: Salary Increase and Transfer of Funds Requiring Advance Regental Approval Under Budget Rules and Procedures No. 2 (Exec. Com. Letter 86-11).--

RECOMMENDATION

The Executive Committee concurs in the recommendation of President Nedderman and the Office of the Chancellor that the U. T. Board of Regents approve the following salary increase and transfer of funds at U. T. Arlington:

Intercollegiate Athletics - Volleyball

Increase the annual rate of Volleyball Coach Lisa Love from \$26,800 to \$33,981 effective January 1, 1986.

Source of Funds:

Other: \$33,981 Departmental Administrative  
and Professional Salaries

(RBC #159)

Educational and General Funds

Amount of Transfer - \$1,500,000

From: Unappropriated Balance (via Estimated  
Income) - 1985-86

To:	Old Age Survivor's Insurance	\$ 548,233
	Renovation of Laboratory Animal Facilities	112,000
	Unallocated Non-Recurring Items	839,767
	Total	<u>\$1,500,000</u>

(RBC #162)

BACKGROUND INFORMATION

Lisa Love's volleyball team became the first team sport in U. T. Arlington history to be invited to the NCAA championships. In this championship competition, her team proved that U. T. Arlington belongs in the elite group of championship contenders throughout the country. Coach Love is the most talented coach on the staff and should be recognized as such. She is a quality person who is an ideal role model for the athletes and maintains that delicate relationship with her athletes that demands discipline and effort and at the same time offers friendship and support. The goal in U. T. Arlington athletics is to achieve a reputation for winning. It is desirable to keep the winners that we currently have.

U. T. Arlington anticipates exceeding 1985-86 Estimated Educational and General Income by \$1,500,000 over the estimate made by the Coordinating Board for the Conference Committee during the 1985 session of the Legislature. It is recommended that this amount be budgeted to provide funds for the insufficient appropriation of Social Security

costs, the renovation of Laboratory Animal Facilities to meet the requirement of the U. S. Department of Health and Human Services and such non-recurring items as equipment and minor repairs and rehabilitation.

4. U. T. Arlington: Building for School of Architecture and Environmental Design (Project No. 301-548): Recommended Award of Contracts for Furniture and Furnishings to Educational Institutional Cooperative Services, Inc., Dallas, Texas; Architectural Interior Services, Houston, Texas; Disco Print Company, Houston, Texas; H. McCoy, Inc., San Antonio, Texas; Business & Institutional Interiors Inc., Dallas, Texas; (i.e.) Interior Environments, Inc., Austin, Texas; Sherrill Draperies Inc., Austin, Texas; Tekram of Texas, Incorporated, Farmers Branch, Texas; The Photographer's Store, Dallas, Texas; and Request for Authorization for the Chancellor to Sign the Contracts (Exec. Com. Letter 86-11).--

RECOMMENDATION

The Executive Committee concurs in the recommendation of President Nedderman and the Office of the Chancellor that the U. T. Board of Regents award contracts for furniture and furnishings for the Building for School of Architecture and Environmental Design at U. T. Arlington to the following lowest responsible bidders:

Educational Institutional  
Cooperative Services, Inc.  
Dallas, Texas

Base Proposal "A" (Steel Office Furniture)	\$ 34,452.46
-----------------------------------------------	--------------

Architectural Interior Services  
Houston, Texas

Base Proposal "B" (Office Chairs)	\$ 38,589.42
--------------------------------------	--------------

Base Proposal "C" (Conference Chairs and Tables)	30,675.92
--------------------------------------------------------	-----------

Base Proposal "D" (Drafting Tables)	32,249.00
----------------------------------------	-----------

Base Proposal "I" (C.A.D. Laboratory Furniture)	11,448.23
-------------------------------------------------------	-----------

Add Alternate "I-1" to Base Proposal "I" (Additional C.A.D. Laboratory Furniture)	10,556.10
--------------------------------------------------------------------------------------------	-----------

Base Proposal "J-1.a." (Theatre Seating)	<u>58,270.08</u>
---------------------------------------------	------------------

Total Contract Award to Architectural Interior Services	181,788.75
------------------------------------------------------------	------------

Disco Print Company Houston, Texas	
Base Proposal "E" (Drafting Chairs)	\$ 18,786.39
H. McCoy, Inc. San Antonio, Texas	
Base Proposal "F" (Lecture Hall Chairs)	24,506.94
Business & Institutional Interiors Inc. Dallas, Texas	
Base Proposal "G" (Library Technical Furniture)	\$ 55,503.40
Base Proposal "H" (Library Reading Chairs)	<u>16,693.20</u>
Total Contract Award to Business & Institutional Interiors Inc.	72,196.60
(i.e.) Interior Environments, Inc. Austin, Texas	
Base Proposal "K" (Miscellaneous)	\$ 44,985.34
Base Proposal "N" (Shop Equipment)	7,484.12
Base Proposal "O" (Audiovisual Equipment)	<u>14,446.20</u>
Total Contract Award to (i.e.) Interior Environments, Inc.	66,915.66
Sherrill Draperies Inc. Austin, Texas	
Base Proposal "L" (Window Blinds)	17,150.00
Tekram of Texas, Incorporated Farmers Branch, Texas	
Base Proposal "M" (Student Study Chairs)	27,137.90
The Photographer's Store Dallas, Texas	
Base Proposal "P" (Darkroom and Photographic Equipment)	<u>32,861.22</u>
GRAND TOTAL RECOMMENDED CONTRACT AWARDS	\$475,795.92

It is further recommended that the Chancellor be authorized to sign the contracts awarding these bids based on the results of the Executive Committee circularization.

## BACKGROUND INFORMATION

In accordance with authorization of the U. T. Board of Regents on June 14, 1984, bids were called for and were received, opened and tabulated on December 17, 1985, as shown on Pages Ex.C 24 - 25 for furniture and furnishings for the Building for School of Architecture and Environmental Design at U. T. Arlington. Funds for the contract awards are available in the Furnishings and Equipment Account.

With reference to Base Proposal "C" (Conference Chairs and Tables), the apparent lowest bidder, Scott Rice of Texas, Dallas, Texas, submitted an unresponsive bid in that it was a partial bid and did not include all the required items in this package. The lowest responsible bid was submitted by Architectural Interior Services, Houston, Texas.

In regard to Base Proposal "F" (Lecture Hall Chairs), the apparent lowest bid submitted by Goldsmith's Incorporated, Irving, Texas, was not a responsible bid in that it was not signed. The lowest responsible bid was submitted by H. McCoy, Inc., San Antonio, Texas.

With respect to Base Proposal "G" (Library Technical Furniture), only one bid was received. This package is for library furniture to match and be intermingled with the existing library furniture. Only one firm could provide furniture which would match the existing furniture. The bid received, \$55,503.40, was less than the estimated cost of \$58,539. It is believed that rebidding would not improve these results.

In regard to Add Alternate Proposal "I-1" (Additional C.A.D. Laboratory Furniture), the apparent lowest bidder, Scott Rice of Texas, Dallas, Texas, submitted an unresponsive bid in that it was a partial bid and did not include all the required items in the package. The lowest responsible bid was submitted by Architectural Interior Services, Houston, Texas.

With reference to Base Proposal "N" (Shop Equipment), only one bid was received. This package is for shop equipment used in teaching model building and related projects. Bids were solicited from six firms which could have provided the products. Three firms stated that they were too busy with other work to bid, and two firms could not obtain bonding to enter into a contract. The bid received, \$7,484.12, was less than the estimated cost of \$7,780. It is believed that rebidding would not improve these results.

With respect to Base Proposal "O" (Audiovisual and Related Equipment), only one bid was received. This package is for architectural photo slide viewing, cataloging, storage, and reproduction. A canvass of the nine firms which did not bid indicated that they were either too busy with other work, could not bid all the required items, or could not provide the performance bond required to enter into a contract. The bid received, \$14,446.20, was less than the estimated cost of \$15,390. It is believed that rebidding would not improve these results.

With reference to Base Proposal "P" (Darkroom and Photographic Equipment), one bid was received. This package is for specialized darkroom and photographic equipment to meet the teaching needs of the expanding program of the School of Architecture and Environmental Design. Although bids

were solicited from six firms, only one could respond to the bid request. The other firms stated that they could not submit a complete bid or could not provide the required performance bond. The bid received, \$32,861.22, was less than the estimated cost of \$33,546. It is believed that rebidding would not improve these results.

Base Proposal "A", Steel Office Furniture

Educational Institutional Cooperative Services, Inc.	\$34,452.46
Tekram of Texas, Incorporated	35,374.02
(i.e.) Interior Environments, Inc.	35,613.63
Rockford Business Interiors	36,682.93
Scott Rice of Texas	41,971.00

Base Proposal "B", Office Chairs

Architectural Interior Services	\$38,589.42
H. McCoy, Inc.	39,034.25
Goldsmith's Incorporated	41,143.95

Base Proposal "C", Conference Chairs and Tables

Scott Rice of Texas	\$ 6,978.00
Architectural Interior Services	30,675.92
(i.e.) Interior Environments, Inc.	32,910.25
Tekram of Texas, Incorporated	32,976.46
Wilson Business Products	33,582.45

Base Proposal "D", Drafting Tables

Architectural Interior Services	\$32,249.00
Rockford Business Interiors	34,044.40
Disco Print Company	34,481.08
(i.e.) Interior Environments, Inc.	35,612.32
Ridgeways, Inc.	37,231.00
Bruning Division, AM International	43,185.48

Base Proposal "E", Drafting Chairs

Disco Print Company	\$18,786.39
Ridgeways, Inc.	20,045.90
Tekram of Texas, Incorporated	20,056.96
Architectural Interior Services	20,160.28
Rockford Business Interiors	20,565.52
Bruning Division, AM International	20,924.85
(i.e.) Interior Environments, Inc.	20,958.35
Wilson Business Products	21,979.76
H. McCoy, Inc.	22,047.68
Business Interiors	22,731.20
Goldsmith's Incorporated	23,720.48

Base Proposal "F", Lecture Hall Chairs

Goldsmith's Incorporated	\$22,917.54
H. McCoy, Inc.	24,506.94
Disco Print Company	36,423.30
Architectural Interior Services	37,068.70

Base Proposal "G", Library Technical Furniture

Business & Institutional Interiors Inc.	\$55,503.40
-----------------------------------------	-------------

Base Proposal "H", Library Reading Chairs

Business & Institutional Interiors Inc.	\$16,693.20
Architectural Interior Services	19,692.53

Base Proposal "I", C.A.D. Laboratory Furniture

(i.e.) Interior Environments, Inc.	\$11,202.41
Tekram of Texas, Incorporated	11,297.97
H. McCoy, Inc.	11,324.59
Architectural Interior Services	11,448.23
Goldsmith's Incorporated	12,225.70

Add Alternate "I-1" to Base Proposal "I",  
Additional C.A.D. Laboratory Furniture

Scott Rice of Texas	\$ 233.00
Architectural Interior Services	10,556.10
Tekram of Texas, Incorporated	11,142.43
(i.e.) Interior Environments, Inc.	11,170.87

Base Proposal "J -1.a.", Theatre Seating

Architectural Interior Services	\$58,270.08
J. G. Furniture Systems, Inc.	62,454.00

Base Proposal "K", Miscellaneous

(i.e.) Interior Environments, Inc.	\$44,985.34
Wilson Business Products	50,827.72

Base Proposal "L", Window Blinds

Sherrill Draperies Inc.	\$17,150.00
Arlington Blinds Limited, Inc.	17,650.00
E. G. Jenkins	19,445.00
Dills-Challstrom, Inc.	22,111.00
Cooper's Drapery Service Inc.	29,268.44

Base Proposal "M", Student Study Chairs

Tekram of Texas, Incorporated	\$27,137.90
Wilson Business Products	29,985.84
(i.e.) Interior Environments, Inc.	30,382.06
Architectural Interior Services	30,914.12

Base Proposal "N", Shop Equipment

(i.e.) Interior Environments, Inc.	\$ 7,484.12
------------------------------------	-------------

Base Proposal "O", A/V Equipment

(i.e.) Interior Environments, Inc.	\$14,446.20
------------------------------------	-------------

Base Proposal "P", Darkroom and Photographic  
Equipment

The Photographer's Store	\$32,861.22
--------------------------	-------------

5. U. T. Arlington - Engineering Building Addition and Renovation (Project No. 301-475): Recommended Award of Construction Contract to Stolte Inc., Los Angeles, California, and Approval of Plaque Inscriptions (Exec. Com. Letter 86-14).--

RECOMMENDATION

The Executive Committee concurs with the recommendation of President Nedderman and the Office of the Chancellor that the U. T. Board of Regents:

- a. Award a construction contract for the U. T. Arlington Engineering Building Addition and Renovation to the lowest responsible bidder, Stolte Inc., Los Angeles, California, for the Base Bid and Additive Alternates Four, Five and Six in the amount of \$27,682,000
- b. Approve plaque inscriptions as set forth below for plaques to be placed on each separate building. The inscriptions follow the standard pattern approved by the U. T. Board of Regents in June 1979.

ENGINEERING BUILDING  
1986

BOARD OF REGENTS

Jess Hay, Chairman  
Robert B. Baldwin III, Vice-Chairman  
Shannon H. Ratliff, Vice-Chairman  
Jack S. Blanton  
Janey Slaughter Briscoe  
(Mrs. Dolph)  
Beryl Buckley Milburn  
Tom B. Rhodes  
Bill Roden  
Mario Yzaguirre

Hans Mark  
Chancellor, The  
University of Texas System  
Wendell H. Nedderman  
President, The University  
of Texas at Arlington

Albert S. Komatsu & Associates  
Project Architect  
Stolte Inc.  
Contractor

ENGINEERING BUILDING RENOVATION  
1986

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Tom B. Rhodes  
Bill Roden  
Mario Yzaguirre

Hans Mark  
Chancellor, The  
University of Texas System  
Wendell H. Nedderman  
President, The University  
of Texas at Arlington

Albert S. Komatsu & Associates  
Project Architect  
Stolte Inc.  
Contractor

AERONAUTICAL RESEARCH BUILDING  
1986

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Beryl Buckley Milburn  
Tom B. Rhodes  
Bill Roden  
Mario Yzaguirre

Hans Mark  
Chancellor, The  
University of Texas System  
Wendell H. Nedderman  
President, The University  
of Texas at Arlington

Albert S. Komatsu & Associates  
Project Architect  
Stolte Inc.  
Contractor

BACKGROUND INFORMATION

In accordance with the authorization of the U. T. Board of Regents in October 1985, bids for the Engineering Building Addition and Renovation at U. T. Arlington were received and opened on February 19, 1986, as shown on Pages Ex.C 28 - 29.

The project consists of three separate parts. The new Engineering Building (Base Bid) will be approximately 244,000 square feet and will contain classrooms, laboratories, and offices. The Renovation of the existing Engineering Building (Additive Alternate Four) contains approximately 130,000 square feet and consists of classrooms, laboratories, and offices. The Aeronautical Research Building (Additive Alternate Five) and attendant Compressor Building (Additive Alternate Six) will be approximately 10,500 square feet and will contain the wind tunnel facility, laboratories and offices.

A construction contract award to the lowest responsible bidder, Stolte Inc., in the amount of \$27,682,000 for the Base Bid and Additive Alternates Four, Five and Six can be made within the authorized total project budget of \$39,909,710.

The total project cost for the Engineering Building Addition and Renovation is composed of the following cost elements:

Construction Cost	\$27,682,000
Fees and Administrative Expenses	2,521,594
Furniture, Furnishings and Institutional Equipment	7,607,083
Future Work (Air Balance, Asbestos Removal, Utility Connections)	1,150,000
Miscellaneous Expenses	118,573
Project Contingency	<u>830,460</u>
	\$39,909,710

This project was approved by the Coordinating Board in January 1985, and is within the scope of the Capital Improvement Program approved by the U. T. Board of Regents.

ENGINEERING BUILDING ADDITION AND RENOVATION  
 THE UNIVERSITY OF TEXAS AT ARLINGTON  
 Bids Received February 19, 1986, at  
 The University of Texas at Arlington

<u>CONTRACTOR</u>	<u>Stolte Inc. Los Angeles, CA</u>	<u>Mellon Stuart Company Irving, TX</u>	<u>Manhattan Construction Company Dallas, TX</u>
BASE BID	\$19,850,000	\$19,962,000	\$20,750,000
Alt. No. 1 - Temporary Laboratory Space and Two Classrooms	+30,000	+5,000	- 0 -
Alt. No. 2 - Delete Face Brick	-132,000	-100,000	-110,000
Alt. No. 3 - Delete Laboratory	-709,000	-680,000	-850,000
Alt. No. 4 - Existing Building Renovation	+6,585,000	+7,292,000	+6,960,000
Alt. No. 5 - Aerospace Research Building	+935,000	+1,168,000	+825,000
Alt. No. 6 - Compressor Building	<u>+312,000</u>	<u>+248,000</u>	<u>+290,000</u>
 Total Recommended Contract Award, Base Bid Plus Alternates 4, 5 and 6	 \$27,682,000	 \$28,670,000	 \$28,825,000

EX. C - 28

ENGINEERING BUILDING ADDITION AND RENOVATION  
 THE UNIVERSITY OF TEXAS AT ARLINGTON  
 (Construction Bids Continued)

<u>CONTRACTOR</u>	<u>Blount Brothers Corporation Dallas, TX</u>	<u>J. A. Jones Construction Company Dallas, TX</u>	<u>George A. Fuller Company of Texas, Inc. Dallas, TX</u>
BASE BID	\$20,400,000	\$20,900,000	\$27,645,000
Alt. No. 1 - Temporary Laboratory Space and Two Classrooms	-7,500	+690,000	+17,000
Alt. No. 2 - Delete Face Brick	-100,000	-185,000	-100,000
Alt. No. 3 - Delete Laboratory	-850,000	-840,000	-720,000
EX. C - Alt. No. 4 - Existing Building Renovation	+7,425,000	+7,750,000	+7,945,000
- Alt. No. 5 - Aerospace Research Building	+1,100,000	+972,000	+799,000
29 Alt. No. 6 - Compressor Building	<u>+280,000</u>	<u>+300,000</u>	<u>+585,000</u>
Total Recommended Contract Award, Base Bid Plus Alternates 4, 5 and 6	\$29,105,000	\$29,922,000	\$36,974,000

6. U. T. Arlington: Recommendation for Approval to Enter Into a Ground Lease and an Operating Agreement with Ames-Teague Joint Venture, Dallas, Texas, for the Provision of a Parking Garage (Exec. Com. Letter 86-12).--

#### RECOMMENDATION

The Executive Committee concurs in the recommendation of President Nedderman and the Office of the Chancellor that the U. T. Board of Regents:

- a. Authorize the Chancellor to execute a ground lease agreement, after approval by the Office of General Counsel, leasing a 0.942-acre tract of the U. T. Arlington campus to Ames-Teague Joint Venture, Dallas, Texas, as a site for a parking garage in the form distributed as Attachment 1
- b. Authorize the Chancellor to execute a property operating agreement, after approval by the Office of General Counsel, with Ames-Teague Joint Venture for operation and management of the parking garage by U. T. Arlington in the form distributed as Attachment 2.

Each of the attachments listed above were distributed to all members of the U. T. Board of Regents with Executive Committee Letter 86-12 and will be included in the Minute Order reflecting Board ratification of the Executive Committee recommendations.

#### BACKGROUND INFORMATION

At its December 1985 meeting, the U. T. Board of Regents authorized the Office of the Chancellor and the Office of General Counsel to conclude negotiations on (a) a ground lease agreement with Ames-Teague Joint Venture, and (b) a property management agreement with Ames-Teague Joint Venture, both of these agreements to be in substantially the form presented to the U. T. Board of Regents at that meeting as attachments in the supplemental material to the agenda item. The U. T. Board of Regents further authorized the Executive Committee of the Board to approve the final form of these documents, subject to final ratification by the Board in accordance with the usual procedure.

Negotiations for the provision of a multi-level parking garage on the U. T. Arlington campus by a private entity have been completed as represented by the documents distributed with the Executive Committee Letter, which are in substantially the form presented to the U. T. Board of Regents at the December 1985 meeting.

The proposed project includes a ground lease of a 0.942-acre tract of the U. T. Arlington campus to Ames-Teague Joint Venture who will provide for the financing and construction of a four-level, 360-space parking garage. The ground lease has a term of 30 years.

The ground lease would grant to Ames-Teague Joint Venture a right of first refusal for the first fifteen years of the lease term to develop any additional multi-level parking facilities desired by U. T. Arlington within a designated area of the campus surrounding the proposed garage site. However, U. T. Arlington is not restricted by this lease from developing additional ground-level parking facilities anywhere on the campus. The ground lease would grant the U. T. Board of Regents the right to purchase the parking garage and all other improvements on the leased premises (subject to the approval of the Coordinating Board, Texas College and University System) at an appraised price at any time after the fifth year of the lease term. If not purchased earlier, all improvements will revert to the U. T. Board of Regents at the expiration of the lease.

As consideration for the leasehold, Ames-Teague Joint Venture would pay a rental of \$100 per year plus a percentage rental based upon the gross revenues received from the parking garage, if the gross revenues exceed \$750,000 per year. The percentage paid the U. T. Board of Regents would range from 1% to a maximum of 7.5% of gross annual revenues, in accordance with a sliding scale incorporated in the lease agreement.

Operation of the parking garage for the first year of operation will be the responsibility of U. T. Arlington, under an Operating Agreement between the U. T. Board of Regents and Ames-Teague Joint Venture, who will pay all reasonable costs incurred in performing the duties of management. After the first year of operation, U. T. Arlington will have a right of first refusal to operate the parking garage, and, if it chooses not to operate, a right to approve any third-party operators for the garage.

Existing parking lots on the U. T. Arlington campus are being rapidly replaced by new buildings, and parking spaces will be in very short supply with the beginning of construction on the Engineering Building and the addition to the University Center. Because of present construction costs and interest rates and lack of a current uncommitted revenue source, U. T. Arlington is unable to finance construction of the needed parking facilities without a substantial increase in student fees. Joint development of a parking facility with a private entity under the proposed ground lease and operating agreement will allow U. T. Arlington to provide adequate parking for students, faculty and visitors in a timely manner without incurring major expenditures or financial commitments.

7. U. T. Permian Basin: Request for Approval of Additional Restructuring of the Academic Administrative Organization (Catalog Change) (Exec. Com. Letter 86-15).--

#### RECOMMENDATION

The Executive Committee concurs with the recommendation of President Leach and the Office of the Chancellor that an additional modification to the restructuring of the U. T. Permian Basin's academic administrative organization approved in October 1984 be authorized. The proposed changes, involving additional reductions in administrative

costs, would replace the seven divisions with five divisions, as follows:

<u>Approved October 1984</u>	<u>Proposed</u>
Division of Education	Division of Education
Division of Behavioral Science and Physical Education	Division of Behavioral Science and Physical Education
Division of Humanities and Fine Arts	Division of Humanities and Fine Arts
Division of Accounting ) and Finance )	Division of Business Administration
Division of Management and ) Marketing )	
Division of Engineering )	Division of Science and Engineering
Division of Science, Mathe- ) matics, and Computer Science )	

Coordinating Board consideration of this proposed administrative restructuring is on their April 1986 agenda. To meet their deadline, this modification needs U. T. Board of Regents concurrence prior to the April 1986 meeting of the U. T. Board of Regents.

#### BACKGROUND INFORMATION

In October 1984, the U. T. Board of Regents approved restructuring the academic administrative organization of U. T. Permian Basin by replacing a three college structure headed by deans, carrying a minimum teaching load (25%) with seven divisions headed by directors carrying a heavier teaching load (75%). That administrative restructuring was expected to average 1.5 FTE less administrative time and save approximately \$160,000 per year. The proposed change should enhance intra-institutional communication between the faculty and administrators in this relatively small institution (approximately 70 FTE faculty). The average number of faculty members in each division was projected to be approximately 9, ranging from 5 to 14.

The institution now proposes to combine four of the smaller divisions into two slightly larger divisions. Division size with this modification would range from 13 to 17 faculty members. The additional modification is expected to reduce administrative time by an additional .5 FTE and save approximately \$28,000 additional dollars.

If approved by the U. T. Board of Regents and concurred in by the Coordinating Board at their April 1986 meeting, the catalog now being prepared for the 1986-87 academic year will reflect this change, as will the operating budget for fiscal year 1986-87.

8. U. T. San Antonio: University Center Building (Project No. 401-447): Recommended Award of Contracts for Furniture and Furnishings to Wilson Business Products, Systems & Services, Inc., San Antonio, Texas; H. McCoy, Inc., San Antonio, Texas; Business Interiors, Arlington, Texas; Southwest Office Interiors, Austin, Texas; Marshall Clegg/Associates, Inc., San Antonio, Texas; Architectural Interior Services, Houston, Texas; Koplan Kitchens, Inc., San Antonio, Texas; San Antonio Floor Finishers, Inc., San Antonio, Texas; Sherrill Draperies, Inc., Austin, Texas; Audio Technical Services Ltd. of Texas, Inc., Austin, Texas; and Request for Authorization for the Chancellor to Sign the Contracts (Exec. Com. Letter 86-13).--

RECOMMENDATION

The Executive Committee concurs in the recommendation of President Wagener and the Office of the Chancellor that the U. T. Board of Regents award contracts for furniture and furnishings for the University Center Building at U. T. San Antonio to the lowest responsible bidders as set out below:

Wilson Business Products, Systems & Services, Inc., San Antonio, Texas		
Base Proposal "A" (Wood Office Furniture)	\$ 7,472.09	
Base Proposal "E" (Dining Tables)	<u>15,967.77</u>	
Total Contract Award to Wilson Business Products, Systems & Services, Inc.		\$ 23,439.86
H. McCoy, Inc. San Antonio, Texas		
Base Proposal "B" (Office Landscape)		47,735.44
Business Interiors Arlington, Texas		
Base Proposal "C" (Conference Tables & Miscellaneous)	\$ 26,355.75	
Base Proposal "H" (Portable Stage Platforms)	<u>16,413.89</u>	
Total Contract Award to Business Interiors		42,769.64
Southwest Office Interiors Austin, Texas		
Base Proposal "D" (Files and Casework)	\$ 14,546.00	
Base Proposal "F" (Dining Seating)	<u>43,722.00</u>	
Total Contract Award to Southwest Office Interiors		58,268.00

Marshall Clegg/Associates, Inc. San Antonio, Texas	
Base Proposal "I" (Stacking Chairs)	\$ 22,253.66
Base Proposal "J" (Interaction Lounge Furniture)	<u>59,140.00</u>
Total Contract Award to Marshall/Clegg Associates, Inc.	\$ 81,393.66
Architectural Interior Services Houston, Texas	
Base Proposal "G" (Folding Tables)	8,753.93
Koplan Kitchens, Inc. San Antonio, Texas	
Base Proposal "K" (Food Service Equipment)	48,655.00
San Antonio Floor Finishers, Inc. San Antonio, Texas	
Base Proposal "L" (Carpeting)	37,970.00
Sherrill Draperies, Inc. Austin, Texas	
Base Proposal "M" (Draperies)	3,464.56
Audio Technical Services Ltd. of Texas, Inc. Austin, Texas	
Base Proposal "N" (Sound Reinforcing System)	<u>29,892.00</u>
GRAND TOTAL RECOMMENDED CONTRACT AWARDS	\$382,342.09

It is further recommended that the Chancellor be authorized to sign the contracts awarding these bids based on the results of the Executive Committee circularization.

#### BACKGROUND INFORMATION

In accordance with authorization of the U. T. Board of Regents on October 12, 1984, bids were called for and were received, opened and tabulated on January 29, 1986, as set forth on Pages Ex.C 35 - 36, for furniture and furnishings for the University Center Building at U. T. San Antonio. Funds for the contract awards are available in the Furnishings and Equipment Account.

In regard to Base Proposal "H" (Portable Stage Platforms), only one bid was received. This section is for all portable stage platforms to be used in the entertainment and assembly areas of the building. A canvass of the eight potential bidders indicated that those who did not bid believed that special type of item was outside their area of expertise,

because of the necessity of assembling the required technical components and that the work would not be profitable to undertake. The bid received, \$16,413.89, was less than the estimated cost of \$18,261. It is believed that rebidding would not improve these results.

With respect to Base Proposal "K" (Food Service Equipment), only one bid was received. This package is for all movable food service equipment. Written responses from the four bidders who did not submit bids indicated that they either could not provide the required bid security, or believed the project fell outside their service area, or had too much work to perform the contract requirements in a timely manner. The bid received, \$48,655, was less than the estimated cost of \$49,000. It is believed that rebidding would not improve these results.

Base Proposal "A", Wood Office Furniture

Wilson Business Products, Systems & Services, Inc.	\$7,472.09
Rockford Business Interiors	7,627.65
Business Interiors	7,692.00
(i.e.) Interior Environments, Inc.	7,730.34
Architectural Interior Services	8,227.60
H. McCoy, Inc.	8,388.55
Marshall Clegg/Associates, Inc.	8,472.98
Southwest Office Interiors	10,208.00

Base Proposal "B", Office Landscape

H. McCoy, Inc.	\$47,735.44
Architectural Interior Services	48,955.32
Marshall Clegg/Associates, Inc.	50,952.57

Base Proposal "C", Conference Tables and Miscellaneous

Business Interiors	\$26,355.75
(i.e.) Interior Environments, Inc.	33,621.56
Architectural Interior Services	34,257.81
Rockford Business Interiors	35,406.92

Base Proposal "D", Files and Casework

Southwest Office Interiors	\$14,546.00
Architectural Interior Services	15,616.14
Marshall Clegg/Associates, Inc.	17,457.82
Rockford Business Interiors	17,870.18
Business Interiors	18,915.00

Base Proposal "E", Dining Tables

Wilson Business Products, Systems & Services, Inc.	\$15,967.77
Southwest Office Interiors	16,213.00
Rockford Business Interiors	16,776.01
Business Interiors	16,839.50
Architectural Interior Services	16,899.62
(i.e.) Interior Environments, Inc.	18,112.74
Disco Print Company	24,863.50
Marshall Clegg/Associates, Inc.	26,209.01

Base Proposal "F", Dining Seating

Southwest Office Interiors	\$43,722.00
Marshall Clegg/Associates, Inc.	60,049.48
Wilson Business Products, Systems & Services, Inc.	60,895.43

Base Proposal "F", Dining Seating (continued)

Rockford Business Interiors	\$61,386.21
Architectural Interior Services	62,033.34
Business Interiors	62,125.13

Base Proposal "G", Folding Tables

Architectural Interior Services	\$ 8,753.93
Business Interiors	9,308.00
Southwest Office Interiors	11,090.00

Base Proposal "H", Portable Stage Platforms

Business Interiors	\$16,413.89
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Base Proposal "I", Stacking Chairs

Marshall Clegg/Associates, Inc.	\$22,253.66
Disco Print Company	22,355.20
Southwest Office Interiors	23,292.00
H. McCoy, Inc.	23,545.22
Architectural Interior Services	24,442.28

Base Proposal "J", Interaction Lounge Furniture

Marshall Clegg/Associates, Inc.	\$59,140.00
Rockford Business Interiors	60,702.87
Southwest Office Interiors	62,000.00
Architectural Interior Services	62,269.13
Business Interiors	65,729.50

Base Proposal "K", Food Service Equipment

Koplan Kitchens, Inc.	\$48,655.00
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Base Proposal "L", Carpeting

San Antonio Floor Finishers, Inc.	\$37,970.00
Carpet Services, Inc.	39,680.00

Base Proposal "M", Draperies

Sherrill Draperies, Inc.	\$ 3,464.56
Dallas Drapery	3,698.10

Base Proposal "N", Sound Reinforcing System

Audio Technical Services Ltd. of Texas, Inc.	\$29,892.00
Southwest Sound and Electronics, Inc.	32,059.09
Sound Distributors, Inc.	32,457.87

9. U. T. Health Science Center - Dallas - Parking Garage No. 3 - Two-Level Addition (Project No. 303-593): Recommended Award of Construction Contract to McKee Building Services, Inc., Dallas, Texas, and Approval of Revised Total Project Cost (Exec. Com. Letter 86-13).--

RECOMMENDATION

The Executive Committee concurs in the recommendation of President Sprague and the Office of the Chancellor that the U. T. Board of Regents:

- a. Award a construction contract for the Two-Level Addition to Parking Garage No. 3 at the U. T. Health Science Center - Dallas to the lowest responsible bidder, McKee Building Services, Inc., Dallas, Texas, as follows:

Base Bid	\$1,096,000
Alt. Bid No. 1 (Elevator No. 2)	45,000
Total Recommended Contract Award	\$1,141,000

- b. Approve a revised total project cost of \$1,300,000 to cover the recommended contract award, fees, and related project expenses. (The previously authorized total project cost was \$1,450,000 funded with \$1,250,000 from Institutional Plant Fund Balances and \$200,000 from Parking Fund Balances.)

BACKGROUND INFORMATION

In accordance with authorization given by the U. T. Board of Regents in December 1985, bids were received and opened on January 21, 1986, as set forth below for the Two-Level Addition to Parking Garage No. 3 at the U. T. Health Science Center - Dallas.

<u>Bidder</u>	<u>Base Bid</u>	<u>Alt. #1 2nd Elevator</u>
McKee Building Services, Inc. Dallas, Texas	\$1,096,000	\$45,000
Hallman & Hallman, Inc. Garland, Texas	1,229,000	47,500
Rogers-O'Brien Construction Company, Inc. Dallas, Texas	1,249,900	46,800
C. D. Henderson Incorporated Garland, Texas	1,330,000	50,500

A contract award to McKee Building Services, Inc., in the amount of \$1,141,000 for the Base Bid and Additive Alternate Bid No. 1 can be made within the revised total project cost of \$1,300,000. The previously approved total project cost had been funded with appropriations of \$1,250,000 from

Institutional Plant Fund Balances and \$200,000 from Parking Fund Balances. The appropriations may now be reduced by returning \$150,000 to Plant Fund Balances while still providing funds adequate to meet the revised total project cost.

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

Construction Cost	\$1,141,000
Fees and Administrative Expenses	92,608
Miscellaneous Expenses	2,500
Project Contingency	<u>63,892</u>
Total Project Cost	\$1,300,000

10. U. T. Medical Branch - Galveston: Salary Increases Requiring Advance Regental Approval Under Budget Rules and Procedures No. 2 (Exec. Com. Letter 86-11).--

RECOMMENDATION

The Executive Committee concurs with the recommendation of President Levin and the Office of the Chancellor that the U. T. Board of Regents approve the following salary increases at the U. T. Medical Branch - Galveston:

Physiology and Biophysics

Increase the total compensation of Professor King-Wai Yau (Tenure) from \$54,185 to \$61,229 effective January 1, 1986.

Source of Funds:

State:	\$21,229	Departmental Faculty Salaries
Other:	40,000	Department of Health and Human Services Grant
	<u>\$61,229</u>	Total Salary/Compensation

(RBC #298)

Increase the total compensation of Professor and Adjunct Member Douglas C. Eaton (Tenure) from \$52,760 to \$61,000 effective January 1, 1986.

Source of Funds:

State:	\$47,641	Departmental Faculty Salaries
Other:	13,359	Department of Health and Human Services Grant
	<u>\$61,000</u>	Total Salary/Compensation

(RBC #297)

Physiology and Biophysics (continued)

Increase the total compensation of Associate Professor Robert K-S Wong (Tenure) from \$48,120 to \$52,932 effective January 1, 1986.

Source of Funds:

State:	\$42,252	Departmental Faculty Salaries
Other:	10,680	Department of Health and Human Services Grant
	<u>\$52,932</u>	Total Salary/Compensation

(RBC #299)

Preventive Medicine and Community Health

Increase the total compensation of Associate Professor Tom Baranowski (Non-Tenure) from \$42,981 to \$52,981 effective February 1, 1986.

Source of Funds:

State:	\$44,788	Departmental Faculty Salaries
Other:	8,193	Department of Health and Human Services Grant
	<u>\$52,981</u>	Total Salary/Compensation

(RBC #328)

BACKGROUND INFORMATION

Dr. Yau received his A.B. degree from Princeton University, Princeton, New Jersey, in 1971 and his Ph.D. degree in Neurobiology at Harvard University, Cambridge, Massachusetts, in 1976. He was a post doctoral fellow from 1976 until 1979 at Stanford University and from 1979 until 1980 at Cambridge University in England. He joined the faculty in 1980 and was promoted to Professor, with tenure, September 1, 1985. Since his arrival in 1980, Dr. Yau has had an immense impact on the scientific thinking in his area of research, the mechanisms of phototransduction by visual receptors. In a series of papers published in Nature, he has disproved a dogma held by experts in this field since 1970 and has provided a clear basis for new ways of thinking about the mechanisms of phototransduction. As a member of the department, Dr. Yau teaches both medical and graduate students in a conscientious and effective manner and participates in departmental life by serving on departmental committees. Dr. Yau is currently being recruited by an outside university and we believe it is extremely important to retain him at our component.

Dr. Eaton obtained his B.S. degree from California Institute of Technology, Pasadena, California, in 1967. He obtained his M.S. degree in 1969 from Scripps Institute of Oceanography, La Jolla, California, and his Ph.D. degree in 1971 from the University of California at San Diego, San Diego, California, and joined the faculty in 1974. Dr. Eaton has been a member of the NIH Physiology Study Section and was recently the recipient of a NIH grant to fund the purchase of a VAX-750 computer to be used by members of his

department. His research, which has been continuously funded by NIH since his arrival in 1974, is in basic neuroscience and the area of fundamental mechanisms of kidney function. Dr. Eaton is a council member for the Society of General Physiologists and a member of the Editorial Board for the American Journal of Physiology. He has recently become the Director of the Graduate Program in Physiology and Biophysics and performs numerous teaching duties. Dr. Eaton has been approached by several universities and we feel that the loss of such a key faculty member would be detrimental to the department.

Dr. Wong obtained his B.S. Degree from McGill University, Montreal, Canada, in 1970. He obtained his Ph.D. in 1975 from University of Alberta, Edmonton, Canada, and joined the faculty in 1981. Dr. Wong is an investigator in the field of cellular mechanisms of neuronal functions and as such, bridges two of the research strengths present on the campus as well as within the department. He is a member of the NIH Neurological Sciences Study Section and has held a prestigious Klingenstein Fellowship in Neuroscience. His research productivity is impressive with fourteen peer reviewed papers and nine articles in books. Dr. Wong interacts with several of the faculty on research issues, supervises graduate students and teaches in the Medical Physiology and Biophysics course and in the Medical Neuroscience course. Dr. Wong is currently being recruited by an outside university and we feel that the loss of such faculty member would be detrimental to the department.

Dr. Baranowski received his Masters and Ph.D. degrees in social psychology at the University of Kansas, Lawrence, Kansas. He came from West Virginia University Medical Center, Morgantown, West Virginia, as an Assistant Professor in 1980. He was promoted to the rank of Associate Professor on September 1, 1984. This past year, Dr. Baranowski was remarkably successful in obtaining grant support for his research. In 1984-85 he received two substantial grants, one on which he was Co-Principal Investigator and another on which he was the Principal Investigator. He now has one of the largest individual research programs among the faculty at U. T. Medical Branch - Galveston. Dr. Baranowski also published six technical articles, a text book with three other editors, and four book chapters during 1984-85. Dr. Baranowski's expertise and productivity has been recognized nationally.

11. U. T. Medical Branch - Galveston: Transfers of Funds Requiring Advance Regental Approval Under Budget Rules and Procedures No. 2 (Exec. Com. Letter 86-15).--

#### RECOMMENDATION

The Executive Committee concurs in the recommendation of President Levin and the Office of the Chancellor that the U. T. Board of Regents approve the transfers of funds at The University of Texas Medical Branch at Galveston as set out on Page Ex.C - 41 .

Educational and General Funds

Amount of Transfer - \$1,550,000

From: Unappropriated Balance (via Estimated  
Income) - 1985-86

To: Computing Services Center	
Equipment	\$1,300,000
Campus Information Center	250,000
Total	<u>\$1,550,000</u>

(RBC #270 and #383)

BACKGROUND INFORMATION

On January 24, 1984, the State Purchasing and General Services Commission issued a purchase order for the "lease-purchase" of an IBM 3081 mainframe computer. The order specified a pay-out in three installments, two of which have been accomplished. It is recommended that the last payment of \$1,300,000 be accelerated in order to conserve future operating funds and save approximately \$50,000 in interest.

U. T. Medical Branch - Galveston is recommending a transfer of \$250,000 to provide the funding necessary to construct a 500 square foot campus information center on the corner of University Boulevard and Market Street and landscape the grounds around the center. This property was acquired in 1984. The improvements on the property, which consisted of a two story building, were demolished due to extensive deterioration. This property, which is located on the southeast corner of the campus, is exposed to a heavy traffic flow from patients and visitors. The information center is being proposed as a one room structure of approximately 500 square feet where general information and directions to patients and visitors will be disseminated. It is anticipated that the building could be constructed at a cost of \$50,000. The landscaping proposed for this area would consist of a concrete area with trees, shrubbery, and grass. The project also would involve utility extensions and lighting. The estimated cost of the landscaping is \$200,000. This project would assist in making the facilities easier to access by patients and visitors. It also would improve the overall physical appearance of our campus. The work can be performed through the Physical Plant Department, working with the U. T. System Office of Facilities Planning and Construction, and using outside contract services.

12. U. T. Cancer Center: Salary Increases Requiring Advance  
Regental Approval Under Budget Rules and Procedures  
No. 2 (Exec. Com. Letter 86-11).--

RECOMMENDATION

The Executive Committee concurs with the recommendation of President LeMaistre and the Office of the Chancellor that the U. T. Board of Regents approve the following salary increases at the U. T. Cancer Center:

Chemotherapy Research

Increase the total compensation of Cell Biologist and Professor of Cell Biology Walter N. Hittleman (Term Appointment) from \$50,400 to \$58,000 effective February 1, 1986.

Source of Funds:

State:	\$27,800	Departmental Faculty Salaries
Other:	25,200	Department of Health and Human Services Grant
	5,000	Cancer Research Program Fund
	<u>\$58,000</u>	Total Salary/Compensation

(RBC #86)

Clinical Immunology and Biological Therapy

Increase the total compensation of Assistant Internist and Assistant Professor of Medicine Rayelle Kurzock (Non-Tenure) from \$50,100 to \$57,500 effective February 1, 1986.

Source of Funds:

Other:	\$33,000	MacArthur Foundation
	4,400	Cancer Research Program Fund
	<u>\$37,400</u>	Total Salary
Augmentation:	20,100	PRS Fund
	<u>\$57,500</u>	Total Compensation

(RBC #88)

Clinical Radiation Physics

Increase the total compensation of Director of Electron Dosimetry Research, Associate Physicist and Associate Professor of Radiotherapy Physics Kenneth R. Hogstrom (Term Appointment) from \$75,000 to \$100,000 effective February 1, 1986.

Source of Funds:

State:	\$ 75,000	Departmental Faculty Salaries
Other:	25,000	Cancer Research Program Funds
	<u>\$100,000</u>	Total Salary/Compensation

(RBC #87)

Diagnostic Radiology

Increase the total compensation of Radiologist, Professor of Radiology and Olga Keith and Harry Carothers Wiess Chair in Diagnostic Radiology, Gerald D. Dodd, Jr. (Term Appointment) from \$160,000 to \$166,000 effective February 1, 1986.

Source of Funds:

State:	\$ 88,000	Departmental Faculty Salaries
Other:	6,000	Wiess Chair
	<u>\$ 94,000</u>	Total Salary
Augmentation:	72,000	PRS Fund
	<u>\$166,000</u>	Total Compensation

(RBC #84)

General Surgery

Increase the total compensation of Associate Surgeon and Associate Professor of Surgery David M. Ota (Term Appointment) from \$93,500 to \$102,000 effective February 1, 1986.

Source of Funds:

State:	\$ 59,000	Departmental Faculty Salaries/Total Salary
Augmentation:	43,000	PRS Fund
	<u>\$102,000</u>	Total Compensation

(RBC #94)

Internal Medicine

Increase the total compensation of Associate Internist and Associate Professor of Medicine Michael S. Ewer (Non-Tenure) from \$81,700 to \$90,000 effective February 1, 1986.

Source of Funds:

State:	\$50,700	Departmental Faculty Salaries/Total Salary
Augmentation:	39,300	PRS Fund
	<u>\$90,000</u>	Total Compensation

(RBC #85)

Medical Oncology

Increase the total compensation of Associate Internist and Associate Professor of Medicine Christopher Logothetis (Term Appointment) from \$76,000 to \$85,700 effective February 1, 1986.

Source of Funds:

State:	\$48,000	Departmental Faculty Salaries/Total Salary
Augmentation:	<u>37,700</u>	PRS Fund
	<u>\$85,700</u>	Total Compensation

(RBC #89)

Neuro-Oncology

Increase the total compensation of Associate Neurologist and Assistant Professor of Neurology Eugenie Obbens (Non-Tenure) from \$73,500 to \$80,000 effective February 1, 1986.

Source of Funds:

State:	\$45,100	Departmental Faculty Salaries/Total Salary
Augmentation:	<u>34,900</u>	PRS Fund
	<u>\$80,000</u>	Total Compensation

(RBC #93)

Increase the total compensation of Associate Neurologist and Assistant Professor of Neurology and Tumor Biology W. K. Alfred Yung (Non-Tenure) from \$74,700 to \$82,500 effective February 1, 1986.

Source of Funds:

State:	\$46,100	Departmental Faculty Salaries/Total Salary
Augmentation	<u>36,400</u>	PRS Fund
	<u>\$82,500</u>	Total Compensation

(RBC #96)

Radiotherapy

Increase the total compensation of Radiotherapist, Professor of Radiotherapy and John G. and Marie Stella Kenedy Foundation Chair Lester J. Peters (Term Appointment) from \$158,000 to \$164,000 effective February 1, 1986.

Source of Funds:

State:	\$ 54,000	Departmental Faculty Salaries
Other:	6,000	Kenedy Foundation Chair
	36,000	Department of Health and Human Services Grant
	<u>\$ 96,000</u>	Total Salary
Augmentation:	68,000	PRS Fund
	<u>\$164,000</u>	Total Compensation

(RBC #95)

Cancer Prevention

Increase the total compensation of Internist and Professor of Clinical Cancer Prevention Peter E. Mansell (Non-Tenure) from \$90,300 to \$100,000 effective February 1, 1986.

Source of Funds:

State:	\$ 64,500	Departmental Faculty Salaries/Total Salary
Augmentation:	<u>35,500</u>	PRS Fund
	<u>\$100,000</u>	Total Compensation

(RBC #90)

Office of the Vice President for Research

Increase the total compensation of Associate Vice President for Research, Internist and Professor of Medicine, Eugene M. McKelvey (Term Appointment) from \$101,000 to \$110,000 effective February 1, 1986.

Source of Funds:

State:	\$ 31,600	Departmental Faculty Salaries
Other:	31,600	Department of Health and Human Services Grant
	<u>4,000</u>	Cancer Research Program Fund
	<u>\$ 67,200</u>	Total Salary
Augmentation:	<u>42,800</u>	PRS Fund
	<u>\$110,000</u>	Total Compensation

(RBC #91)

Science Park - Research Laboratories

Increase the total compensation of Assistant Biologist and Assistant Professor of Biology Donald C. Morizot (Non-Tenure) from \$29,000 to \$36,500 effective February 1, 1986.

Source of Funds:

State:	\$22,000	Departmental Faculty Salaries
Other:	<u>14,500</u>	Department of Interior Contract
	<u>\$36,500</u>	Total Salary/Compensation

(RBC #92)

BACKGROUND INFORMATION

Walter N. Hittleman received his Ph.D. from the University of California - Berkeley, Berkeley, California, in 1972 and completed his postdoctoral in cell biology at U. T. Cancer Center in 1972. Dr. Hittleman joined the staff in 1974, and his first staff appointment was in the capacity of Research Associate in the Department of Developmental Therapeutics. He reached the Assistant rank in 1975,

Associate rank in 1979 and was appointed as Cell Biologist and Professor of Cell Biology (Chemotherapy Research) on September 1, 1985. He has been a consistently productive scientist who has pioneered the use of prematurely condensed chromosomes in the assessment of malignant disease. Dr. Hittleman continues to make outstanding contributions in the area of DNA and chromosome structure.

Razelle Kurzrock has been an exemplary physician and scientist in her two years on the staff. She has divided her efforts between clinical and laboratory research and has proved highly successful in both. Her research on oncogenes has already produced a paper and other manuscripts are currently being generated. She has distinguished herself in her patient care responsibilities and is highly respected by her colleagues and by patients and their families. Professor Kurzrock has tremendous potential for a successful and highly productive career with long term interests in this institution.

We are requesting special consideration for the proposed salary increase for Kenneth R. Hogstrom. This substantial increase is attendant to Dr. Hogstrom's appointment as Chairman, Department of Radiation Physics, Division of Radiotherapy at the U. T. Cancer Center. Dr. Hogstrom, Associate Physicist and Associate Professor of Radiation Physics, was primarily responsible for the development of the electron dosimetry program and heads that important section. During the past year, a nation-wide search for a chairman of the newly formed Department of Radiation Physics was conducted. This search attracted the interest of many distinguished clinical physicists throughout the country and a number were interviewed. A careful evaluation of all candidates resulted in Dr. Hogstrom becoming the first choice of the search committee.

At its December 1985 meeting, the U. T. Board of Regents appointed Gerald D. Dodd to the Olga Keith and Harry Carothers Wiess Chair for Diagnostic Radiology. In recognition of his stature and many accomplishments, and particular acknowledgement of his receipt of this prestigious endowed chair, we request this salary increase.

David M. Ota received his medical degree from the University of Chicago School of Medicine, Chicago, Illinois, in 1973. He completed his internship and first-year residency in general surgery at Johns Hopkins Hospital, Baltimore, Maryland, and surgical research fellowship in surgery at U. T. Medical School - Houston. He completed his fellowship in surgical oncology at U. T. Cancer Center. His first staff appointment at this institution was as Assistant Surgeon (General Surgery) and Assistant Professor of Surgery in 1980, and he was recently promoted to Associate Surgeon and Associate Professor of Surgery. He is board certified in Surgery and has an ongoing interest in nutrition and intravenous nutritional support. His recent interest in evaluating nutritional support and its effect on polyamine excretion in cancer patients presents a new approach to whether nutritional support can stimulate general metabolism.

Michael S. Ewer is this institution's leader in medical intensive care of the cancer patient and one of the nation's foremost experts in this crucial field. His research on cardiopulmonary problems has been strongly supportive of his clinical role and his work in cardiac biopsy technology and supportive care has been pioneering. His publications, particularly Cancer and the Cardiopulmonary System (Raven Press, 1984) and Special Cancer

Bulletin issue on "Critical Care for the Cancer Patient" have brought him national attention. Dr. Ewer has received offers from other institutions at salaries considerably higher than he receives currently and is paid well below the median for his accomplishments and responsibilities.

Christopher J. Logothetis received his medical degree from the University of Athens School of Medicine, Athens, Greece, in 1974. He completed his internship and residency at the Cook County Hospital, Chicago, Illinois, and completed his fellowship in Medical Oncology at U. T. Cancer Center. His first staff appointment with U. T. Cancer Center was as Assistant Internist and Instructor in Medicine in 1979, with his most recent promotion to the Associate level in 1983. Dr. Logothetis is board certified in Internal Medicine with the subspecialty of Medical Oncology. The Genitourinary Oncology Service maintains a busy clinical service and Dr. Logothetis' contributions to patient care have been extensive. He is an outstanding, meticulous clinical investigator who is bringing a high standard of intellectual discipline to bear on a series of difficult clinical problems.

Eugenie Obbens received her medical degree from the Faculty of Medicine at the Catholic University, Nijmegen, The Netherlands, in 1975. She completed a three-year residency in neurology at the Medical College of Georgia, Augusta, Georgia, and is board certified by the American Board of Psychiatry and Neurology. After completion of a fellowship in neuro-oncology at Memorial Sloan-Kettering Cancer Center, New York, New York, she joined U. T. Cancer Center in 1981 at the Assistant level, and was recently promoted to Associate Neurologist. Dr. Obbens is a competent, resourceful and imaginative clinician who has made a major commitment to the clinical management of patients with neurologic complications and pain. She is making dynamic new discoveries in pain management. She has assumed new responsibility in the Pain Management Clinic during the past several months.

W. K. Alfred Yung received his medical degree from the University of Chicago, Chicago, Illinois, in 1975. He completed his fellowship in Neuro-Oncology at the Memorial Sloan-Kettering Cancer Center and completed his residency and internship in Neurology at the University of Chicago, Pritzker School of Medicine, Chicago, Illinois. He began his association with U. T. Cancer Center as an Assistant Neurologist and Assistant Professor of Medicine (Neurology) in 1981 and was promoted to Associate Neurologist in 1983. He has a joint appointment in the Department of Tumor Biology as Assistant Professor of Tumor Biology and most recently was appointed as Deputy Chairman, Department of Neuro-Oncology. Dr. Yung is regarded as one of the leading investigative neuro-oncologists in the country. He has been extremely helpful in the Department of Neuro-Oncology and his contributions to this effort have been in both the clinical area and laboratory.

At its December 1985 meeting, the U. T. Board of Regents appointed Lester J. Peters to the John G. and Marie Stella Kenedy Foundation Chair. In recognition of his stature and many accomplishments, and in particular acknowledgement of his receipt of this prestigious endowed chair, we request this salary increase.

Peter W. Mansel received his medical degree from St. Bartholomew's Hospital in London, England, in 1961 and was elected a Fellow in the Royal College of Surgeons in 1967.

Dr. Mansel was recruited to U. T. Cancer Center from the Comprehensive Cancer Center of Florida, Miami, Florida, where he held the academic rank of Professor of Oncology with tenure. When Dr. Mansel came to this institution in 1981, no one fully appreciated the rapidly approaching medical crisis involving Acquired Immune Deficiency Syndrome (AIDS) nor the unusual risks for the development of cancer associated with AIDS. Dr. Mansel has developed and coordinated patient care of AIDS which requires a knowledge of infectious diseases, immunology, immunotherapy, chemotherapy, immunostimulations and supportive care. With his colleague, Dr. Adan Rios, he has developed significant protocols for treatment of AIDS-associated malignancies and has become a leading authority in this field. He is dedicated to the AIDS program and to developing research programs that will help find the answers to this mysterious disease and predisposition to cancer which is part of the syndrome.

Eugene M. McKelvey received his medical degree from Johns Hopkins University in 1960. He began his association with U. T. Cancer Center as Associate Internist and Associate Professor of Medicine in 1972 and was promoted to Internist and Professor of Medicine in 1980. He has been a strong clinician and researcher in the lymphoma service since joining this institution. He organized the first automated patient data system for the original Department of Developmental Therapeutics and he was appointed Associate Vice President for Research in 1983. In this capacity, he has enhanced the overall attitude toward clinical research, the liaison with Department Chairmen and Division Heads, and all other management aspects of that activity to the highest degree possible. As Director of the Office of Protocol Research, he has established effective review procedures and as Professor of Medicine, he continues to play an important clinical role in this institution. In addition to his other responsibilities, Dr. McKelvey heads the activities under a federal grant as well as organizing the Friday Grand Rounds.

Donald C. Morizot received his Ph.D. from U.T. G.S.B.S. - Houston in 1980. He began his association at U. T. Cancer Center as Research Assistant I, was promoted to Research Associate in 1980 and was promoted to Assistant Biologist and Assistant Professor in Biology in 1982. Dr. Morizot has established himself as a productive researcher involved in studies using the playfish-swordtail hybrid melanoma system. He currently has seventeen publications and nine abstracts to his credit. He has also become very involved in the educational programs at the U. T. Science Park - Research Division.

## Finance and Audit Committee

FINANCE AND AUDIT COMMITTEE  
COMMITTEE CHAIRMAN YZAGUIRRE

Date: April 10, 1986  
Time: Following the meeting of the Executive Committee  
Place: Caduceus Room, 6th Floor, Administration Building  
U. T. Medical Branch - Galveston

Page  
F&A

1. U. T. System: Docket No. 27 of the Office of  
the Chancellor

2

1. U. T. System: Docket No. 27 of the Office of the Chancellor.--

RECOMMENDATION

It is recommended that Docket No. 27 of the Office of the Chancellor be approved.

It is requested that the Committee confirm that authority to execute contracts, documents, or instruments approved therein has been delegated to the officer or official executing same.

## Academic Affairs Committee

ACADEMIC AFFAIRS COMMITTEE  
COMMITTEE CHAIRMAN BALDWIN

Date: April 10, 1986  
Time: Following the meeting of the Finance and Audit Committee  
Place: Caduceus Room, 6th Floor, Administration Building  
U. T. Medical Branch - Galveston

	<u>Page</u> <u>AAC</u>
1. U. T. Austin: Request for Permission for Individual to Serve on the Automated Information and Telecommunications Council (AIRC) [Regents' <u>Rules and Regulations</u> , Part One, Chapter III, Section 13, Subsections 13.(10) and 13.(11)]	3
2. U. T. Austin: Request for Permission for Individual to Serve on the Federal Home Loan Bank of Dallas [Regents' <u>Rules and Regulations</u> , Part One, Chapter III, Section 13, Subsections 13.(10) and 13.(11)]	3
3. U. T. Austin: Proposed Appointment to the William David Blunk Memorial Professorship for the 1986-87 Academic Year Only Effective September 1, 1986	4
4. U. T. Austin: Proposed Appointments to Endowed Academic Positions in the College of Business Administration and the Graduate School of Business Effective September 1, 1986	5
5. U. T. Austin: Proposed Appointment to the E. W. Doty Professorship in Fine Arts, College of Fine Arts, for the 1986-87 Academic Year Only Effective September 1, 1986	6
6. U. T. Austin: Proposed Appointment to the Governor Bill Daniel Professorship in Archival Enterprise in the Graduate School of Library and Information Science Effective September 1, 1986	7
7. U. T. Austin: Proposed Appointment to the Bess Harris Jones Centennial Professorship in Natural Resource Policy Studies in the Lyndon B. Johnson School of Public Affairs Effective September 1, 1986	7
8. U. T. Austin: Proposed Appointment to the Jack S. Josey Professorship in Energy Studies for the 1986-87 and 1987-88 Academic Years Effective September 1, 1986	8
9. U. T. Austin: Proposed Appointment to the Earl E. Sheffield Regents Chair in the School of Law Effective June 1, 1986	9

	<u>Page</u> <u>AAC</u>
10. U. T. Austin: Proposed Appointments to Endowed Academic Positions in the College of Natural Sciences Effective September 1, 1986	9
11. U. T. Austin: Proposed Appointment to the Edward Larocque Tinker Chair in Latin American Studies for the 1986-87 Fall Semester	11
12. U. T. Austin: Recommendation to Name Four Rooms in the College of Engineering (Regents' <u>Rules and Regulations</u> , Part One, Chapter VIII, Section 1, Subsection 1.2, Naming of Facilities Other Than Buildings)	12
13. U. T. Austin: Recommendation to Name a Room in Robert Lee Moore Hall (Regents' <u>Rules and Regulations</u> , Part One, Chapter VIII, Section 1, Subsection 1.2, Naming of Facilities Other Than Buildings)	13
14. U. T. Austin: Recommendation to Name a Room in Townes Hall (Regents' <u>Rules and Regulations</u> , Part One, Chapter VIII, Section 1, Subsection 1.2, Naming of Facilities Other Than Buildings)	13
15. U. T. Austin: Proposed Amendments to The Regents' Endowed Teachers and Scholars Program	14
16. U. T. Austin: Recommendation to Approve Increases in (a) Compulsory Student Services Fees and (b) Certain Voluntary Student Services Fees Effective with the Fall Semester 1986 (Catalog Change)	16
17. U. T. Austin: Recommendation for Approval to Increase the 1986-87 Rates for University Housing Effective Fall Semester 1986 (Catalog Change)	17
18. U. T. Dallas: Callier Center for Communication Disorders Advisory Council - Proposed Nominees Thereto (NO PUBLICITY UNTIL ACCEPTANCES ARE RECEIVED)	20
19. U. T. Dallas: Recommendation to Approve Increases in Parking Fees Effective Fall Semester 1986 (Catalog Change)	21
20. U. T. El Paso: Request for Permission for Individual to Serve on the Texas World Trade Council [ <u>Regents' Rules and Regulations</u> , Part One, Chapter III, Section 13, Subsections 13.(10) and 13.(11)]	22

1. U. T. Austin: Request for Permission for Individual to Serve on the Automated Information and Telecommunications Council (AITC) [Regents' Rules and Regulations, Part One, Chapter III, Section 13, Subsections 13.(10) and 13.(11)].--

#### RECOMMENDATION

The Office of the Chancellor concurs with President Cunningham's recommendation that approval be given to Governor Mark White's appointment of Dr. Charles H. Warlick, Director of the Computation Center at U. T. Austin, to the Automated Information and Telecommunications Council (AITC).

It is further recommended that the U. T. Board of Regents find that: (1) the holding of this office by Dr. Warlick is of benefit to the State of Texas, and (2) there is no conflict between Dr. Warlick's position at U. T. Austin and his membership on this committee.

#### BACKGROUND INFORMATION

The Automated Information and Telecommunications Council (AITC) was established under H.B. 2375 by the 69th Legislature (Regular Session) effective September 1, 1985, and replaces the Automated Information Systems Advisory Council (AISAC) which was established by the 67th Legislature (Regular Session). Dr. Warlick served as a gubernatorial appointee on the AISAC board for three terms from September 1, 1981 until August 31, 1985. Dr. Warlick's new appointment is to expire February 1, 1987. The Council consists of nine members who serve without remuneration.

This recommendation is in accordance with approval requirements for positions of honor, trust, or profit provided in Article 6252-9a of Vernon's Texas Civil Statutes, and Part One, Chapter III, Section 13, Subsections 13.(10) and 13.(11) of the Regents' Rules and Regulations.

2. U. T. Austin: Request for Permission for Individual to Serve on the Federal Home Loan Bank of Dallas [Regents' Rules and Regulations, Part One, Chapter III, Section 13, Subsections 13.(10) and 13.(11)].--

#### RECOMMENDATION

The Office of the Chancellor concurs with President Cunningham's recommendation that approval be given to the reappointment of Dr. Robert D. Mettlen, Vice President for Planning and Special Services at U. T. Austin, as Public Interest Director and Chairman of the Board of Directors of the Federal Home Loan Bank of Dallas, Texas.

It is further recommended that the U. T. Board of Regents find that: (1) the holding of this office by Dr. Mettlen is of benefit to the State of Texas, and (2) there is no conflict between Dr. Mettlen's position at U. T. Austin and his membership on this Board.

#### BACKGROUND INFORMATION

Dr. Mettlen's initial appointment was to the Federal Home Loan Bank of Little Rock, Arkansas, but the bank for District IX has since been moved to Dallas, Texas. The bank serves the states of Texas, New Mexico, Arkansas, Louisiana, and Missouri. Its banking services are designed to assist member savings associations by promoting thrift and contributing to safe and economical home financing.

Dr. Mettlen's appointment as Public Interest Director will be for a four-year period and the Chairmanship appointment for a renewable one-year term. He will participate in monthly Board meetings and will receive a Director's fee established by the Federal Home Loan Bank in Washington, D.C. Service as Director and Board Chairman will complement his academic responsibilities at U. T. Austin.

This recommendation 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.

3. U. T. Austin: Proposed Appointment to the William David Blunk Memorial Professorship for the 1986-87 Academic Year Only Effective September 1, 1986.--

#### RECOMMENDATION

The Office of the Chancellor concurs with President Cunningham's recommendation that Dr. Melvin E. L. Oakes, Professor of Physics, be appointed to the William David Blunk Memorial Professorship at U. T. Austin for the 1986-87 academic year only effective September 1, 1986.

#### BACKGROUND INFORMATION

Dr. Oakes, a faculty member at U. T. Austin since 1965, has distinguished himself with his quality of instruction in physics courses at all levels and is acknowledged as a premier teacher. He was selected by students in 1981 as the recipient of the Natural Sciences Advisory Council Teaching Excellence Award and is one of eight recipients of the President's Associates Teaching Excellence Awards for 1985-86. Dr. Oakes has authored over 45 scholarly

papers published in national journals and was one of the first U. S. researchers to recognize the importance of heating a plasma at the lower hybrid frequency.

The William David Blunk Memorial Professorship was established by the U. T. Board of Regents in June 1977.

4. U. T. Austin: Proposed Appointments to Endowed Academic Positions in the College of Business Administration and the Graduate School of Business Effective September 1, 1986.--

#### RECOMMENDATION

The Office of the Chancellor concurs with President Cunningham's recommendation to approve the following appointments to endowed academic positions in U. T. Austin's College of Business Administration and the Graduate School of Business effective September 1, 1986. Professors will vacate any currently held endowed positions on the effective date of the new appointment.

<u>Name of Proposed Appointee</u>	<u>Endowed Academic Position</u>
Dr. Robert S. Sullivan, Professor of Management and Acting Associate Dean for Academic Affairs	Joe B. Cook Professorship in Business Administration, established February 1983; initial holder
Dr. Lawrence A. Tomassini, The John Arch White Professor in Business	Peat, Marwick, Mitchell & Co. Centennial Profes- sorship in Accounting, established April 1978
Dr. Robert C. Witt, Joseph H. Blades Centennial Professor in Insurance and Chairman, Department of Finance	Gus Wortham Memorial Chair in Risk Manage- ment and Insurance, established Febru- ary 1983

#### BACKGROUND INFORMATION

Professor Sullivan, a faculty member at U. T. Austin since 1976, is nationally recognized for his scholarly research and professional activity in operations management. He is the author or coauthor of more than 20 research publications, including a major textbook on the application of operations management concepts to service operations. Dr. Sullivan is an outstanding teacher and has received both the Joe D. Beasley Award for Excellence in Teaching in the Graduate School of Business and the Jack G. Taylor Award for Excellence in Teaching in the College of Business Administration. He also has contributed significantly to the administration of the College of Business Administration and the Department of Management by serving as Acting Associate Dean for Academic Affairs, area coordinator for the production and operations management area for the Department of Management, and coordinator of the M.B.A. management science core.

Professor Tomassini, a faculty member at U. T. Austin since 1973, is nationally recognized for his scholarly contributions in the areas of human resource accounting and professional auditor judgments. He has authored or coauthored more than 25 refereed publications. Dr. Tomassini is currently researching auditor bankruptcy judgments, auditor judgments of contingent losses, information search in analytical review, and multiperson decision making in auditing and is an active member of the American Accounting Association. He is an excellent teacher and a recognized leader in the administration of the Department of Accounting. He currently chairs both the Department of Management's Faculty Recruiting Committee and the College of Business Administration Promotion Review Committee.

Professor Witt, a faculty member at U. T. Austin since 1970, is an internationally recognized scholar in the area of risk management and insurance. He is the President of the American Risk and Insurance Association and served as a moderator of the June 1985 International Insurance Seminar. Dr. Witt has authored or coauthored more than 70 scholarly articles, monographs, and reports and is associate editor of the Journal of Risk and Insurance and the Benefits Quarterly. He is an excellent teacher and has developed four computer simulation models for use in his classroom instruction. He has held temporary faculty appointments at the Instituto de Estudios Superiores de Administracion in Venezuela and the University of British Columbia.

5. U. T. Austin: Proposed Appointment to the E. W. Doty Professorship in Fine Arts, College of Fine Arts, for the 1986-87 Academic Year Only Effective September 1, 1986.--

#### RECOMMENDATION

The Office of the Chancellor concurs with President Cunningham's recommendation that Dr. Terence Grieder, Professor of Art, be appointed to the E. W. Doty Professorship in Fine Arts in the College of Fine Arts at U. T. Austin effective September 1, 1986. The proposed appointment will be for the 1986-87 academic year only.

#### BACKGROUND INFORMATION

Dr. Grieder, a faculty member at U. T. Austin since 1961, is nationally recognized for his scholarly contributions in art history, especially in the area of pre-Columbian art. He has served as director of the La Galgada Archaeological Project in Peru, a series of excavations carried out between 1966 and 1985. He has published numerous works including two books and is an excellent teacher. Dr. Grieder is frequently invited to present lectures at meetings of art history and art education professional associations.

The E. W. Doty Professorship in Fine Arts was established by the U. T. Board of Regents in September 1977.

6. U. T. Austin: Proposed Appointment to the Governor Bill Daniel Professorship in Archival Enterprise in the Graduate School of Library and Information Science Effective September 1, 1986.--

RECOMMENDATION

The Office of the Chancellor concurs with President Cunningham's recommendation that Dr. David B. Gracy II, Professor, Graduate School of Library and Information Science, be appointed as the initial holder of the Governor Bill Daniel Professorship in Archival Enterprise in the Graduate School of Library and Information Science at U. T. Austin effective September 1, 1986.

BACKGROUND INFORMATION

Dr. Gracy joined the U. T. Austin faculty in January 1986 after serving with distinction since 1977 as the Director, Texas State Archives. Previously, he was Archivist at Georgia State University where he established the University Archives and the Southern Labor Archives, and Archivist of the Southwest Collection at Texas Tech University. Dr. Gracy's two decades of distinguished service in these archivist positions have been recognized through numerous awards which include his election as President of the Society of American Archivists, a Fellow of the Texas State Genealogical Society, and a Fellow of the Society of American Archivists. He is an excellent teacher and researcher and has authored or coauthored more than 40 articles, books, and other publications. He has held an appointment as Senior Lecturer at the U. T. Austin Graduate School of Library and Information Science from 1982 until his appointment as Professor in 1986 and initiated continuing education seminars on archives.

The Governor Bill Daniel Professorship in Archival Enterprise was established by the U. T. Board of Regents in October 1985.

7. U. T. Austin: Proposed Appointment to the Bess Harris Jones Centennial Professorship in Natural Resource Policy Studies in the Lyndon B. Johnson School of Public Affairs Effective September 1, 1986.--

RECOMMENDATION

The Office of the Chancellor concurs with President Cunningham's recommendation that Dr. Ernest T. Smerdon, Professor in the Department of Civil Engineering and the Lyndon B. Johnson School of Public Affairs, be reappointed to the Bess Harris Jones Centennial Professorship in Natural Resource Policy Studies in the Lyndon B. Johnson School of Public Affairs at U. T. Austin effective September 1, 1986.

## BACKGROUND INFORMATION

Dr. Smerdon currently serves as Director of the U. T. Austin Center for Research in Water Resources as well as Professor of Civil Engineering and Professor of Public Affairs. He is nationally recognized for his expertise in water resource policy, particularly with regard to water use in food production and energy use for food production under irrigation in developing countries. Dr. Smerdon was recently elected to the National Academy of Engineering and has held numerous committee chairmanships in professional engineering, water resource, and higher education associations, and was formerly Chairman of the Department of Agricultural Engineering and Assistant Dean for Research at the University of Florida, as well as Vice Chancellor for Academic Affairs for the U. T. System. He is a frequent advisor to foreign governments on natural resource policy issues, a well-respected teacher, and has written numerous scholarly publications.

The Bess Harris Jones Centennial Professorship in Natural Resource Policy Studies was established by the U. T. Board of Regents in February 1983. Dr. Smerdon's initial appointment to this endowed professorship was for the 1983-84 academic year.

8. U. T. Austin: Proposed Appointment to the Jack S. Josey Professorship in Energy Studies for the 1986-87 and 1987-88 Academic Years Effective September 1, 1986.--

## RECOMMENDATION

The Office of the Chancellor concurs with President Cunningham's recommendation that Dr. Kenneth W. Gentle, Professor in the Department of Physics, be appointed to the Jack S. Josey Professorship in Energy Studies at U. T. Austin for the 1986-87 and 1987-88 academic years, effective September 1, 1986.

## BACKGROUND INFORMATION

Professor Gentle, a faculty member at U. T. Austin since 1966, is internationally recognized for his scholarly contributions to fusion and plasma physics. He has assumed a central research role in the quest for controlled fusion for 20 years, including the construction and operation of the Texas tokamak program. Dr. Gentle was the first physicist in the United States to receive a major grant from the National Science Foundation for research in plasma physics and the first U. T. Austin plasma physicist to be awarded an Alfred Sloan Fellowship. He is currently a member of several national and international committees coordinating and designing the next large-scale fusion experiments, which will be a predecessor to a power-producing fusion reactor.

The Jack S. Josey Professorship in Energy Studies was established by the U. T. Board of Regents in October 1976. The Josey Professorship is a rotating position for two-year periods in the Colleges of Business Administration, Engineering, and Natural Sciences. Dr. Stephen L. McDonald, Professor of Economics and Finance in the College of Business Administration, is the current holder of this position.

9. U. T. Austin: Proposed Appointment to the Earl E. Sheffield Regents Chair in the School of Law Effective June 1, 1986.--

#### RECOMMENDATION

The Office of the Chancellor concurs with President Cunningham's recommendation that Mr. Julius G. Getman, currently the William K. Townsend Professor of Law at Yale University, be appointed to the Earl E. Sheffield Regents Chair in the School of Law at U. T. Austin effective June 1, 1986.

#### BACKGROUND INFORMATION

Mr. Getman will join the U. T. Austin faculty as Professor of Law effective June 1, 1986. He is recognized as one of the most eminent labor law scholars and teachers in the nation and has contributed nationally to the development of teaching material in labor law through his membership on the Editorial and Executive Committees of the Labor Law Group. He is the author of numerous books and law review articles in the labor law field.

Mr. Getman, an arbitrator and mediator since 1963, is a member of the National Academy of Arbitrators. He has held appointments as Professor of Law at Indiana University and Stanford University and as a Visiting Professor at the Benares Hindu University and India Law Institute. Mr. Getman's administrative experience at Yale University includes chairing the Educational Planning Committee and the Legal Educational Placement Program.

The Earl E. Sheffield Regents Chair was established by the U. T. Board of Regents in February 1983.

10. U. T. Austin: Proposed Appointments to Endowed Academic Positions in the College of Natural Sciences Effective September 1, 1986.--

#### RECOMMENDATION

The Office of the Chancellor concurs with President Cunningham's recommendation to approve the appointments as set out on the following page to endowed academic positions in U. T. Austin's College of Natural Sciences

effective September 1, 1986. Professors will vacate any currently held endowed positions on the effective date of the new appointment.

<u>Name of Proposed Appointee</u>	<u>Endowed Academic Position</u>
Dr. Daniel S. Barker, Professor, Department of Geological Sciences	Fred M. Bullard Profes- sorship in Geological Sciences, established February 1976; reappoint- ment
Dr. Keith P. Young, The Third Mr. and Mrs. Charles E. Yager Professor, Department of Geological Sciences	J. Nalle Gregory Profes- sorship in Sedimentary Geology, established April 1977
Dr. Lynton S. Land, J. Nalle Gregory Professor in Sedi- mentary Geology, Department of Geological Sciences	Gulf Oil Foundation Cen- tennial Professorship in Geology, established June 1983; initial appointment
Dr. Robert F. Simmons, Professor, Department of Computer Sciences	Quincy Lee Centennial Professorship in Computer Science, established June 1983; initial appointment
Dr. Douglas Smith, Professor, Department of Geological Sciences	Albert W. and Alice M. Weeks Centennial Profes- sorship in Geological Sciences, established October 1983; initial appointment

#### BACKGROUND INFORMATION

Professor Barker, a faculty member at U. T. Austin since 1963, is a superior teacher at both the undergraduate and graduate levels. He has twice been selected by students in the Department of Geological Sciences as the recipient of the Carolyn G. and G. Moses Knebel Distinguished Teaching Award and has supervised or is supervising more than a dozen Ph.D. degree and M.A. students. Dr. Barker has authored one book and more than 24 scientific papers and book chapters. He is a member of numerous professional associations and is frequently invited to give lectures at other universities and at association symposia. Dr. Barker has served as the Chairman of the Department of Geological Sciences Executive Committee and all major departmental committees.

Professor Young has been a faculty member at U. T. Austin since 1948 and has been nationally recognized for his contributions to the fields of invertebrate paleontology-stratigraphy and environmental geology. He has authored over 100 technical publications and has an excellent teaching record, especially in field geology courses and as supervisor of more than 45 master's and Ph.D. students. Dr. Young was awarded the Houston Oil and Minerals Faculty Excellence Award in 1981 by the Department of Geological Sciences, in recognition of his sustained contributions to teaching and research related to Cretaceous rocks of Texas and Mexico. He is an active member of professional organizations and college, departmental, and university committees.

Professor Land, a faculty member since 1968, is nationally recognized for his research and teaching contributions in sedimentary geochemistry and stable isotope geochemistry. He has developed a superior record as an innovative researcher, an excellent classroom teacher, and an active member of graduate student committees and has authored or coauthored more than 50 scholarly publications. Dr. Land was awarded the Carolyn G. and G. Moses Knebel Distinguished Teaching Award in the Department of Geological Sciences in 1979 based upon student recommendations.

Professor Simmons, a faculty member at U. T. Austin since 1968, is internationally recognized for his contributions to the development of artificial intelligence, especially in the field of natural language processing by computers. His research work was one of the primary factors leading to the award of \$6 million in federal funding to U. T. Austin in 1984 to establish the Artificial Intelligence Laboratory. Dr. Simmons has also held an appointment as Professor of Psychology at U. T. Austin since 1978 and has authored or coauthored more than 30 book chapters and journal articles.

Professor Smith has been a faculty member at U. T. Austin since 1971 and is internationally recognized for his scholarly and practical research in petrology. He has published approximately 20 refereed journal articles and presented approximately 30 abstracted papers and is an active member in several professional associations. Dr. Smith is an excellent teacher at both the undergraduate and graduate levels, especially through his active leadership in the Department of Geological Sciences electron microprobe laboratory which provides students with the experimental, theoretical, and field training necessary for careers in this area.

11. U. T. Austin: Proposed Appointment to the Edward Larocque Tinker Chair in Latin American Studies for the 1986-87 Fall Semester.--

#### RECOMMENDATION

The Office of the Chancellor concurs with President Cunningham's recommendation that Dr. Pablo Antonio Cuadra, Director of the Nicaraguan Academy of Language, be appointed to the Edward Larocque Tinker Chair in Latin American Studies for the 1986-87 Fall Semester. Dr. Cuadra will be Visiting Professor in the Department of Spanish and Portuguese at U. T. Austin during this period.

#### BACKGROUND INFORMATION

Dr. Cuadra is internationally recognized for his contributions to the development of a national literature in Nicaragua. He has been responsible for directing all major publications of Nicaraguan literature and culture, and his published works are primarily collections of poetry, short stories, and essays. Dr. Cuadra is frequently invited to conduct conferences and courses on Spanish-American literature and to present poetry readings

around the world. He has been a correspondent of the Academies of the Spanish Language in Spain, El Salvador, and New York for several years and has taught a course at the University of Central America in Managua, Nicaragua.

The Edward Larocque Tinker Chair in Latin American Studies was established by the U. T. Board of Regents in September 1973, to support visiting professors in Latin American studies.

12. U. T. Austin: Recommendation to Name Four Rooms in the College of Engineering (Regents' Rules and Regulations, Part One, Chapter VIII, Section 1, Subsection 1.2, Naming of Facilities Other Than Buildings).--

#### RECOMMENDATION

The Office of the Chancellor concurs with President Cunningham's recommendation to name the rooms listed below in the new Chemical and Petroleum Engineering Building, College of Engineering at U. T. Austin, 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.

	<u>Room</u>	<u>Proposed Name</u>
a.	4.180	- Conoco North American Production Enhanced Oil Recovery Laboratory
b.	1.116	- Eaton Industries Drilling Engineering Laboratory
c.	2.216	- John E. Kasch Classroom
d.	2.220	- Arthur L. and Ruth Britton Smalley Classroom

#### BACKGROUND INFORMATION

At its December 1981 meeting, the U. T. Board of Regents approved the naming of facilities other than buildings as part of a special private fund development campaign for the College of Engineering, in accordance with Part One, Chapter VII, Section 2, Subsection 2.44 of the Regents' Rules and Regulations.

All of the proposed room names are in recognition of gifts for the College of Engineering endowment program for the new Chemical and Petroleum Engineering Building. The income will be used to maintain and improve equipment and to support the research and teaching functions of the named laboratories and classrooms. In each case the proposed name reflects the identity of the donor(s) being recognized. Acceptance of these gifts and establishment of permanent endowment accounts is provided for on Pages L&I 37 - 39, Items 23 - 26.

13. U. T. Austin: Recommendation to Name a Room in Robert Lee Moore Hall (Regents' Rules and Regulations, Part One, Chapter VIII, Section 1, Subsection 1.2, Naming of Facilities Other Than Buildings).--

RECOMMENDATION

The Office of the Chancellor concurs with President Cunningham's recommendation to name Room 12.104 in Robert Lee Moore Hall at U. T. Austin the James M. Vaughn, Jr. Room, 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.

BACKGROUND INFORMATION

Mr. James M. Vaughn, Jr. and the J. M. Vaughn Foundation Fund have made numerous contributions over several years to the Department of Mathematics for various purposes, including faculty endowments, professional travel grants, and unrestricted use. The naming of Room 12.104 is to recognize Mr. Vaughn's continuing interest and support in the instruction and research activities of the Department of Mathematics.

14. U. T. Austin: Recommendation to Name a Room in Townes Hall (Regents' Rules and Regulations, Part One, Chapter VIII, Section 1, Subsection 1.2, Naming of Facilities Other Than Buildings).--

RECOMMENDATION

The Office of the Chancellor concurs with President Cunningham's recommendation to name Room 3.126 in Townes Hall at U. T. Austin the John C. and Thelma Butcher Ratliff 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.

BACKGROUND INFORMATION

At its meeting in December 1980, the U. T. Board of Regents approved the naming of facilities other than buildings as part of a special private fund development campaign for the School of Law, in accordance with Part One, Chapter VII, Section 2, Subsection 2.44 of the Regents' Rules and Regulations.

The naming of Room 3.126 in Townes Hall as the John C. and Thelma Butcher Ratliff Classroom is to recognize the distribution of a charitable remainder trust for the benefit

of The University of Texas Law School Foundation established by John and Thelma Ratliff, Dallas, Texas. Mr. Ratliff died in 1975 and his wife passed away in April 1984.

15. U. T. Austin: Proposed Amendments to The Regents' Endowed Teachers and Scholars Program.--

RECOMMENDATION

The Office of the Chancellor concurs with President Cunningham's recommendation that Guideline 2 of the Guidelines for Matching Grants Under The Regents' Endowed Teachers and Scholars Program, The University of Texas at Austin be amended to read as set out below in Congressional style (the introductory language to the Guidelines and Guideline 1 are set out for contextual clarity):

Subject to the availability of matching funds, the President of U. T. Austin and the Office of the Chancellor of the U. T. System shall make recommendations to the U. T. Board of Regents for the matching of individual private grants to endow faculty positions with Available University Fund monies under The Regents' Endowed Teachers and Scholars Program pursuant to the following guidelines:

- (1) that matching monies be available only for grants from private sources in amounts that will, at a minimum, fully fund one of the endowed academic positions provided for in Section 4, Chapter I, Part Two of the Regents' Rules and Regulations as the section now reads or as it later may be amended;
- (2) that once the condition in (1) above is met, the Board of Regents agrees to match, on a variable ratio (which ratio may not exceed one dollar of matching funds for each dollar of gift funds) to be recommended by the President of The University of Texas at Austin, from the Available University Fund each dollar granted by private sources as follows:
  - (a) to increase existing endowments based on institutional priorities.
  - (b) subject to institutionally established priorities for minimum endowments and model endowments (based on number and types of endowed positions), to match all eligible gifts to a school or college until the minimum endowment is met. Thereafter, gifts to a school or college which has met its minimum endowment will be matched on the basis of institutional priorities until the minimum

endowments of all schools and colleges have been met. Once all school or college minimum endowments are met, eligible gifts to schools or colleges will be matched on the basis of institutional priorities until the model endowment is met.

- (c) eligible matching funds will be distributed as follows:
- 1) the Board of Regents will provide matching monies in an amount sufficient to double the size of the grant for the establishment of one endowed academic position; or
  - 2) the Board of Regents will allow the grant to be divided and will provide matching monies at the recommended ratio [one-a-dollar-for-dollar] to each divided portion of the grant in order to establish additional endowed academic positions that require the same or a lesser minimal amount for establishment; or
  - 3) if a donor endows two or more academic positions in one academic unit of the University which endowments, when added together, are equivalent to or greater than the value of another endowed academic position, the Board of Regents will, from matching monies, create in the same or another academic unit of the University an endowed academic position of the equivalent value;
- (d) the wishes of the donor will be considered within these overall guidelines; and
- (e) matching in an academic year is to be limited to the amount budgeted for that year with eligible gifts beyond the budgeted amount to have priority for matching in subsequent years;

#### BACKGROUND INFORMATION

A review of The Regents' Endowed Teachers and Scholars Program has concluded that the program should be modified to allow for the allocation of matching funds at a variable ratio rate rather than on the existing dollar-for-dollar basis.

The proposed amendments will permit a more efficient use of matching funds by permitting gifts to be matched on less than a dollar-for-dollar basis as now permitted under the existing guidelines. It is anticipated, for example, that some gifts will be matched on a basis of one dollar

of matching funds for two dollars of gift funds. The ratio for each proposed endowment will be recommended to the U. T. Board of Regents by the President of U. T. Austin with the concurrence of the Office of the Chancellor. In no case will the ratio of matching to gift funds exceed one dollar for one dollar.

16. U. T. Austin: Recommendation to Approve Increases in (a) Compulsory Student Services Fees and (b) Certain Voluntary Student Services Fees Effective with the Fall Semester 1986 (Catalog Change).--

RECOMMENDATION

The Office of the Chancellor concurs with President Cunningham's recommendation that the U. T. Board of Regents approve increases in (a) Compulsory Student Services Fees and (b) certain Voluntary Student Services Fees at U. T. Austin to be effective with the Fall Semester 1986 as set out below:

a. Compulsory Student Services Fees

It is recommended that the compulsory per student Student Services Fee for the operation of the Student Health Center be increased from \$30.60 to \$35.20. It is further recommended that the compulsory per semester credit hour Student Services Fee be increased from \$3.90 to \$4.09 per semester credit hour for a maximum charge of \$49.08 for a student taking twelve hours or more per semester or summer session. The resulting maximum charge for a student taking twelve semester credit hours or more would therefor increase from \$77.40 to \$84.28.

b. Voluntary Student Services Fees

It is recommended that the Voluntary Student Services Fees be increased as shown below:

	<u>1985-86</u>		<u>1986-87</u>	
	<u>Actual Fee</u>		<u>Proposed Fee</u>	
	<u>Academic Year</u>	<u>Spring Semester</u>	<u>Academic Year</u>	<u>Spring Semester</u>
Athletics Fee	\$44.00	\$22.00	\$52.00	\$26.00
Athletics Dependent Fee	58.00	29.00	64.00	32.00
Cactus (Yearbook)	24.70	24.70	25.50	25.50
UtMost (Magazine)	8.41	4.21	8.50	4.25
Peregrinus (Law School Yearbook)	12.62	12.62	13.80	13.80
TSP Package	29.44	25.23	31.00	26.75

BACKGROUND INFORMATION

In accordance with Sections 67.211 and 67.212 of the Texas Education Code, the proposed fees have been reviewed and endorsed by the Student Services Fees Committee of U. T. Austin. Based upon semester credit hours, an increase in the Compulsory Student Services Fees is recommended to cover

mandated staff salary increases, increased staff benefits, rising operational costs, and increased allocation of purchased utilities to student areas.

Agencies in addition to the Student Health Center receiving partial or total support from the Compulsory Student Services Fees are: Students' Attorney, Division of Recreational Sports, Shuttle Bus Service, Student Activities Office, Election Commission, Senior Cabinet, The Daily Texan, Ombudsman, Students' Association, and Student Services Fees Committee.

The increases in the Voluntary Student Services Athletics Fees are required to fund employee retirement costs, increased tuition costs to the departments due to the elimination of the out-of-state tuition waiver for scholarship athletes, and a 30% increase in operating expenses over the last three years.

The Student Publications Package entitles the student to a copy of the Cactus yearbook, a subscription to UtMost magazine, and one copy of the Student Directory.

The proposed fee increases for the Cactus, UtMost magazine, Peregrinus, and the TSP Package are required due to increased printing costs and sales tax. These increases were requested by the Board of Operating Trustees of Texas Student Publications and have the endorsement of the Student Services Fees Committee.

No increases are proposed for other voluntary fees. These include Cultural Entertainment, Intercollegiate Athletics, Locker/Basket and Shower Fees.

Upon Regental approval, the minute order will reflect that the next catalog published will conform to this action.

17. U. T. Austin: Recommendation for Approval to Increase the 1986-87 Rates for University Housing Effective Fall Semester 1986 (Catalog Change).--

#### RECOMMENDATION

The Office of the Chancellor concurs with President Cunningham's recommendation that the U. T. Board of Regents approve an increase in the rental rates for University housing at U. T. Austin to be effective with the Fall Semester 1986 as set out on Pages AAC 18 - 19.

The University of Texas at Austin  
 RATE SCHEDULE EFFECTIVE 1986-87  
 University Apartments - Married Student Housing

	Monthly Rate	
	1985-86	1986-87 Proposed
Mobile Home Lot	\$ 57	\$ 59
Colorado and Gateway Apartments		
Unfurnished		
1 bedroom	224	231
2 bedroom	247	254
Furnished		
1 bedroom	263	271
2 bedroom	289	298
Brackenridge Apartments		
1 bedroom	261	269
2 bedroom	323	333
3 bedroom	396	408

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

The University of Texas at Austin  
 RATE SCHEDULE EFFECTIVE 1986-87  
 Student Housing Units - Women's Cooperative

Monthly Rental Per Co-op Paid to the University

	Number of residents per Co-op	1985-86 Present Monthly rent paid to University	1986-87 Proposed Monthly rent paid to University
Air-conditioned			
Double Rooms	17	\$1275.00	\$1313.25
	19	1425.00	1467.75
Non air-conditioned			
Double Rooms	15	\$ 749.75	\$ 772.25

The University of Texas at Austin  
 RATE SCHEDULE EFFECTIVE 1986-87  
 University Residence Halls

	1985-86			1986-87 Proposed		
	Long <u>Room</u>	Session <u>Meals</u>	Rate <u>Total</u>	Long <u>Room</u>	Session <u>Meals</u>	Rate <u>Total</u>
<u>Air-conditioned Double Rooms</u>						
Jester, Kinsolving, Blanton, Moore-Hill, Simkins						
community bath	\$1434	\$1640	\$3074	\$1484	\$1682	\$3166
connecting bath	1650	1640	3290	1700	1682	3382
<u>Non-air conditioned Double Rooms</u>						
Andrews, Carothers, Littlefield, Brackenridge- Roberts-Prather						
community bath	\$1130	\$1640	\$2770	\$1180	\$1682	\$2862

- a. The above rates include twenty meals per week. Meal contract options of thirteen meals per week (\$1608 for the Long Session) and ten meals per week (\$1452 for the Long Session) are available to all residents where meals are part of the contract.
- b. Meals are available but not required as a part of the contract for Moore-Hill, Simkins, Brackenridge-Roberts-Prather, and 75 rooms in Carothers.

Other University Residence Hall Rates

- a. Rates for single rooms and double rooms as singles are 1.667 the double rate.
- b. Summer Session rates are based on the long session per diem rate multiplied by the number of days in the summer session.
3. 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 recommended as follows:

	<u>Daily Rate Per Person</u>	
	<u>Present</u>	<u>Recommended</u>
Meals	\$12.25	\$12.55
Double Room	10.00	10.35
Total	<u>\$22.25</u>	<u>\$22.90</u>
Single Room	(1½ times the double rate)	

BACKGROUND INFORMATION

In all cases, the proposed rates reflect an evaluation of increased operating costs since the rates were approved for 1985-86 and projected increases for the 1986-87 fiscal year. Additional background information is summarized on Page AAC - 20.

a. University Apartments - Family Student Housing

The recommended rates for Colorado, Gateway, and the Brackenridge Apartments are below the Austin market. The proposed increases will be used to offset salary and wage increases, public utility expenses, general operating expenses, the employer's contribution to the Teacher Retirement System or Optional Retirement Program in all units, and the bond indebtedness on Colorado, Gateway, and Brackenridge Apartments.

b. Women's Cooperatives

The recommended 1986-87 rate increases for both the air-conditioned and non air-conditioned cooperatives are based on the increased fixed and general operating costs for essential maintenance services provided to these units by the University. The cooperatives pay utility costs directly to the City of Austin and Southern Union Gas Company.

c. Residence Halls

The residence halls room and meals rate increases reflect projected increases in salaries and wages, utility costs and consumption, food prices, and general operating expenses.

d. Other Rates

The proposed rate for single rooms and double rooms rented as singles is to remain at 1.667 times the double room rate. Summer session rates are also recommended to remain at the per diem rate for the long session multiplied by the number of days in the summer session. The base rate for Short-term, Orientation, and Summer Conference Program housing is recommended to increase on the average of 2.9% (2.5% meals and 3.5% room).

Upon Regental approval, the minute order will reflect that the next appropriate catalog published will conform to this action.

18. U. T. Dallas: Callier Center for Communication Disorders Advisory Council - Proposed Nominees Thereto (NO PUBLICITY UNTIL ACCEPTANCES ARE RECEIVED).--

RECOMMENDATION

The Office of the Chancellor concurs with President Rutford's recommendation for approval of the following nominees to the U. T. Dallas Callier Center for Communication Disorders Advisory Council:

For three-year terms to expire in 1988

Mr. W. H. Bowen, Jr., Dallas, Business:  
Vice-President for Customer Services,  
Southwestern Bell Telephone Company

Mrs. George V. Charlton, Dallas, Business:  
Civic Leader

Mr. Jay M. Goltz, Dallas, Business:  
Attorney

Miss Nelle C. Johnston, Dallas, Business:  
Foundation Director

Mr. John M. Stemmons, Jr., Dallas, Business:  
Vice-President, Industrial Properties Corporation

Mr. C. J. Thomsen, Dallas, Business: Retired  
Executive

#### BACKGROUND INFORMATION

The above nominations are to unfilled vacancies on the Callier Center for Communication Disorders Advisory Council.

In accordance with usual procedures, no publicity will be given to these nominations until acceptances are received and reported for the record at a subsequent meeting of the U. T. Board of Regents.

19. U. T. Dallas: Recommendation to Approve Increases in Parking Fees Effective with the Fall Semester 1986 (Catalog Change).--

#### RECOMMENDATION

The Office of the Chancellor concurs with President Rutherford's recommendation that the U. T. Board of Regents approve increases in the U. T. Dallas parking fees as shown below effective with the Fall Semester 1986:

<u>Type Permit</u>	<u>1985-86 Current Cost/Year</u>	<u>1986-87 Proposed Cost/Year</u>
<u>Faculty/Staff Decals</u>		
Green/Red (remote)*	\$ 30.00	\$ 30.00
Gold (close-in)	60.00	65.00
Orange (most desirable)	120.00	130.00
<u>Student Decals*</u>		
Fall Semester	22.50	22.50
Spring Semester	12.50	12.50
Summer Session (or Individual Academic Semester only)	8.00	8.00

\* No increase is recommended in student parking permit rates or for faculty/staff using remote lots. The Surcharge increase applies to all lot users.

<u>Type Permit</u>	<u>1985-86 Current Cost/Year</u>	<u>1986-87 Proposed Cost/Year</u>
<u>Other Fees</u>		
Surcharge**	10.00	18.00
Second and Third Decals	2.00	5.00
Violations	3.00	5.00

\*\* The Surcharge is an annual fee for all lot users (faculty, staff, and students) and is dedicated to parking lot construction and maintenance. The fee is levied on a proportional scale for shorter time periods.

#### BACKGROUND INFORMATION

Parking fees have not been raised at U. T. Dallas since fiscal year 1983. At the present time fees are not adequate to recover costs for parking lot operation, security, and maintenance. The proposed increases are estimated to cover future costs and provide a higher level of parking lot maintenance.

The Parking and Security Committee at U. T. Dallas, a university-wide committee composed of faculty, staff, and students, has approved these increases, in accordance with appropriate provisions of the Texas Education Code.

20. U. T. El Paso: Request for Permission for Individual to Serve on the Texas World Trade Council [Regents' Rules and Regulations, Part One, Chapter III, Section 13, Subsections 13.(10) and 13.(11)].--

#### RECOMMENDATION

The Office of the Chancellor concurs with President Monroe's recommendation that approval be given to Governor Mark White's appointment of Dr. Diana Natalicio, Vice President for Academic Affairs at U. T. El Paso, to the Texas World Trade Council.

It is further recommended that the U. T. Board of Regents find that: (1) the holding of this office by Dr. Natalicio is of benefit to the State of Texas, and (2) there is no conflict between Dr. Natalicio's position at U. T. El Paso and her membership on this committee.

## BACKGROUND INFORMATION

The Texas World Trade Council was established by the 69th Legislature to coordinate and direct the Texas Economic Development Commission regarding international trade affairs. The council consists of ten members who serve without remuneration.

This recommendation 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.

## Health Affairs Committee

HEALTH AFFAIRS COMMITTEE  
COMMITTEE CHAIRMAN BRISCOE

Date: April 10, 1986  
Time: Following the meeting of the Academic Affairs Committee  
Place: Caduceus Room, 6th Floor, Administration Building  
U. T. Medical Branch - Galveston

	<u>Page</u> <u>HAC</u>
1. U. T. Board of Regents: Proposed Amendments to the Regents' <u>Rules and Regulations</u> , Part One, Chapter III, Section 1.83 (Academic Titles)	2
2. U. T. Health Science Center - Dallas (U. T. Southwestern Medical School - Dallas): Proposed Appointment to the Berta M. and Cecil O. Patterson Professorship for Research in Digestive Diseases Effective April 10, 1986	4
3. U. T. Health Science Center - Houston: Proposed Appointment to the Richard Warren Mithoff Professorship in Neonatal/Perinatal Medicine Effective April 11, 1986	5
4. U. T. Health Science Center - Houston: Request for Permission for Individual to Serve on the Board of Regents of the Uniformed Services University of the Health Sciences [ <u>Regents' Rules and Regulations</u> , Part One, Chapter III, Section 13, Subsections 13.(10) and 13.(11)]	5
5. U. T. Cancer Center: Proposed Appointment to the Bud Johnson Clinical Chair Effective June 1, 1986	6

1. U. T. Board of Regents: Proposed Amendments to the Regents' Rules and Regulations, Part One, Chapter III, Section 1.83 (Academic Titles).--

RECOMMENDATION

The Office of the Chancellor concurs in the recommendation of the U. T. health component presidents for approval of amendments to Part One, Chapter III, Section 1.83 (Academic Titles) of the Regents' Rules and Regulations related to academic titles as presented in congressional style below.

Specifically, the Office of the Chancellor recommends the following:

- a. Delete Section 1.83 (h):

[~~h~~] [~~In the health components, persons appointed to full-time positions for the primary purpose of research activities, with only incidental teaching or patient care duties, shall be given one of the following titles:~~  
~~(1) Research Professor of~~  
~~-----~~  
~~(title of specialty)~~  
~~(2) Research Associate Professor of~~  
~~-----~~  
~~(title of specialty)~~  
~~(3) Research Assistant Professor of~~  
~~-----~~  
~~(title of specialty)~~  
~~(4) Research Instructor in~~  
~~-----~~  
~~(title of specialty)]~~

- b. Amend Section 1.83(i) and make it Section 1.83(h):

[h] [~~i~~] [~~In the health components, and~~  
[i] In the general academic institutions with health-related clinical programs, persons appointed to full-time positions for the primary purpose of patient care and other service activities, with only incidental teaching or research duties, shall be given one of the following titles:  
(1) Professor of Clinical  
(title of specialty)  
(2) Associate Professor of Clinical  
(title of specialty)  
(3) Assistant Professor of Clinical  
(title of specialty)  
(4) Instructor in Clinical  
(title of specialty)

c. Add a new Section 1.83(i):

- (i) In the health components, persons appointed to full-time positions for the primary purpose of research activities or patient care and other service activities with only incidental teaching duties shall be given one of the following titles:
- (1) Professor of  
(title of specialty)
  - (2) Associate Professor of  
(title of specialty)
  - (3) Assistant Professor of  
(title of specialty)
  - (4) Instructor in  
(title of specialty)

For persons appointed to positions pursuant to this subsection, all appointment letters, personnel forms, budgets and other official documents of the health component shall state in parenthesis following the name and title of the individual either "(nontenured clinical appointment)" or "(nontenured research appointment)", as appropriate, and service in such positions shall not be credited as faculty service toward satisfaction of a required probationary period for the award of tenure.

It is further recommended that the Executive Secretary to the Board, in consultation with the Office of General Counsel, be authorized to make appropriate editorial changes in the remainder of the Regents' Rules and Regulations that may be necessary in order to conform to the foregoing changes related to academic titles.

#### BACKGROUND INFORMATION

The health institution Presidents proposed these changes in title designation for full-time (non-tenured) clinical faculty for the following reasons:

- a. To eliminate confusion, particularly for patients, media and other non-university individuals, between titles for these faculty (employed primarily for research activities and only incidentally for teaching and patient care duties) and volunteer faculty who are also referred to as "clinical" faculty and are involved most directly with patient care or occasional teaching activities.
- b. To avoid the implication that these individual research appointees have no involvement with teaching or student research supervision.

- c. To aid in the recruitment and retention of non-tenured faculty in the academic health setting where the clinical title is sometimes misinterpreted compared to its use in U. T. academic component institutions.

It is understood that these changes apply only to the U. T. health component institutions. The clinical titles will continue to be used as referenced in the Regents' Rules and Regulations for the U. T. academic component institutions. These changes have been reviewed by the Office of General Counsel.

2. U. T. Health Science Center - Dallas (U. T. Southwestern Medical School - Dallas): Proposed Appointment to the Berta M. and Cecil O. Patterson Professorship for Research in Digestive Diseases Effective April 10, 1986.--

#### RECOMMENDATION

The Office of the Chancellor concurs with the recommendation by President Sprague to appoint Mark Feldman, M.D., and Charles Richardson, M.D., as co-holders of the Berta M. and Cecil O. Patterson Professorship for Research in Digestive Diseases at the U. T. Health Science Center - Dallas effective April 10, 1986. Drs. Feldman and Richardson are the initial appointees to this endowed academic position.

#### BACKGROUND INFORMATION

Mark Feldman, M.D., has been a faculty member of the U. T. Southwestern Medical School - Dallas since 1977. Dr. Feldman received his medical degree from Temple University, Philadelphia, Pennsylvania, and was a post-doctoral fellow at the U. T. Health Science Center - Dallas. He is an outstanding clinician and teacher, an excellent researcher, and a talented administrator.

Charles Richardson, M.D., is a graduate of U. T. Southwestern Medical School - Dallas and joined the faculty after his graduation in 1973. Dr. Richardson is an acknowledged leader in research, teaching, and patient care. Recently, he was appointed Chief of Staff, Veterans Administration Medical Center, Dallas, Texas, and was selected by a national poll of medical leaders as one of the "Outstanding Physicians in America."

Drs. Feldman and Richardson are extremely qualified to hold this Professorship.

The Berta M. and Cecil O. Patterson Professorship for Research in Digestive Diseases was established at the April 1985 meeting of the U. T. Board of Regents.

3. U. T. Health Science Center - Houston: Proposed Appointment to the Richard Warren Mithoff Professorship in Neonatal/Perinatal Medicine Effective April 11, 1986.--

RECOMMENDATION

The Office of the Chancellor concurs with the recommendation by President Bulger to appoint Eugene Adcock, III, M.D., as initial holder of the Richard Warren Mithoff Professorship in Neonatal/Perinatal Medicine at the U. T. Health Science Center - Houston effective April 11, 1986.

BACKGROUND INFORMATION

Eugene Adcock, III, M.D., joined the U. T. Health Science Center - Houston in 1973 and is currently Director, Division of Neonatal/Perinatal Medicine. Dr. Adcock was a leader in the development of the Turner Newborn Intensive Care Unit, Hermann Hospital, Houston, Texas, and is nationally recognized as an outstanding physician and researcher in the area of neonatal/perinatal medicine. He is eminently qualified to receive this distinguished appointment.

The Richard Warren Mithoff Professorship in Neonatal/Perinatal Medicine was established by the U. T. Board of Regents in October 1985.

4. U. T. Health Science Center - Houston: Request for Permission for Individual to Serve on the Board of Regents of the Uniformed Services University of the Health Sciences [Regents' Rules and Regulations, Part One, Chapter III, Section 13, Subsections 13.(10) and 13.(11)].--

RECOMMENDATION

The Office of the Chancellor concurs with the recommendation by President Bulger that approval be given to the appointment of Sam A. Nixon, M.D., as a member of the Board of Regents of the Uniformed Services University of the Health Sciences.

It is further recommended that the U. T. Board of Regents find that: (1) the holding of this office by Dr. Nixon is of benefit to the State of Texas, and (2) there is no conflict between the position this individual holds at the U. T. Health Science Center - Houston and his appointment to this Board.

BACKGROUND INFORMATION

The United States Senate confirmed President Reagan's nomination of Sam A. Nixon, M.D., to the Board of Regents of the Uniformed Services University of the Health Sciences, Washington, D. C., on December 5, 1985. Dr. Nixon will attend meetings in Washington, D. C., four to six days per year for six years,

and travel and lodging expenses will be provided by the Uniformed Services University of the Health Sciences. His relationship with this Board will bring honor and distinction to the U. T. Health Science Center - Houston and the U. T. System.

This recommendation 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.

5. U. T. Cancer Center: Proposed Appointment to the Bud Johnson Clinical Chair Effective June 1, 1986.--

#### RECOMMENDATION

The Office of the Chancellor concurs with the recommendation by President LeMaistre to appoint Jack A. Roth, M.D., as initial holder of the Bud Johnson Clinical Chair at the U. T. Cancer Center effective June 1, 1986.

#### BACKGROUND INFORMATION

Jack A. Roth, M.D., received his medical degree from Johns Hopkins University, Baltimore, Maryland, in 1971, and is Head of Thoracic Oncology at the National Cancer Institute, Bethesda, Maryland. He has received awards and recognition for studies in immunology and serves on national committees and panels. Dr. Roth is one of the most sought after thoracic surgical oncologists in the United States. In June 1986, Dr. Roth will join the faculty of the U. T. Cancer Center as Surgeon, Professor of Surgery, and Chairman of the Department of Thoracic Surgery.

The Bud Johnson Clinical Chair was established by the U. T. Board of Regents in December 1983.

## **Buildings and Grounds Committee**

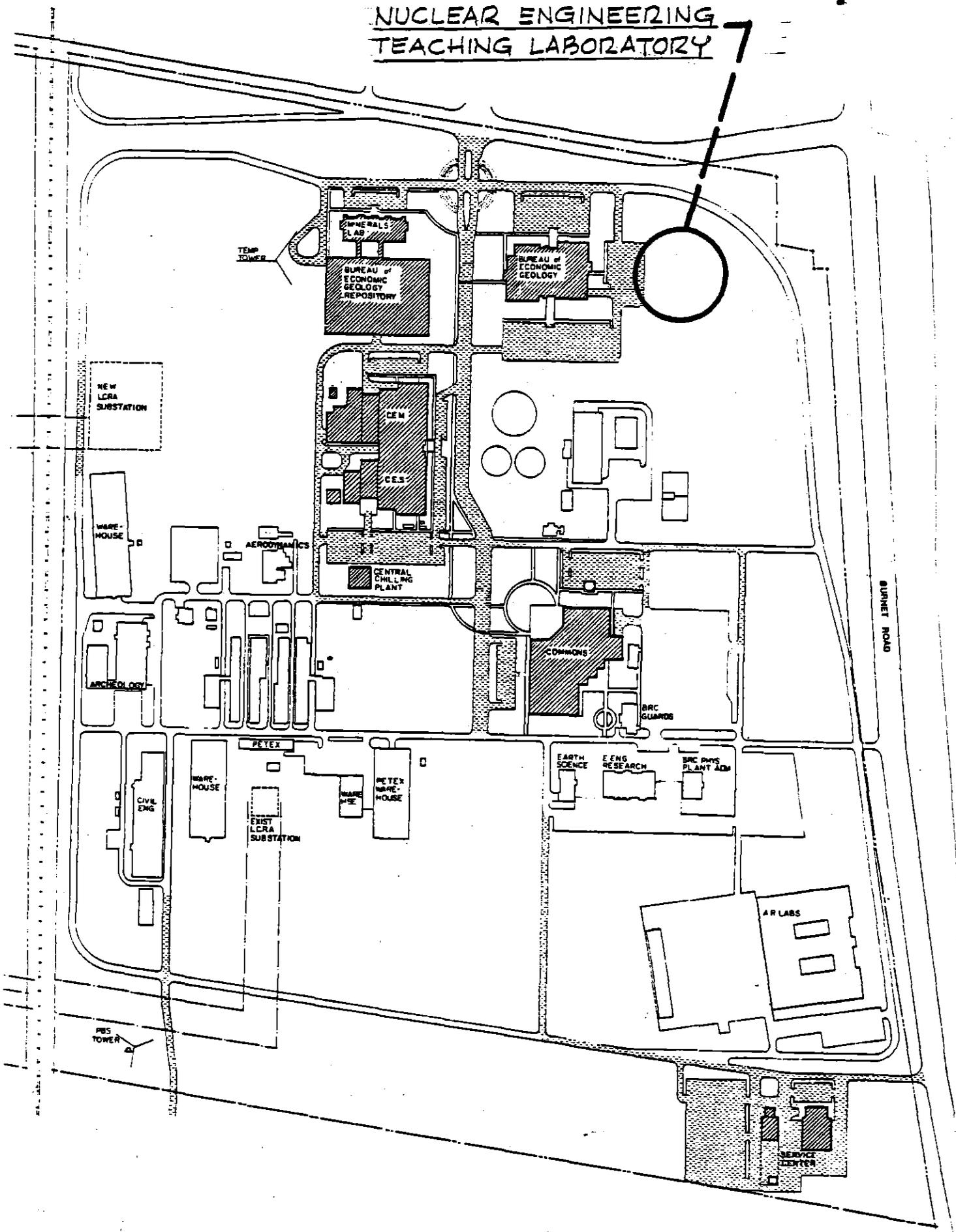
BUILDINGS AND GROUNDS COMMITTEE  
COMMITTEE CHAIRMAN RHODES

Date: April 10, 1986  
Time: Following the meeting of the Health Affairs Committee  
Place: Caduceus Room, 6th Floor, Administration Building  
U. T. Medical Branch - Galveston

- |                                                                                                                                                                                                                                                                                                                                                                               | <u>Page</u><br><u>B&amp;G</u> |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|
| 1. U. T. Austin - Balcones Research Center - Nuclear Engineering Teaching Laboratory (Project No. 102-568): Request for Approval of Final Plans; Authorization to Advertise for Bids and for Executive Committee to Award Contracts; Authorize U. T. Austin to Enter Into a Contract with GA Technologies, Inc., San Diego, California; and Additional Appropriation Therefor | 2                             |
| 2. U. T. Dallas - Multipurpose and Engineering Start-up Facility (Project No. 302-604): Request for Approval of Scope Increase; Presentation of Preliminary Plans; Request for Authorization to Prepare Final Plans; and Additional Appropriation Therefor                                                                                                                    | 3                             |
| 3. U. T. Medical Branch - Galveston - Administration Annex II Renovation (Formerly the School of Allied Health Sciences Building): Request for Project Authorization; Appointment of Project Architect to Prepare Final Plans; Submission to Coordinating Board; and Appropriation Therefor                                                                                   | 4                             |
| 4. U. T. Health Science Center - San Antonio: Recommendation for Waiver of Regents' <u>Rules and Regulations</u> , Part One, Chapter VIII, Section 1, Subsection 1.1, and Naming of Presidential Residence as the Parman House                                                                                                                                                | 6                             |

# U. T. AUSTIN BALCONES RESEARCH CENTER EAST TRACT

NUCLEAR ENGINEERING  
TEACHING LABORATORY 7



1. U. T. Austin - Balcones Research Center - Nuclear Engineering Teaching Laboratory (Project No. 102-568): Request for Approval of Final Plans; Authorization to Advertise for Bids and for Executive Committee to Award Contracts; Authorize U. T. Austin to Enter Into a Contract with GA Technologies, Inc., San Diego, California; and Additional Appropriation Therefor.--

#### RECOMMENDATION

The Office of the Chancellor concurs with the recommendation of President Cunningham that the U. T. Board of Regents:

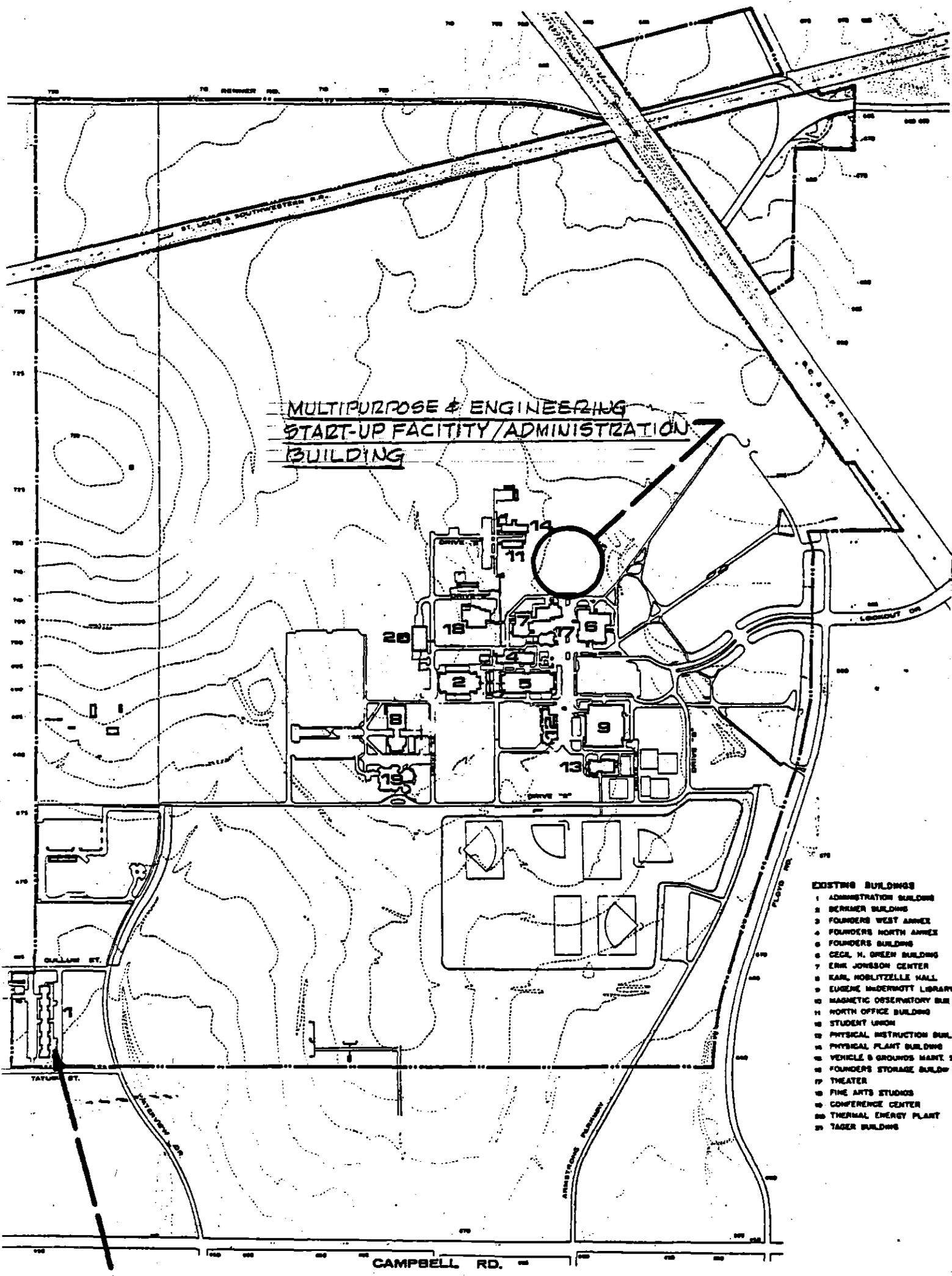
- a. Approve the final plans and specifications for the construction of the Nuclear Engineering Teaching Laboratory at the U. T. Austin Balcones Research Center at an estimated total project cost of \$5,860,700
- b. Authorize the Office of Facilities Planning and Construction to advertise for general construction bids upon completion of final review and to advertise for bids at the appropriate time for the decommissioning and demolition of the existing facility in Taylor Hall
- c. Authorize the Executive Committee to award all construction and demolition contracts associated with this project within the authorized total project cost
- d. Authorize U. T. Austin Administration to enter into a contract with GA Technologies, Inc., San Diego, California, for design, purchase, and installation of a TRIGA Mark II pulsing research reactor. Services from GA Technologies, Inc., are not to extend beyond the design phase until favorable construction bids have been received verifying that the total project can be completed within the authorized cost
- e. Appropriate \$5,360,700 from Permanent University Fund Bond Proceeds for total project funding. Previous appropriations have been \$25,000 from Permanent University Fund Bond Proceeds and \$475,000 from U. T. Austin Major Repair, Remodeling and Equipment Unallocated funds.

#### BACKGROUND INFORMATION

In accordance with the authorization of the U. T. Board of Regents in August 1985, final plans and specifications for the Nuclear Engineering Teaching Laboratory at the Balcones Research Center at U. T. Austin have been prepared by the Project Engineer, EBASCO, Houston, Texas, and its consultant, Wilson Stoeltje Martin, Inc., Austin, Texas.

The Nuclear Engineering Teaching Laboratory project will be accomplished in three phases with separate contracts. These phases are: (1) the general construction contract for the new facilities, (2) the purchase and installation of the new reactor, and (3) the decommissioning and demolition of the existing facility in Taylor Hall on the U. T. Austin main campus.

# U.T. DALLAS



MULTIPURPOSE & ENGINEERING  
START-UP FACILITY / ADMINISTRATION  
BUILDING

EXISTING ADMINISTRATION  
BUILDING

- EXISTING BUILDINGS**
- 1 ADMINISTRATION BUILDING
  - 2 BERKNER BUILDING
  - 3 FOUNDRERS WEST ANNEX
  - 4 FOUNDRERS NORTH ANNEX
  - 5 FOUNDRERS BUILDING
  - 6 CECIL H. GREEN BUILDING
  - 7 ERIC JOHNSON CENTER
  - 8 KARL HOBLITZELLE HALL
  - 9 EUGENE UNDERHOTT LIBRARY
  - 10 MAGNETIC OBSERVATORY BLDG
  - 11 NORTH OFFICE BUILDING
  - 12 STUDENT UNION
  - 13 PHYSICAL INSTRUCTION BLDG
  - 14 PHYSICAL PLANT BUILDING
  - 15 VEHICLE & GROUND MANT B
  - 16 FOUNDRERS STORAGE BLDG
  - 17 THEATER
  - 18 FINE ARTS STUDIOS
  - 19 CONFERENCE CENTER
  - 20 THERMAL ENERGY PLANT
  - 21 TAGER BUILDING

Authorization for U. T. Austin Administration to enter into a contract with GA Technologies, Inc., for the design, purchase and installation of the reactor is requested in recognition of the fact that this firm can meet all of the highly specialized technical requirements of this project. However, the services of GA Technologies, Inc., will not extend beyond the engineering design phase until general building construction bids are received and it has been determined that the entire project can be completed within the authorized total project cost. GA Technologies, Inc., has provided consulting services during the preparation of the plans and specifications and has made a proposal to U. T. Austin for the purchase and installation of the reactor within the estimated budget.

Proposals will be received and a contract awarded for the decommissioning and demolition of the existing facilities in Taylor Hall at the appropriate time for accomplishing this work after completion of the new facilities.

This project is within the scope of the Capital Improvement Program approved by the U. T. Board of Regents in October 1985.

2. U. T. Dallas - Multipurpose and Engineering Start-Up Facility (Project No. 302-604): Request for Approval of Scope Increase; Presentation of Preliminary Plans; Request for Authorization to Prepare Final Plans; and Additional Appropriation Therefor.--

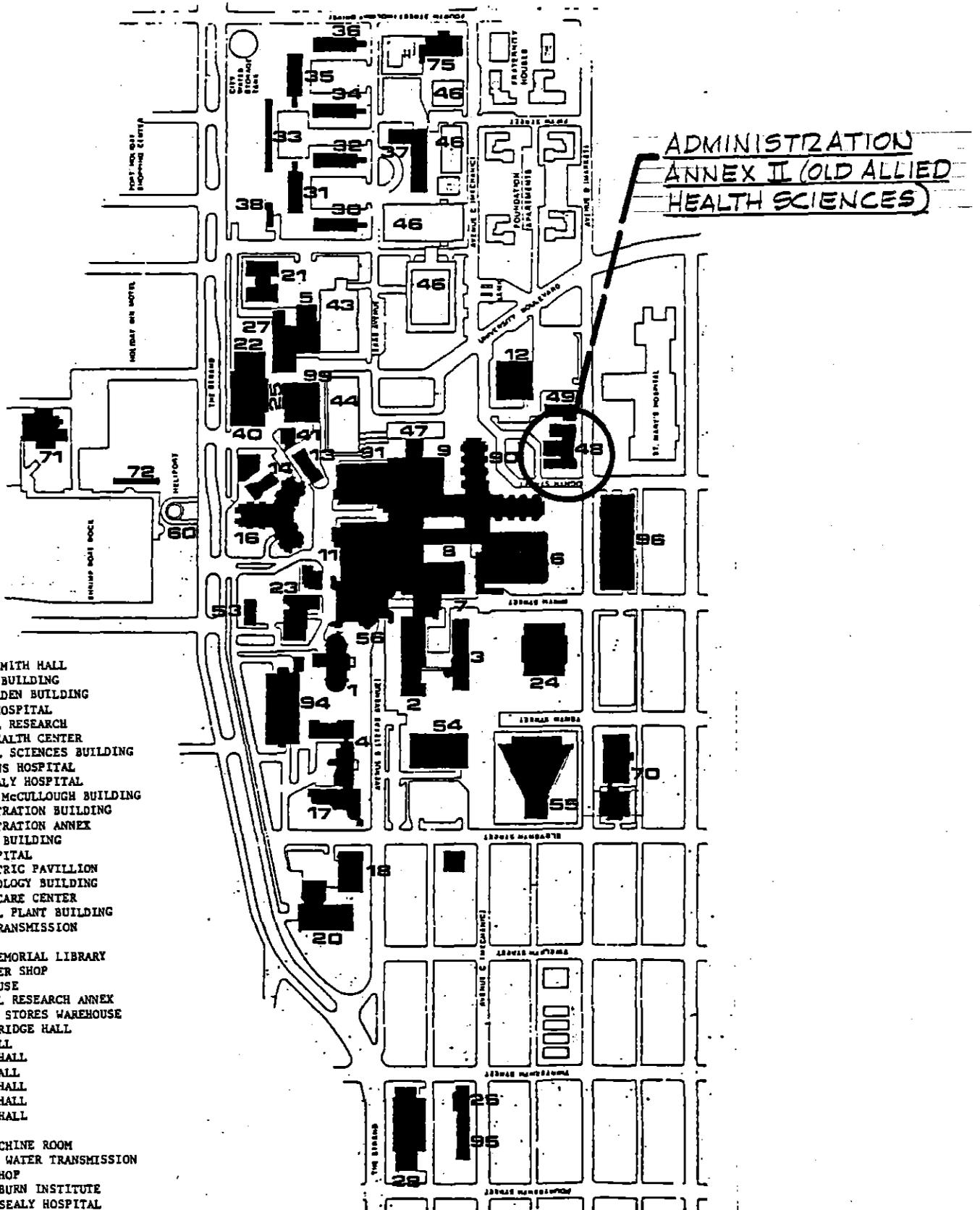
#### RECOMMENDATION

The Office of the Chancellor concurs with the recommendation of President Rutford that the U. T. Board of Regents:

- a. Approve an increase in the scope of the Multipurpose and Engineering Start-Up Facility at U. T. Dallas to include an addition to accommodate offices for the U. T. Dallas Administration, and approve an increase in the total project cost from \$4,800,000 to \$7,300,000
- b. Approve the preliminary plans and specifications and authorize the Project Architect to prepare final plans and specifications to be presented to the U. T. Board of Regents for consideration at a future meeting
- c. Authorize submission of project to the Coordinating Board, Texas College and University System
- d. Appropriate \$240,000 from Permanent University Fund Bond Proceeds for fees and administrative expenses through completion of final plans. Previous appropriations have been \$110,000 from Permanent University Fund Bond Proceeds.

This item requires the concurrence of the Academic Affairs and Finance and Audit Committees.

# U. T. MEDICAL BRANCH AT GALVESTON



1. ASHBEL SMITH HALL
2. KEILLER BUILDING
3. GAIL BORDEN BUILDING
4. GRAVES HOSPITAL
5. SURGICAL RESEARCH
6. CHILD HEALTH CENTER
7. CLINICAL SCIENCES BUILDING
8. CHILDRENS HOSPITAL
9. JOHN SEALY HOSPITAL
11. JOHN W. McCULLOUGH BUILDING
12. ADMINISTRATION BUILDING
13. ADMINISTRATION ANNEX
14. HENDRIX BUILDING
16. TDC HOSPITAL
17. PSYCHIATRIC PAVILLION
18. MICROBIOLOGY BUILDING
20. ANIMAL CARE CENTER
21. PHYSICAL PLANT BUILDING
22. STEAM TRANSMISSION
23. LAUNDRY
24. MOODY MEMORIAL LIBRARY
25. CARPENTER SHOP
26. GREENHOUSE
27. SURGICAL RESEARCH ANNEX
28. GENERAL STORES WAREHOUSE
30. BRACKENRIDGE HALL
31. CLAY HALL
32. BETHEL HALL
33. NOLAN HALL
34. VISANT HALL
35. MORGAN HALL
36. LEAGUE HALL
37. UNIT D
38. DORM MACHINE ROOM
40. CHILLED WATER TRANSMISSION
41. PAINT SHOP
43. SHRINE BURN INSTITUTE
44. JENNIE SEALY HOSPITAL
46. SEALY-SMITH FOUNDATION PROPERTY
47. WAVERLY SMITH PAVILLION
48. ALLIED HEALTH SCIENCES BUILDING
49. ADMINISTRATION ANNEX 2
53. LABOR BUILDING
54. BASIC SCIENCES BUILDING
55. LEARNING CENTER
56. AMBULATORY CARE CENTER
60. HELIPORT
70. PHARMACOLOGY BUILDING
71. MARINE SCIENCES INSTITUTE (U. T. AUSTIN)
72. MARINE SUPPORT
75. FIELD HOUSE
90. JOHN SEALY ANNEX, SOUTH ADDITION
91. JOHN SEALY ANNEX, NORTH ADDITION
94. PARKING GARAGE
95. CONSTRUCTION WAREHOUSES
96. PARKING GARAGE
99. PHYSICAL PLANT STOREROOM

## BACKGROUND INFORMATION

In accordance with the authorization of the U. T. Board of Regents in December 1985, preliminary plans and a detailed cost estimate for the Multipurpose and Engineering Start-Up Facility at U. T. Dallas have been prepared by the Project Architect, F & S Partners, Incorporated, Dallas, Texas.

The Multipurpose and Engineering Start-Up Facility will be a two-level building providing 55,000 gross square feet for laboratories, offices and classrooms. The estimated total project cost of the Multipurpose Facility is \$4,800,000 as previously approved.

The U. T. Dallas Administration requests approval to increase the scope of this project to include the construction of a wing to house the offices for U. T. Dallas Administration. The new wing would replace the temporary administration building, which is located on property scheduled to be sold in the near future upon receipt of approval of the Special Committee on Endowment Lands in Collin and Dallas Counties.

The existing administration building was built of light weight construction in 1966. It was in substandard condition when acquired by the University and, although upgraded over the years, is difficult to maintain. It has always been considered to be temporary and is remote from the core of the campus which complicates administration and supervision of day-to-day activities.

The proposed administration wing is to be a two-level, 35,000 gross square feet addition to the Multipurpose Facility and would share mechanical services. The estimated total project cost of the administrative wing is \$2,500,000.

The combined Multipurpose, Engineering and Administrative Building will have 90,000 gross square feet at an estimated construction cost of \$6,036,800, resulting in an unit cost of \$67 per gross square foot. The estimated total project cost of the combined facility is \$7,300,000.

The Multipurpose and Engineering Start-Up Facility is within the scope of the Capital Improvement Program approved by the U. T. Board of Regents in October 1985, and funding for the expansion for administrative offices is to be from proceeds of sale of the temporary administration building and land on which it is located.

3. U. T. Medical Branch - Galveston - Administration Annex II Renovation (Formerly the School of Allied Health Sciences Building): Request for Project Authorization; Appointment of Project Architect to Prepare Final Plans; Submission to Coordinating Board; and Appropriation Therefor.--

## RECOMMENDATION

The Office of the Chancellor concurs with the recommendation of President Levin that the U. T. Board of Regents:

- a. Authorize a project for the renovation of the Administration Annex II (formerly the School

of Allied Health Sciences Building) at the U. T. Medical Branch - Galveston at an estimated total project cost of \$3,000,000

- b. Appoint a Project Architect from the list set forth below to prepare final plans and a detailed cost estimate to be submitted to the U. T. Board of Regents for consideration at a future meeting
- c. Authorize submission of the project to the Coordinating Board, Texas College and University System
- d. Appropriate \$3,000,000 from U. T. Medical Branch - Galveston 1985 Unappropriated Balances for total project funding

This item requires the concurrence of the Finance and Audit and Health Affairs Committees.

#### BACKGROUND INFORMATION

This project consists of remodeling the former School of Allied Health Sciences (SAHS) Building for utilization as expansion space for the U. T. Medical Branch - Galveston administrative offices. All administrative offices currently are housed in the Administration Building which was completed in 1974. It has become necessary to expand some of these offices to relieve overcrowding. The old SAHS Building, which is located adjacent to the Administration Building, would provide adequate space in close proximity to the other business and finance offices. Utilization of this building for this purpose would eliminate the need to secure off-campus lease space.

The SAHS Building is a five-story, reinforced concrete and masonry structure containing 58,000 gross square feet of space constructed in 1955. The project will provide for the complete renovation of the building's architectural, mechanical, plumbing, and electrical systems at an estimated total project cost of \$3,000,000.

#### LIST OF FIRMS FOR CONSIDERATION

<u>Project Architect</u>	<u>Recent U. T. System Projects</u>
Louis Lloyd Oliver and Tibor Beerman, Galveston, Texas	UTMB-Galveston: Renovation Microbiology Building; Dept. Space Pharmacology Building; New Parking Facilities
Hightower-Alexander Houston, Texas	None
Hoover and Hamilton Texas City, Texas	UTMB-Galveston: Hospital Central Supply Warehouse

4. U. T. Health Science Center - San Antonio: Recommendation for Waiver of Regents' Rules and Regulations, Part One, Chapter VIII, Section 1, Subsection 1.1, and Naming of Presidential Residence as the Parman House.--

#### RECOMMENDATION

The Office of the Chancellor concurs with the request of President Howe for an exception to the Regents' Rules and Regulations, Part One, Chapter VIII, Section 1, Subsection 1.1, requiring that persons to be honored with the naming of a building "shall have been deceased at least five years," and to name the gift of real estate to be used as the residence for the President of the U. T. Health Science Center - San Antonio as the Parman House.

#### BACKGROUND INFORMATION

In compliance with the February 1986 authorization of the U. T. Board of Regents, the Office of the Chancellor and the Office of General Counsel have concluded negotiations regarding the gift of real estate to the U. T. Health Science Center - San Antonio. The Parman Family Charitable Trust, through the San Antonio Area Foundation, has conveyed to the U. T. System a residence and adjoining property for use as a residence for the President of the U. T. Health Science Center - San Antonio.

Mr. Dan F. Parman is a San Antonio businessman who has distinguished himself with a wide range of interests. This generous gift of a four-acre estate by Mr. and Mrs. Parman and their family is visible evidence of the continuing active support of the civic and business communities for the U. T. Health Science Center - San Antonio.

## Land and Investment Committee

LAND AND INVESTMENT COMMITTEE  
COMMITTEE CHAIRMAN MILBURN

Date: April 10, 1986  
Time: Following the meeting of the Buildings and  
Grounds Committee  
Place: Caduceus Room, 6th Floor, Administration Building  
U. T. Medical Branch - Galveston

Page  
L&I

I. Permanent University Fund

A. Investment Matters

1. Report on Clearance of Monies to Permanent University Fund for January and February 1986, and Report on Oil and Gas Development as of February 28, 1986

6

U. T. SYSTEM

2. Recommendation to (a) Repeal the "Investment Policies for Permanent University Fund of The University of Texas System" Adopted on March 11, 1967, (b) Adopt "The Permanent University Fund Investment Policy Statement," (c) Adopt "The Common Trust Fund Investment Policy Statement," and (d) Amend Regents' Rules and Regulations, Part Two, Chapter IX (Matters Relating to Investments, Trusts, and Lands)

7

II. Trust and Special Funds

A. Gifts, Bequests and Estates

U. T. ARLINGTON

1. Recommendation to Accept Gift to Establish the Kuemmerlein Lecture Series in Economics (No Publicity)
2. Recommendation to Accept Gift of 15 Acre Tract of Land Located in Baylor County, Texas, from Mr. Ted B. Court, Arlington, Texas
3. Recommendation to Accept Gift of Lot and Townhome Located in the City of Arlington, Tarrant County, Texas, from Dr. Fernando G. Torgerson, Arlington, Texas

26

26

27

U. T. AUSTIN

- |     |                                                                                                                                                                                                                                                   |    |
|-----|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|
| 4.  | Hines H. Baker and Thelma Kelley Baker Professorship in Law in the Field of Jurisprudence in the School of Law - Recommendation to Accept Pledge and Transfer of Funds and Redesignate as the Hines H. Baker and Thelma Kelley Baker Chair in Law | 27 |
| 5.  | George W. Bean Endowed Scholarship in Engineering in the College of Engineering - Recommendation to Redesignate as the George W. Bean Endowed Presidential Scholarship in Engineering                                                             | 28 |
| 6.  | Fund for Motivated Students in the College of Natural Sciences - Recommendation to Redesignate as the Bloomer Fund for Motivated Students                                                                                                         | 29 |
| 7.  | W. Kenley Clark Memorial Fund in the College of Natural Sciences - Recommendation to Redesignate as the W. Kenley Clark Memorial Endowed Presidential Scholarship                                                                                 | 29 |
| 8.  | Recommendation to Accept Gift to Establish the Regents Chair in Computer Sciences in the College of Natural Sciences and Eligibility for Matching Funds Under The Regents' Endowed Teachers and Scholars Program                                  | 30 |
| 9.  | Recommendation to Accept Gift of Securities and Pledge and Eligibility for Matching Funds Under The Regents' Endowed Teachers and Scholars Program                                                                                                | 30 |
| 10. | Recommendation to Accept Gift to Establish the John E. Breen Endowed Presidential Scholarship in Civil Engineering in the College of Engineering                                                                                                  | 31 |
| 11. | Recommendation to Accept Bequest from the Estate of Harry Cohen to Establish the Harry Cohen Endowed Scholarship                                                                                                                                  | 31 |
| 12. | Recommendation to Accept Transfer of Funds to Establish the Norris G. Davis Student Travel Fund in the College of Communication                                                                                                                   | 32 |
| 13. | Recommendation to Accept Gift to Establish the Wilda and Raymond Dawson Endowed Presidential Scholarship in Civil Engineering in the College of Engineering                                                                                       | 32 |
| 14. | Recommendation to Accept Gift to Establish the Engineering Foundation Endowed Presidential Scholarship in the College of Engineering                                                                                                              | 33 |

	<u>Page</u> <u>L&amp;I</u>
15. Recommendation to Accept Transfer of Funds to Establish the Margaret A. Eppright Professional Development Fund in the College of Natural Sciences	33
16. Recommendation to Accept Gift to Establish the Wilson and Kathryn Fraser Charitable Remainder Unitrust in the College of Natural Sciences	34
17. Recommendation to Accept Gift and Pledge to Establish the T. J. Gibson, III Endowed Scholarship Fund in the School of Law	34
18. Recommendation to Accept Transfer of Funds to Establish the Fred H. Moore Endowed Presidential Scholarship in the Graduate School of Business	35
19. Recommendation to Accept Gift and Transfer of Funds to Establish the William Negley Endowed Presidential Scholarship in Plan II in the College of Liberal Arts	35
20. Recommendation to Accept Transfer of Funds to Establish the Donald M. Oenslager Endowed Scholarship in the College of Fine Arts	36
21. Recommendation to Accept Gift to Establish the George I. Sanchez-MARRES Endowed Presidential Scholarship in Education in the College of Education	36
22. Recommendation to Accept Transfer of Funds to Establish the Texas Exes in Home Economics Scholarship Fund in the College of Natural Sciences	37
23. Recommendation to Accept Gift to Establish the Conoco North American Production Enhanced Oil Recovery Laboratory Endowment Fund in the College of Engineering	37
24. Recommendation to Accept Gift and Pledge to Establish the Eaton Industries Drilling Engineering Laboratory Endowment in the College of Engineering	38
25. Recommendation to Accept Gift of Securities and Corporate Matching Funds to Establish the John E. Kasch Classroom Endowment Fund in the College of Engineering	39
26. Recommendation to Accept Gift to Establish the Arthur L. and Ruth Britton Smalley Classroom Endowment Fund in the College of Engineering	39

U. T. EL PASO

27. Mr. and Mrs. MacIntosh Murchison Professorship in Engineering - Recommendation to Accept Additional Gift and Redesignate as the Mr. and Mrs. MacIntosh Murchison Chair in Engineering and Eligibility for Matching Funds Under the Texas Eminent Scholars Program (No Publicity) 40

U. T. TYLER

28. Recommendation to Accept Gifts and Transfer of Funds to Establish the Charles L. Childers Endowed Presidential Scholarship Fund 40

U. T. HEALTH SCIENCE CENTER - DALLAS

29. (U. T. Southwestern Medical School - Dallas): Recommendation to Accept Gifts to Establish the Dr. Charles T. Ashworth Professorship in Pathology and Eligibility for Matching Funds Under the Texas Eminent Scholars Program 41

30. (U. T. Southwestern Medical School - Dallas): Recommendation to Accept Gift to Establish the Distinguished Chair in Neuroscience and Eligibility for Matching Funds Under the Texas Eminent Scholars Program (No Publicity) 41

31. (U. T. Southwestern Medical School - Dallas): The Berta M. and Cecil O. Patterson Professorship for Research in Digestive Diseases - Recommendation to Accept Additional Gift and Eligibility for Matching Funds Under the Texas Eminent Scholars Program 42

U. T. HEALTH SCIENCE CENTER - SAN ANTONIO

32. Recommendation to Accept Gift and Pledge to Establish the Chilton Cardiovascular Endowment Fund 43

33. Recommendation to Accept Gift to Establish The Dan F. Parman Chair in Medicine and Eligibility for Matching Funds Under the Texas Eminent Scholars Program 43

U. T. CANCER CENTER

34. Recommendation to Accept Donation of Property Being Lot 5, Block 7, Leverkusuhn Addition in Harris County, Texas, and Authorize Office of Asset Management to Enter Negotiations Related Thereto 44

35. Recommendation to Accept Donation of Partnership Interest in TL&M Investments and Authorize Office of Asset Management to Enter Negotiations Related Thereto 44

B. Real Estate Matters

U. T. ARLINGTON

1. Estate of Mary Elizabeth Earle Aucutt (C. J. and Clara Earle Student Scholarship and/or Loan Fund) - Request for Authorization to Sell Real Property in Forest Hill and Fort Worth, Tarrant County, Texas, and Authorization to Execute Deeds of Sale 45
2. Center for Environmental Design Research - Request for Authorization to Sell Real Property Located at 1516 Avenue D and 1210 E. Peach Street in Fort Worth, Tarrant County, Texas, and Authorization to Execute Deed of Sale 46
3. Dan Gould, Sr., Center for Real Estate and Urban Development - Request for Authorization to Sell Real Property Located at 7602 Cranford Court in Tarrant County, Texas, and Authorization to Execute Deed of Sale 46
4. Gift from Dr. E. Lowell Whitley and Dr. R. Kent Cherry - Request for Authorization to Sell Real Property in Arlington, Tarrant County, Texas, and Authorization to Execute Deed of Sale 47

U. T. AUSTIN

5. Archer M. Huntington Museum Fund - Recommendation for Grazing Lease on Land in Galveston County, Texas, to Mr. Joe M. Robinson, Houston, Texas 47

U. T. EL PASO

6. Estate of Josephine Clardy Fox - Recommendation to Lease 5001/5003 Alameda Street, El Paso, Texas, to Mr. Gonzalo Martinez, El Paso, Texas 48

III. Intellectual Property

U. T. AUSTIN

1. Proposed Assignment of a Patent Application to Dr. R. J. Lagow, Professor of Chemistry, Austin, Texas 48

I. PERMANENT UNIVERSITY FUND

A. INVESTMENT MATTERS

1. Report on Clearance of Monies to Permanent University Fund for January and February 1986, and Report on Oil and Gas Development as of February 28, 1986.--The following reports with respect to (a) certain monies cleared to the Permanent University Fund for January and February 1986, and (b) Oil and Gas Development as of February 28, 1986, are submitted by the Executive Director for Investments and Trusts:

	<u>January 1986</u>	<u>February 1986</u>	<u>Cumulative Through February of this Fiscal Year (1985-1986)</u>	<u>Cumulative Through February of Preceding Fiscal Year (1984-1985)</u>	<u>Per Cent Change</u>
<u>Permanent University Fund</u>					
Royalty					
Oil	\$ 8,520,298.11	\$ 7,727,542.26	\$ 48,643,694.83	\$51,713,228.18	(5.94%)
Gas	2,537,123.30	2,989,768.75	15,969,944.50	15,371,622.23	3.89%
Sulphur	10,000.00	10,000.00	148,183.55	227,972.92	
Water	41,613.56	44,763.54	303,616.06	170,935.99	
Brine	8,066.51	11,177.73	59,430.14	47,454.52	
Trace Minerals	--	--	--	8,000.00	
Rental					
Oil and Gas Leases	391,882.08	15,535.60	783,845.08	1,646,542.28	
Other	--	400.00	1,400.00	9,573.59	
Sale of Sand, Gravel, Etc.	1,425.00	21,672.00	33,890.00	16,708.00	
Gain or (Loss) on Sale of Securities	2,740,031.38	5,932,410.16	85,088,284.93	11,864,555.68	
Sub-Total	<u>14,250,439.94</u>	<u>16,753,270.04</u>	<u>151,032,289.09</u>	<u>81,076,593.39</u>	<u>86.28%</u>
Bonuses					
Oil and Gas Lease Sales	--	--	5,913,600.00	--	
Amendments and Extensions to Mineral Leases	6,051.01	4,807.88	187,046.28	227,270.46	
Total Bonuses	<u>6,051.01</u>	<u>4,807.88</u>	<u>6,100,646.28</u>	<u>227,270.46</u>	
TOTAL CLEARANCES	<u>\$14,256,490.95</u>	<u>\$16,758,077.92</u>	<u>\$157,132,935.37</u>	<u>\$81,303,863.85</u>	<u>93.27%</u>

Oil and Gas Development - February 28, 1986

Acreage Under Lease - 838,961

Number of Producing Acres - 569,381

Number of Producing Leases - 2,283

2. U. T. System: Recommendation to (a) Repeal the "Investment Policies for Permanent University Fund of The University of Texas System" Adopted on March 11, 1967, (b) Adopt "The Permanent University Fund Investment Policy Statement," (c) Adopt "The Common Trust Fund Investment Policy Statement," and (d) Amend Regents' Rules and Regulations, Part Two, Chapter IX (Matters Relating to Investments, Trusts, and Lands).--

#### RECOMMENDATION

The Office of the Chancellor recommends the following actions with regard to investment matters:

- a. Repeal of the "Investment Policies for Permanent University Fund of The University of Texas System" adopted on March 11, 1967
- b. Adoption of the following policy statement with regard to management and investment of the Permanent University Fund:

#### PERMANENT UNIVERSITY FUND INVESTMENT POLICY STATEMENT

#### FUND CHARACTERISTICS

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

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

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

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

## RESPONSIBILITY AND MANAGEMENT OF THE FUND

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

## CONFLICT OF INTEREST

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

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

## INVESTMENT OBJECTIVES

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

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

Appreciation of the Fund is required to insure preservation of the purchasing power of the Fund and also to satisfy the need for income growth in the future.

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

## ASSET MIX

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

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

- ° The principal purpose of fixed income investments is to provide a dependable and predictable source of income. Adequate bonds with low enough book yield to meet arbitrage requirements relating to debt secured and payable from the Fund must be owned.
- ° Equity investments provide both current income and growth of income, but their principal purpose is to provide appreciation of the Fund.
- ° Cash equivalent-short term investments provide current income, but their principal purpose is to store purchasing power to fund longer term investments. Cash inflow from Permanent University Fund Lands is recognized as a continuing source of Fund liquidity.

## PERFORMANCE GOALS

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

Specific performance goals for the Fund are:

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

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

## PERFORMANCE MEASUREMENT

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

## INVESTMENT GUIDELINES

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

Eligible investments include:

- ° Common stock of companies incorporated in the United States may be purchased. Common stocks must be traded on exchanges registered with the SEC (see Appendix A) excepting bank and insurance company stocks. Additionally, the common stock of a corporation must have paid dividends for five consecutive years prior to the date of purchase.
- ° Preferred stocks and convertible preferred stocks of companies incorporated in the United States are eligible provided that either the preferred stock or the common stock of that corporation is listed on exchanges registered with the SEC, excepting bank and insurance company stocks. The qualifying stock must have paid dividends for five consecutive years. Preferred stock, but not convertible preferred stock, must also meet the rating criteria mentioned below.
- ° Bonds, debentures, or obligations issued by corporations, associations, or other institutions are eligible provided that the obligation must be issued by, or financial responsibility must legally rest with, a U. S. corporation and must be U. S. dollar denominated.
  - Certificates of deposit shall not be purchased.
  - Commercial paper must be rated in the two highest quality classes either by Moody's Investors Service, Inc. (P1 or P2) or Standard & Poor's Corporation (A1 or A2).
  - Bankers' Acceptances must be guaranteed by an accepting bank with a minimum certificate of deposit rating of 1 by Duff & Phelps.
  - 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. Repurchase agreements must also qualify to be maintained in book-entry form at a member bank of the Federal Reserve System.

- 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. Bonds rated below A3 and 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 Land and Investment 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 unrated bonds and preferred stocks which have not been reviewed by the Land and Investment Committee may not exceed 1% of the book value of the Fund. Convertible bonds are eligible for purchase if the bond qualifies under this bond rating standard or if the common stock into which the bond may be converted qualifies under the common stock eligibility requirements.
- ° Bonds of the United States, the State of Texas or counties, cities, or school districts of the State of Texas, or bonds issued under and by virtue of the Federal Farm Loan Act approved by the President of the United States, July 17, 1916, and amendments thereto are eligible.
- ° Bonds or other obligations issued, insured, or guaranteed in any manner by the United States Government or any of its agencies are eligible.
- ° Bonds or notes issued by the Board of Regents of The University of Texas System or the Board of Regents of The Texas A&M University System and payable from income of the Permanent University Fund are eligible.
- ° No other forms of investment are eligible including investments in securities of the South African government, government agencies, or firms.

Other investment restrictions include the following:

- ° The cost of the combined securities (both debt and equities) of one corporation may not exceed one percent of the book value of the Fund.
- ° No more than five percent of the voting securities of a corporation may be owned.
- ° 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.

- ° Unaffiliated investment managers transacting solely within their assigned assets:
  - shall hold no more than 25% of their managed portfolio in any one industry at cost unless the manager was retained to concentrate in an industry or industries.
  - shall hold no more than 10% of their managed portfolio in the securities of one corporation at cost.
  - shall hold no more than 10% of their managed portfolio at cost in an asset category different than the type they were retained to manage. Short-term liquid investments are excluded from this limitation. Convertible securities are considered to be equity equivalents for purposes of this restriction.

#### INVESTMENT MANAGEMENT FIRMS

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

#### FUND ADMINISTRATION

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

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

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

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

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

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

System investment and administrative staff will conduct business for the Fund with organizations which, after review, are believed to exercise professional integrity and have financial substance judged adequate in light of the

size and nature of the business involved. Normal business entertainment of the staff is recognized as a customary medium for conducting this type of business. Acceptance of material gifts from unaffiliated vendors is prohibited.

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

#### INVESTOR RESPONSIBILITY

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

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

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

#### APPENDIX A

American Stock Exchange  
Boston Stock Exchange  
Cincinnati Stock Exchange  
Intermountain Stock Exchange  
Midwest Stock Exchange  
New York Stock Exchange  
Pacific Coast Stock Exchange  
Philadelphia Stock Exchange  
Spokane Stock Exchange

- c. Adoption of the following policy statement with regard to management and investment of the Common Trust Fund:

#### COMMON TRUST FUND INVESTMENT POLICY STATEMENT

#### FUND CHARACTERISTICS

The Common Trust Fund was established by the Board of Regents to allow for the pooled investment of privately-sourced endowment and trust funds held by The University of Texas System or by the U. T. Board of Regents in a

fiduciary capacity. These endowment and trust funds are collectively invested to enhance the diversification of the assets held and to streamline investment and administrative operations.

The endowment and trust funds were given to provide a permanent funding source to support specified academic and enrichment programs at donor-designated components of The University of Texas System. The principal of these funds may not be spent, and therefore only cash income earned on investments is available for distribution. Internal growth of the Fund may occur through capital appreciation or retention of income in excess of distributions.

#### RESPONSIBILITY AND MANAGEMENT OF THE FUND

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

#### CONFLICT OF INTEREST

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

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

#### INVESTMENT OBJECTIVES

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

The cash payout requirement on the Fund is substantial and continuous. Income must be sufficient to provide an adequate cash stream for the development of excellence and distinction in the academic programs of the System. In addition, appreciation of the Fund is required to insure preservation of the purchasing power of the Fund, and also to satisfy the need for payout growth in the future.

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

#### ASSET MIX

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

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

- ° The principal purpose of fixed income investments is to provide a dependable and predictable source of income.
- ° Equity investments provide both current income and growth of income, but their principal purpose is to provide appreciation of the Fund.
- ° Cash equivalent-short term investments provide current income, but their principal purpose is to store purchasing power to fund longer term investments.
- ° Other investments, such as venture capital investments and real estate investments, would be undertaken to provide exceptional returns to the Fund.

#### PERFORMANCE GOALS

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

Specific performance goals for the Fund are:

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

Given the income requirements on the Fund, the performance goal for fixed income securities (bonds) is recognized as imperfect and potentially inappropriate in situations where a substantial and prolonged change in the market level of

interest rates occurs. A bond index is a useful comparative device, but income protection, maturity control and portfolio quality are other important performance indices as well as critical elements of portfolio strategy. Active trading of bonds is necessary to prevent deterioration of portfolio market value and may result in the realization of book losses from time to time.

#### PERFORMANCE MEASUREMENT

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

#### INVESTMENT GUIDELINES

The Fund must be invested at all times in strict compliance with the 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.
- ° Investment policies of any unaffiliated liquid investment fund must be reviewed and approved by the Executive Director for Investments and Trusts and 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 on money market instruments.
- ° Corporate bonds and preferred stocks must be rated a minimum of Baa3 by Moody's Investors Service, Inc. or BBB- by Standard & Poor's

Corporation, respectively, when purchased. Bonds rated below A3 and 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 Land and Investment 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 unrated bonds and preferred stocks which have not been reviewed by the Land and Investment Committee may not exceed 1% of the book value of the Fund.

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

#### INVESTMENT MANAGEMENT FIRMS

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

## FUND ADMINISTRATION

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

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

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

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

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

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

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

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

## INVESTOR RESPONSIBILITY

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

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

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

d. Amendment of the Regents' Rules and Regulations, Part Two, Chapter IX, as set forth below:

1. Amend Section 1 to read as follows:

Sec. 1. Authorizations re Sales, Assignments, Conveyances, Receipt of Property, and Proxies.

- 1.1 Authority to Purchase, Exchange, and Sell Securities for and on Behalf of the Permanent University Fund [~~of The University of Texas System~~] (hereinafter sometimes referred to as "PUF") and the Board.--The Chancellor, or his delegate, the Executive Vice Chancellor for Asset Management, and the Executive Director for Investments and Trusts are authorized to purchase, exchange, and sell any and all securities for and on behalf of the PUF or the Board, and to execute [~~any and~~] all related state government documents [necessary to the consummation of any purchases or exchanges]. In addition, unaffiliated i[n]vestment managers [Counselors] appointed by the Board of Regents may purchase, sell, or exchange securities from funds designated from the PUF and the Common Trust Fund in accordance with such manager's [Counselor's] contracts.
- 1.2 Authority to Assign and Transfer Securities Owned by the PUF and the Board.--The Chancellor, or his delegate, the Executive Vice Chancellor for Asset Management, the Executive Director for Investments and Trusts, the Comptroller and Associate Comptroller, and the Trust Officer may each assign and transfer any and all securities of any description whatever and execute any and all documents necessary to the consummation of any sale, assignment, or transfer of any securities registered in the name of the PUF or the Board, or in any other form of registration of such securities held for the account of the PUF or the Board in whatever manner, including all fiduciary capacities and including those registered in the names of trusts or foundations managed and controlled by said Board. In addition, custodian banks appointed by the Executive Vice Chancellor for Asset Management may assign and transfer securities and execute any and all documents necessary to the consummation of any sale, assignment, or transfer of any security owned by the Board.
- 1.3 Authority to Execute Instruments Relating to Land and Mineral Interests.--The Chairman of the Board, the Vice-Chairmen, the Chancellor, or his delegate, and the Executive Vice Chancellor for Asset Management are each authorized to execute conveyances, deeds, surface and/or mineral leases, easements, rights-of-way, oil and gas division orders, and transfer orders, geophysical and material source permits, water contracts, pooling and unitization agreements, and any other instruments as may be necessary or appropriate from time to time, relating to the handling, management, control, and disposition of any real estate or mineral interest held or controlled by the

Board as a part of the PUF or as a part of any trust or special fund.

- 1.4 Authority to Receive and Collect Money and/or Property.--The Chancellor, the Executive Vice Chancellor for Asset Management, and the Executive Director for Investments and Trusts are each authorized and empowered to ask, demand, collect, recover, and receive any and all sums of money, debts, dues, rights, property, effects, or demands, whatever, due, payable, or belonging, or that may become due, payable, or belonging to any of the above funds from investment transactions, from any person or persons, whatever, and to execute any and all necessary or proper receipts, releases, and discharges therefor.
  - 1.5 Authority to Execute Proxies and Consent to Modifications in Bond Indentures.--The Chancellor, or his delegate, the Executive Vice Chancellor for Asset Management, [and] the Executive Director for Investments and Trusts, and the Investment Officers [and ~~the Director of Stock Research~~] are each authorized to consent to modifications in bond indentures and to execute proxies within the approved investment policies.
  - 1.6 Authority to Deliver and Maintain Securities in [Purchase, Sell, and Transfer] Book-Entry Form [United States Government and Government Agency Securities].-- Securities owned by the PUF or the Board [~~The Chancellor, or his delegate, the Executive Vice Chancellor for Asset Management, and the Executive Director for Investments and Trusts, or the Investment Officer of The University of Texas System~~] may be delivered and maintained by a custodian bank or [direct] a member bank of the Federal Reserve System [~~to purchase, sell, or transfer any United States Government or Government Agency securities~~] in book-entry form subject to applicable law [for the Permanent University Fund of The University of Texas System and for the Board of Regents of The University of Texas System].
2. Amend the title of Section 2 to read as follows:  
Sec. 2. [investment] Policy for Investment and Management of the PUF.
  3. Delete Subsections 2.1 through 2.4 and insert a new subsection 2.1 to read as follows:  
2.1 The policies for the investment of funds for the Permanent University Fund shall be those outlined in The Permanent University Fund Investment Policy Statement.

4. Renumber Subsection 2.7 as Subsection 2.2 and amend to read as follows:
- 2.2 [~~2-7~~] Advice of Investment Advisory Committee.--  
The Chancellor, the Executive Vice Chancellor for Asset Management, and the Executive Director for Investments and Trusts shall seek the advice and counsel of the Investment Advisory Committee at its regular quarterly meetings and at other times as appropriate on all of the major matters involving the PUF.
5. Renumber Subsection 2.8 as Subsection 2.3 and amend to read as follows:
- 2.3 [~~2-8~~] Reports to the Regents' Land and Investment Committee. [~~of Purchases, Sales, and Exchanges of Investments.--~~]
- 2.31 All purchases, sales, and exchanges of investments shall be reported for ratification by the Board through the Regents' Land and Investment Committee.
- 2.32 The investment performance of the Fund, as measured by an unaffiliated organization, shall be reported to the Regents' Land and Investment Committee at least annually.
- 2.33 The nature and extent of any investments in or business transacted with any firm with which a member of The University of Texas System investment staff is affiliated will be reported to the Regents' Land and Investment Committee annually.
- 2.34 The Fund's investment in U. S. companies with substantive investments or operations in South Africa will be reported to the Regents' Land and Investment Committee semi-annually in combination with the status review of these firms' effective compliance with the spirit of the six key elements of the Sullivan Principles.
- 2.35 All proxy votes on the social issue of investment and corporate conduct in South Africa will be reported to the Regents' Land and Investment Committee.
6. Delete the lead-in language to Subsection 2.9, delete Subdivisions 2.91, 2.92, and 2.94. Renumber existing Subdivision 2.93 as Subsection 2.4 and amend to read as follows:
- 2.4 [~~2-93~~] The Chancellor, the Executive Vice Chancellor for Asset Management, or the Executive Director for Investments and Trusts are each authorized to take any and all steps as may be considered necessary or advisable to protect the interest of the PUF in event

of default or any other significant changes occurring with respect to any investment. ~~[guaranteed loans, including the power to acquire title on behalf of the Board to the property securing any such note and to execute on behalf of the Board the necessary deed conveying the properties to the U.S. Government or department or agency thereof.]~~

7. Amend Subsection 2.5 to read as follows:

2.5 Policies with Respect to Stock Rights, Fractional Shares, and Proxies.

2.51 Exercise of or sale of stock rights and warrants is to be made at the discretion of the Chancellor, the Executive Vice Chancellor for Asset Management, ~~[or] the Executive Director for Investments and Trusts,~~ or the Investment Officers. Stock rights or warrants which arise in connection with funds under control of an unaffiliated investment manager ~~[counselor]~~ shall be handled by that manager at ~~[counselor-in]~~ its discretion.

2.52 ~~[As a general rule, fractional shares received from stock dividends, etc., are to be sold. In each instance, the decision to round out fractional shares or to sell will be made by the Chancellor, the Executive Vice Chancellor for Asset Management, or the Executive Director for Investments and Trusts.]~~ Fractional shares which arise in connection with funds under control of an unaffiliated investment manager or the System investment staff ~~[counselor]~~ shall be handled by that manager or the staff at ~~[counselor-in]~~ its discretion.

2.53 As a general rule, voting stocks held are to be voted by returning proxies to present management. When the Executive Director for Investments and Trusts determines that a vote with management would not be in the shareholder's best financial interest, or when a proposal under consideration is of a social nature, the matter will be referred to the Chancellor or ~~[and] the Executive Vice Chancellor for Asset Management,~~ or, in the event both of them are absent, to the Chairman of the Land and Investment Committee. Voting on the issue of investments and corporate conduct in South Africa shall correspond to the Regents' Policy Statement on South African Issues adopted by the Board at its February 1986 meeting.

8. Amend Subsection 2.6 to read as follows:

2.6 Exchange of Bonds.--The Chancellor, the Executive Vice Chancellor for Asset Management, ~~[and]~~ the Executive Director for Investments and Trusts, and the Investment Officers are each authorized to exchange bonds owned, from time to time, on a par for par basis (with such cash adjustments as may be required) for other eligible bonds or obligations. In any such exchange the cost of the bonds exchanged out (plus or minus the cash adjustments involved) shall be carried forward as the cost of the bonds or obligations acquired, even though the sale and purchase may be effected through different brokers. Such sales and purchases may be considered as exchanges provided there has been an improvement in book yield.

9. Amend Section 3 to read as follows:

Sec. 3. [Investment] Policy for Investment and Management of Trust and Special Funds.

3.1 Investments Authorized for Purchase.--Unless otherwise limited by the terms of the instrument by which the fund was created, trust and special funds under the control of the Board shall be invested and reinvested in such securities and investments as are permitted by the Texas Trust Code (Subtitle B, Title 9, Texas Property Code) ~~[Act]~~ as legal investments for funds held by trustees.

3.2 The provisions of Sections 2.2, 2.3, 2.4, 2.5 and 2.6, ~~[2-7, -2-8, -and-2-9]~~ with respect to the investment and management of the PUF, shall likewise apply to trust and special funds except that Subsection 2.32 shall be applied only when appropriate comparisons and significant amounts are involved.

3.3 Trust funds will be managed separately and not commingled with the Common Trust Fund if the terms of the instrument by which the fund was created or documents and instructions from the donor preclude investment through the Common Trust Fund. In addition, non-marketable securities held by a trust fund may be recorded as separately invested. All other endowment funds will be invested through the Common Trust Fund.

10. Amend Section 4 to read as follows:

Sec. 4. [Investment] Policy for Investment and Management of the Common Trust Fund. ~~[--The policies~~

~~for the investment and management of funds for the System Common Trust Fund shall be the same as those outlined in Section 3 with respect to trust and special funds.]~~

4.1 The policies for the investment of funds for the Common Trust Fund shall be those outlined in The Common Trust Fund

Investment Policy Statement.

4.2 The provisions of Sections 2.2, 2.3, 2.4, 2.5 and 2.6, with respect to the investment and management of the PUF, shall likewise apply to the Common Trust Fund.

11. Delete Section 5.

12. Renumber Section 6 as Section 5 and amend to read as follows:

Sec. 5 [6]. Investment Advisory Committee.--The Investment Advisory Committee is and has been established in order to assist and advise the Chancellor, the Executive Vice Chancellor for Asset Management, and the Executive Director for Investments and Trusts with respect to matters relating to the management of investments [~~for which said Executive Director is responsible~~]. The following rules shall apply to such Committee:

5.1 [~~6-1~~] Membership.--Six members of the Committee shall be selected because of their particular qualifications and experience in the field of investments, including experience in bond and corporate stock investments.

5.2 [~~6-2~~] Selection Procedure.--Appointments to such Committee shall be made by the Board after recommendation by the Chancellor.

5.3 [~~6-3~~] Term of Office.--Each member shall serve a three-year term, with the terms of two members expiring each August 31. A member is eligible for reappointment to a consecutive three-year term, but may not be reappointed thereafter without a three-year break in service.

5.4 [~~6-4~~] Meetings.--Meetings shall be held quarterly and at such other dates as may be considered advisable by the Chancellor and the Executive Vice Chancellor for Asset Management.

13. Renumber Section 7 as Section 6 and amend to read as follows:

Sec. 6 [7]. Investment Transactions.--Sales, purchases, and exchanges shall be effected through investment dealers or brokers in accordance with the Permanent University Fund and the

Common Trust Fund Investment Policy Statements

[~~normal investment practices~~].

## BACKGROUND INFORMATION

The 1967 "Investment Policies for Permanent University Fund" document was superseded by investment policy regulations which were incorporated into the Regents' Rules and Regulations. The Investment Policy document simply failed to be formally repealed.

The Executive Vice Chancellor for Asset Management held discussions with members of the Investment Advisory Committee to develop an Investment Policy Statement for the Permanent University Fund and the Common Trust Fund as shown above. The investment policy statement for the Common Trust Fund is different from the policy statement recommended on PUF investments in recognition of the wider range of investment opportunities afforded the CTF under the Texas Trust Act than afforded the PUF under the State Constitution.

The proposed amendments to the Regents' Rules and Regulations, Part Two, Chapter IX recognizes the adoption of these policy statements and updates the regulations. Highlights of the changes include the following:

- a. The proposed changes in Section 1 reflect the current use of a custodian bank for and book-entry delivery of securities owned by the Board. The authority to execute certain documents including modifications of bond indentures is clarified.
- b. Since The Permanent University Fund Investment Policy Statement includes the information currently contained in the Regents' Rules and Regulations, Part Two, Chapter IX, Section 2, Subsections 2.1 through 2.4, the proposed Subsection 2.1 referencing the Investment Policy Statement eliminates the need for the existing Subsections 2.1 through 2.4. The substance of Subsection 2.9 is no longer necessary since the Fund no longer purchases direct mortgages.
- c. The proposed amendment of Chapter IX, Section 2 of Part Two of the Regents' Rules and Regulations also includes the proposed reporting requirements and the voting requirements contained in the recommended Permanent University Fund Policy Statement and the Regents' Policy Statement on South African Issues adopted by the Board at its February 1986 meeting.
- d. Section 3 has been amended to require the same administration of the Trust and Special Funds as the PUF and to define which trust and special funds shall be separately invested.
- e. The proposed amendment to Section 4 is simply to recognize the adoption of The Common Trust Fund Investment Policy Statement and to require the same administration of the Common Trust Fund as the Permanent University Fund and the Trust and Special Funds.
- f. Section 5 regarding the membership and duties of a Staff Investment Committee has been deleted since a formal committee is not necessary to execute duties which are the on-going responsibility of the senior investment staff members.

- g. Section 7 (Investment Transactions) has been amended to refer to the statements contained in the Fund Administration sections of The Permanent University Fund Investment Policy Statement and The Common Trust Fund Investment Policy Statement regarding investment transactions with brokers and dealers.

II. TRUST AND SPECIAL FUNDS

A. GIFTS, BEQUESTS AND ESTATES

1. U. T. Arlington: Recommendation to Accept Gift to Establish the Kuemmerlein Lecture Series in Economics (No Publicity).--

RECOMMENDATION

The Office of the Chancellor concurs with President Nedderman's recommendation to accept a \$15,000 gift from Dr. Kim Carney, Dallas, Texas, to establish the Kuemmerlein Lecture Series in Economics at U. T. Arlington.

Income earned from the endowment will be used to sponsor a distinguished guest lecturer each year for the benefit of faculty and advanced graduate students in the Department of Economics.

BACKGROUND INFORMATION

Dr. Kim Carney, an economics professor at U. T. Arlington, is funding this endowment in memory of her deceased parents, Edward and Doris Kuemmerlein. Mr. Kuemmerlein was a professional engineer with Allis Chalmers and had a special interest in economics through his involvement with the stock market.

NO PUBLICITY

2. U. T. Arlington: Recommendation to Accept Gift of 15 Acre Tract of Land Located in Baylor County, Texas, from Mr. Ted B. Court, Arlington, Texas.--

RECOMMENDATION

The Office of the Chancellor concurs with the recommendation of President Nedderman to accept a gift of real property being 15 undivided acres out of a 181.185 acre tract in Baylor County, Texas, from Mr. Ted B. Court, Arlington, Texas. Mr. Court has placed a value of \$7,500 on this gift. Proceeds from the sale of the property are for the unrestricted use of the President of U. T. Arlington.

### BACKGROUND INFORMATION

Mr. Ted B. Court is a 1976 graduate of the Criminal Justice Program at U. T. Arlington. Mr. Court has indicated that he intends to donate a portion of his interest in the 181.185 acre tract of land to U. T. Arlington each year over a period of 10 years.

3. U. T. Arlington: Recommendation to Accept Gift of Lot and Townhome Located in the City of Arlington, Tarrant County, Texas, from Dr. Fernando G. Torgerson, Arlington, Texas.--

### RECOMMENDATION

The Office of the Chancellor concurs with the recommendation of President Nedderman to accept a gift of a lot and townhome being Lot 5, SOMERSET LANE TOWNHOMES, in the City of Arlington, Tarrant County, Texas, from Dr. Fernando G. Torgerson, Arlington, Texas, for the use and benefit of The University of Texas at Arlington. This donation is subject to an agreement that Dr. Torgerson shall have use of the property for a period of three months each year extending from November 1 through January 31. The use period may be varied only with the written consent of the U. T. Board of Regents. Dr. Torgerson shall pay all charges for utilities during his use of the premises. Use of the premises during the remaining nine months each year will be determined by the Office of the President of U. T. Arlington.

### BACKGROUND INFORMATION

Dr. Torgerson joined U. T. Arlington as a Professor and Director of the Graduate School of Social Work on September 1, 1967. He served as Dean of the Graduate School of Social Work from September 1, 1970, until his retirement in March 1981. He was the first person to be appointed Dean Emeritus at U. T. Arlington.

4. U. T. Austin: Hines H. Baker and Thelma Kelley Baker Professorship in Law in the Field of Jurisprudence in the School of Law - Recommendation to Accept Pledge and Transfer of Funds and Redesignate as the Hines H. Baker and Thelma Kelley Baker Chair in Law.--

### RECOMMENDATION

The Office of the Chancellor concurs with President Cunningham's recommendation to accept a \$40,000 pledge, payable prior to August 31, 1986, consisting of \$25,000 in cash and 300 shares of Exxon common stock valued at approximately \$15,000 from Mr. James W. McCartney and family, Houston, Texas, a \$50,000 transfer from the Sheffield Challenge Fund Endowment Program, and a \$120,000 transfer of

accumulated income from current restricted funds for a total of \$210,000 for addition to the Hines H. Baker and Thelma Kelley Baker Professorship in Law in the Field of Jurisprudence in the School of Law at U. T. Austin. It is recommended that the Hines H. Baker and Thelma Kelley Baker Professorship in Law in the Field of Jurisprudence be redesignated as the Hines H. Baker and Thelma Kelley Baker Chair in Law with a total endowment of over \$500,000.

#### BACKGROUND INFORMATION

The Hines H. Baker and Thelma Kelley Baker Professorship in Law in the Field of Jurisprudence was established at the December 1962 meeting of the U. T. Board of Regents with gifts of stock valued at approximately \$33,202 from Mr. Hines H. Baker, deceased, and his wife, Thelma. The stocks have recently been sold for \$311,159.20.

Mr. Baker received his B.A. in Economics and his L.L.B. in Law in 1917 from U. T. Austin. He was the President of Humble Oil and Refining Company and the Executive Vice President of Standard Oil Company. He was a member of the U. T. Austin Development Board, The Chancellor's Council, The Ex-Students' Association, and a founding member of The University of Texas Law School Foundation. Mr. Baker received the U. T. Austin Distinguished Alumnus Award in 1963 and the U. T. System Santa Rita Award in 1969. Mrs. Baker attended U. T. Austin in 1917 and is a member of The President's Associates.

Mr. James W. McCartney received his B.B.A. in 1950 and his L.L.B. in 1952 from U. T. Austin and is an attorney with Vinson & Elkins, Houston, Texas.

5. U. T. Austin: George W. Bean Endowed Scholarship in Engineering in the College of Engineering - Recommendation to Redesignate as the George W. Bean Endowed Presidential Scholarship in Engineering.--

#### RECOMMENDATION

The Office of the Chancellor concurs with President Cunningham's recommendation to redesignate the George W. Bean Endowed Scholarship in Engineering in the College of Engineering at U. T. Austin as the George W. Bean Endowed Presidential Scholarship in Engineering.

Income earned from the endowment will be used to grant scholarships to students in the College of Engineering.

#### BACKGROUND INFORMATION

The George W. Bean Endowed Scholarship in Engineering was established at the February 1985 meeting of the U. T. Board of Regents with a gift and pledge of \$5,000 each for a total of \$10,000 from Mr. and Mrs. Laurie W. Folmar, Austin, Texas. The endowment has now grown to \$23,600 through additional gifts and corporate matching funds.

Mr. and Mrs. Folmar, both U. T. Austin graduates, made this gift and pledge in memory of Mrs. Folmar's father, George W. Bean. Mr. Bean retired in 1963 as Chief Engineer of the Texas Electric Service Company in Fort Worth, Texas.

6. U. T. Austin: Fund for Motivated Students in the College of Natural Sciences - Recommendation to Redesignate as the Bloomer Fund for Motivated Students.--

#### RECOMMENDATION

The Office of the Chancellor concurs with President Cunningham's recommendation to redesignate the Fund for Motivated Students in the Department of Geological Sciences, College of Natural Sciences, at U. T. Austin as the Bloomer Fund for Motivated Students.

This recommendation is being made in accordance with the donor's request.

#### BACKGROUND INFORMATION

The Fund for Motivated Students was established at the April 1981 meeting of the U. T. Board of Regents with a \$10,000 gift from Dr. Richard R. Bloomer, Abilene, Texas. The endowment has now grown to \$40,857.49 through gifts totaling \$35,000 provided by Dr. Bloomer and accumulated interest.

Dr. Bloomer received a Ph.D. in 1949 in geology from U. T. Austin and is an independent geologist in Abilene. He was on the U. T. Austin faculty from 1941 to 1942 and from 1946 to 1948 as an Instructor of Geology. Dr. Bloomer is a member of The Chancellor's Council, The President's Associates, and the Geology Foundation Advisory Council.

7. U. T. Austin: W. Kenley Clark Memorial Fund in the College of Natural Sciences - Recommendation to Redesignate as the W. Kenley Clark Memorial Endowed Presidential Scholarship.--

#### RECOMMENDATION

The Office of the Chancellor concurs with President Cunningham's recommendation to redesignate the W. Kenley Clark Memorial Fund in the Department of Geological Sciences, College of Natural Sciences, at U. T. Austin as the W. Kenley Clark Memorial Endowed Presidential Scholarship.

This recommendation is being made in accordance with the donor's request.

## BACKGROUND INFORMATION

The W. Kenley Clark Memorial Fund was established at the December 1984 meeting of the U. T. Board of Regents with a \$25,000 gift from Mrs. W. Kenley Clark, Sugar Land, Texas, and \$4,355 in gifts from various donors for a total of \$29,355. Additional gifts have raised the current balance in the endowment to \$42,300.

Mr. W. Kenley Clark, deceased, was a 1936 U. T. Austin graduate and a member of the Geology Foundation Advisory Council from 1973 to 1980, serving as Chairman between 1975 and 1977. In 1976, he retired as the Executive Vice President and Chief Executive Officer of Superior Oil Company, Houston, Texas, after thirty-seven years of service.

8. U. T. Austin: Recommendation to Accept Gift to Establish the Regents Chair in Computer Sciences in the College of Natural Sciences and Eligibility for Matching Funds Under The Regents' Endowed Teachers and Scholars Program.--

### RECOMMENDATION

The Office of the Chancellor concurs with President Cunningham's recommendation to accept a \$500,000 gift from an anonymous donor to establish the Regents Chair in Computer Sciences in the Department of Computer Sciences, College of Natural Sciences, at U. T. Austin.

It is further recommended that the gift be matched under The Regents' Endowed Teachers and Scholars Program and used to establish a second Regents Chair in Computer Sciences in the Department of Computer Sciences, College of Natural Sciences.

9. U. T. Austin: Recommendation to Accept Gift of Securities and Pledge and Eligibility for Matching Funds Under The Regents' Endowed Teachers and Scholars Program.--

### RECOMMENDATION

The Office of the Chancellor concurs with President Cunningham's recommendation to accept various common stock gifts valued at approximately \$500,000 and a pledge of approximately \$400,000, payable prior to December 31, 1987, for a total of \$900,000 from Mr. and Mrs. James A. Michener, Austin, Texas, to establish a graduate writing program at U. T. Austin. Of the total funds, \$500,000 will be used for the endowment of faculty positions in support of the program and the remainder will be used to endow fellowships for graduate students in the program.

It is further recommended that under The Regents' Endowed Teachers and Scholars Program funds be reserved for matching the gift of securities for the endowment of additional faculty positions in support of the writing program. A

recommendation regarding the faculty positions and persons to be honored in the designations will be submitted at a later date as well as a recommendation regarding the structure of the graduate fellowship program.

#### BACKGROUND INFORMATION

Mr. James A. Michener, internationally acclaimed author and Pulitzer Prize winner, is the Jack G. Taylor Professor Emeritus at U. T. Austin. He is also a member of The Chancellor's Council.

10. U. T. Austin: Recommendation to Accept Gift to Establish the John E. Breen Endowed Presidential Scholarship in Civil Engineering in the College of Engineering.--

#### RECOMMENDATION

The Office of the Chancellor concurs with President Cunningham's recommendation to accept a \$25,000 gift from Dr. Nasser I. Al-Rashid, Houston, Texas, to establish the John E. Breen Endowed Presidential Scholarship in Civil Engineering in the College of Engineering at U. T. Austin.

Income earned from the endowment will be used for the benefit of outstanding junior, senior, or graduate students in the Department of Civil Engineering.

#### BACKGROUND INFORMATION

Dr. John E. Breen, Austin, Texas, received his Ph.D. in engineering from U. T. Austin in 1962 and is the current holder of the Nasser I. Al-Rashid Chair in Civil Engineering. He joined the U. T. Austin faculty in 1959 as an assistant professor and in 1968 became a Professor of Civil Engineering.

Dr. Nasser I. Al-Rashid received a B.S. in 1965 and a Ph.D. in 1970 in civil engineering from U. T. Austin. He is a member of The Chancellor's Council and the College of Engineering Foundation Advisory Council. His firm, Rashid Engineering, is the largest consulting firm in Saudi Arabia.

11. U. T. Austin: Recommendation to Accept Bequest from the Estate of Harry Cohen to Establish the Harry Cohen Endowed Scholarship.--

#### RECOMMENDATION

The Office of the Chancellor concurs with President Cunningham's recommendation to accept a \$10,000 bequest from the Estate of Harry Cohen, New York, New York, to establish the Harry Cohen Endowed Scholarship at U. T. Austin. Income

earned from the endowment will be used to grant scholarship(s) in accordance with the wishes expressed in Mr. Cohen's Will.

#### BACKGROUND INFORMATION

Mr. Harry Cohen, deceased, received a B.A. from U. T. Austin in 1908 and was a Life Member of The Ex-Students' Association. Mr. Cohen's last Will and Testament provided for the bequest to establish "one or more scholarships" in his memory with a request that preference be given to Gainsville, Texas, high school graduates. Gainsville was Mr. Cohen's former residence.

12. U. T. Austin: Recommendation to Accept Transfer of Funds to Establish the Norris G. Davis Student Travel Fund in the College of Communication.--

#### RECOMMENDATION

The Office of the Chancellor concurs with President Cunningham's recommendation to accept a \$12,414.50 transfer of previously reported gifts from current restricted funds to establish the Norris G. Davis Student Travel Fund in the Department of Journalism, College of Communication, at U. T. Austin.

Income earned from the endowment will be used to fund student travel to professional meetings and organizations.

#### BACKGROUND INFORMATION

Dr. Norris G. Davis, deceased, received a M.A. in 1938 in journalism from U. T. Austin. He joined the U. T. Austin faculty in 1947 as an Assistant Professor of Journalism and became a Professor in 1962. He served as Chairman of the Department of Journalism from 1965 until 1976 and as Associate Dean of the College of Communication from 1976 until 1979.

13. U. T. Austin: Recommendation to Accept Gift to Establish the Wilda and Raymond Dawson Endowed Presidential Scholarship in Civil Engineering in the College of Engineering.--

#### RECOMMENDATION

The Office of the Chancellor concurs with President Cunningham's recommendation to accept a \$25,000 gift from Mr. Raymond F. Dawson, Austin, Texas, to establish the Wilda and Raymond Dawson Endowed Presidential Scholarship in Civil Engineering in the College of Engineering at U. T. Austin.

Income earned from the endowment will be used to grant scholarships to outstanding undergraduate and graduate students in the Department of Civil Engineering with preference given to those specializing in geotechnical engineering.

#### BACKGROUND INFORMATION

Mr. Dawson received a M.S. in 1936 in civil engineering from U. T. Austin. He joined the U. T. Austin faculty in 1941 as an Associate Professor of Civil Engineering and Assistant Director for the Bureau of Engineering Research. He became a Professor of Civil Engineering and Associate Director for the Bureau of Engineering Research in 1949. Mr. Dawson was designated Professor Emeritus upon his retirement in 1980.

14. U. T. Austin: Recommendation to Accept Gift to Establish the Engineering Foundation Endowed Presidential Scholarship in the College of Engineering.--

#### RECOMMENDATION

The Office of the Chancellor concurs with President Cunningham's recommendation to accept a \$100,000 gift from an anonymous donor to establish the Engineering Foundation Endowed Presidential Scholarship in the College of Engineering at U. T. Austin.

Income earned from the endowment will be used to award scholarships to graduate students in the College of Engineering who are United States citizens.

15. U. T. Austin: Recommendation to Accept Transfer of Funds to Establish the Margaret A. Eppright Professional Development Fund in the College of Natural Sciences.--

#### RECOMMENDATION

The Office of the Chancellor concurs with President Cunningham's recommendation to accept a \$10,975 transfer of previously reported gifts from current restricted funds to establish the Margaret A. Eppright Professional Development Fund in the Department of Home Economics, College of Natural Sciences, at U. T. Austin.

Income earned from the endowment will be used to provide support for student and faculty program development in the field of nutrition.

### BACKGROUND INFORMATION

Dr. Margaret A. Eppright received a M.A. in 1935 in organic chemistry and a Ph.D. in 1945 in biochemistry from U. T. Austin. She joined the U. T. Austin faculty in 1949 as an Associate Professor of Home Economics and became a Professor in 1954. She served as Chairman of the Department of Home Economics from 1961 until 1971 and was designated Professor Emeritus in 1982.

16. U. T. Austin: Recommendation to Accept Gift to Establish the Wilson and Kathryn Fraser Charitable Remainder Unitrust in the College of Natural Sciences.--

### RECOMMENDATION

The Office of the Chancellor concurs with President Cunningham's recommendation to accept a \$100,000 gift from Dr. Wilson M. Fraser, Houston, Texas, to establish the Wilson and Kathryn Fraser Charitable Remainder Unitrust at U. T. Austin.

The trust agreement provides for 5% of the annual fair market value of the trust assets to be paid to Dr. Fraser during his lifetime and upon his demise, the corpus and any accumulated income will be used to establish the Wilson M. and Kathryn Fraser Research Professorship in Biochemistry in the Department of Chemistry, College of Natural Sciences, at U. T. Austin.

### BACKGROUND INFORMATION

Dr. Wilson M. Fraser received a B.A. in zoology and chemistry in 1950 from U. T. Austin and an M.D. in 1954 from the U. T. Medical Branch - Galveston. He is 59 years old.

17. U. T. Austin: Recommendation to Accept Gift and Pledge to Establish the T. J. Gibson, III Endowed Scholarship Fund in the School of Law.--

### RECOMMENDATION

The Office of the Chancellor concurs with President Cunningham's recommendation to accept a \$2,500 gift and a \$7,500 pledge, payable prior to January 31, 1989, for a total of \$10,000 from Mrs. T. J. Gibson, Quitman, Texas, to establish the T. J. Gibson, III Endowed Scholarship Fund in the School of Law at U. T. Austin.

Income earned from the endowment will be used to grant scholarships to deserving students in the U. T. Austin School of Law who demonstrate financial need.

### BACKGROUND INFORMATION

Mr. Thomas J. Gibson, III, deceased, received a B.A. in 1939 in English and a J.D. in 1948 in Law from U. T. Austin. He joined the U. T. Austin faculty in 1948 as an instructor and assistant librarian. Mr. Gibson served as Associate Dean for Student Affairs in the School of Law from 1969 until 1984 when he was designated Associate Professor Emeritus.

18. U. T. Austin: Recommendation to Accept Transfer of Funds to Establish the Fred H. Moore Endowed Presidential Scholarship in the Graduate School of Business.--

### RECOMMENDATION

The Office of the Chancellor concurs with President Cunningham's recommendation to accept a \$44,000 transfer of previously reported gifts from current restricted funds to establish the Fred H. Moore Endowed Presidential Scholarship in the Graduate School of Business at U. T. Austin.

Income earned from the endowment will be used to provide two or more scholarships annually to students in the Graduate School of Business who demonstrate financial need and academic achievement as well as future potential.

### BACKGROUND INFORMATION

Mr. Fred H. Moore, deceased, was the President of North American Company and the Director and Executive Vice President of Mobil Oil Corporation, both in New York, New York. He resigned in 1967 for health reasons and moved to Austin, Texas, where he established himself as a petroleum consultant. Mr. Moore was a member of The President's Associates, The Chancellor's Council, and the College of Business Administration Foundation Advisory Council since 1967.

19. U. T. Austin: Recommendation to Accept Gift and Transfer of Funds to Establish the William Negley Endowed Presidential Scholarship in Plan II in the College of Liberal Arts.--

### RECOMMENDATION

The Office of the Chancellor concurs with President Cunningham's recommendation to accept a \$12,500 gift from Mrs. Adele Sidney Burluson Smith, Austin, Texas, and a \$12,500 transfer of previously reported gifts from current restricted funds for a total of \$25,000 to establish the William Negley Endowed Presidential Scholarship in Plan II in the College of Liberal Arts at U. T. Austin.

### BACKGROUND INFORMATION

Mrs. Adele Sidney Burleson Smith is a member of The Chancellor's Council and participated in the 1981 dedication of the Burleson Bells which were given to U. T. Austin by her father, Albert Sidney Burleson, in 1929. She is funding this scholarship to honor her nephew, William Burleson Negley of San Antonio, Texas, who graduated from U. T. Austin in 1935 with a B.A. in philosophy.

Mr. Negley is a member of The President's Associates, the Marine Science Institute Advisory Council, and a Life Member of The Ex-Students' Association.

20. U. T. Austin: Recommendation to Accept Transfer of Funds to Establish the Donald M. Oenslager Endowed Scholarship in the College of Fine Arts.--

### RECOMMENDATION

The Office of the Chancellor concurs with President Cunningham's recommendation to accept a \$10,003.40 transfer of previously reported gifts from current restricted funds to establish the Donald M. Oenslager Endowed Scholarship in the Department of Drama, College of Fine Arts, at U. T. Austin.

Income earned from the endowment will be used to grant scholarships to students in scene design based on artistic work and creative potential.

### BACKGROUND INFORMATION

Mrs. Mary P. Oenslager, New York, New York, is funding this scholarship in memory of her late husband, Donald M. Oenslager, a New York stage designer.

21. U. T. Austin: Recommendation to Accept Gift to Establish the George I. Sanchez-MARRES Endowed Presidential Scholarship in Education in the College of Education.--

### RECOMMENDATION

The Office of the Chancellor concurs with President Cunningham's recommendation to accept a \$25,000.78 gift from Mexican-American Research, Resource, and Educational Services, Incorporated, Dallas, Texas, to establish the George I. Sanchez-MARRES Endowed Presidential Scholarship in Education in the College of Education at U. T. Austin.

Income earned from the endowment will be used to award scholarships to graduate students in the College of Education who demonstrate financial need and academic achievement.

### BACKGROUND INFORMATION

Dr. George I. Sanchez received a M.S. in education in 1931 from U. T. Austin and joined the U. T. Austin faculty as Professor of Latin American Education in 1940. He served as Chairman of the Department of History and Philosophy of Education from 1951 to 1959 and, at the time of his death in 1972, was a Professor in the Department of History and Philosophy of Education.

Mexican-American Research, Resource, and Educational Services, Incorporated was organized for the purpose of educational, scientific, charitable, and public service.

22. U. T. Austin: Recommendation to Accept Transfer of Funds to Establish the Texas Exes in Home Economics Scholarship Fund in the College of Natural Sciences.--

### RECOMMENDATION

The Office of the Chancellor concurs with President Cunningham's recommendation to accept a \$10,000 transfer of previously reported gifts to establish the Texas Exes in Home Economics Scholarship Fund in the Department of Home Economics, College of Natural Sciences, at U. T. Austin.

Income earned from the endowment will be used to provide scholarships for undergraduate students majoring in home economics.

### BACKGROUND INFORMATION

The Texas Exes in Home Economics was organized in the late 1950's for graduates in home economics. Members raise funds for scholarships and publication of the newsletter by selling a cookbook, notepaper, tote bags, and other gifts. They also assist the Department of Home Economics in the recruitment of students and the formation of satellite groups of Texas Exes in cities throughout Texas.

23. U. T. Austin: Recommendation to Accept Gift to Establish the Conoco North American Production Enhanced Oil Recovery Laboratory Endowment Fund in the College of Engineering.--

### RECOMMENDATION

The Office of the Chancellor concurs with President Cunningham's recommendation to accept a \$50,000 gift from Conoco, Inc., Wilmington, Delaware, to establish the Conoco North American Production Enhanced Oil Recovery Laboratory Endowment Fund in the College of Engineering at U. T. Austin.

Income earned from the endowment will be used to maintain and improve equipment and to support the research and teaching functions of a room to be named in honor of the donor.

#### BACKGROUND INFORMATION

This gift is part of a special private fund development campaign for the College of Engineering in accordance with Part One, Chapter VII, Section 2, Subsection 2.44 of the Regents' Rules and Regulations relating to the naming of facilities other than buildings.

A companion agenda item naming a room in the new Chemical and Petroleum Engineering Building is on Page AAC - 12, Item 12.

24. U. T. Austin: Recommendation to Accept Gift and Pledge to Establish the Eaton Industries Drilling Engineering Laboratory Endowment in the College of Engineering.--

#### RECOMMENDATION

The Office of the Chancellor concurs with President Cunningham's recommendation to accept a \$10,000 gift and a \$15,000 pledge, payable prior to December 31, 1989, from Eaton Industries of Houston, Inc., Houston, Texas, to establish the Eaton Industries Drilling Engineering Laboratory Endowment in the College of Engineering at U. T. Austin.

Income earned from the endowment will be used to maintain and improve equipment and to support the research and teaching functions of a room to be named in honor of the donor.

#### BACKGROUND INFORMATION

This gift and pledge are part of a special private fund development campaign for the College of Engineering in accordance with Part One, Chapter VII, Section 2, Subsection 2.44 of the Regents' Rules and Regulations relating to the naming of facilities other than buildings.

A companion agenda item naming a room in the new Chemical and Petroleum Engineering Building is on Page AAC - 12, Item 12.

25. U. T. Austin: Recommendation to Accept Gift of Securities and Corporate Matching Funds to Establish the John E. Kasch Classroom Endowment Fund in the College of Engineering.--

RECOMMENDATION

The Office of the Chancellor concurs with President Cunningham's recommendation to accept a gift of 150 shares of Amoco Corporation common stock valued at approximately \$9,225 from Mr. John E. Kasch, Rancho Santa Fe, California, and corporate matching funds from the Amoco Foundation, Inc., Chicago, Illinois, for a total endowment of over \$10,000 to establish the John E. Kasch Classroom Endowment Fund in the College of Engineering at U. T. Austin.

Income earned from the endowment will be used to maintain and improve equipment and to support the research and teaching functions of a room to be named in honor of the donor.

BACKGROUND INFORMATION

These gifts are part of a special private fund development campaign for the College of Engineering in accordance with Part One, Chapter VII, Section 2, Subsection 2.44 of the Regents' Rules and Regulations relating to the naming of facilities other than buildings.

A companion agenda item naming a room in the new Chemical and Petroleum Engineering Building is on Page AAC - 12, Item 12.

26. U. T. Austin: Recommendation to Accept Gift to Establish the Arthur L. and Ruth Britton Smalley Classroom Endowment Fund in the College of Engineering.--

RECOMMENDATION

The Office of the Chancellor concurs with President Cunningham's recommendation to accept a \$10,000 gift from Mr. and Mrs. Arthur L. Smalley, Houston, Texas, to establish the Arthur L. and Ruth Britton Smalley Classroom Endowment Fund in the College of Engineering at U. T. Austin.

Income earned from the endowment will be used to maintain and improve equipment and to support the research and teaching functions of a room to be named in honor of the donor.

BACKGROUND INFORMATION

This gift is part of a special private fund development campaign for the College of Engineering in accordance with Part One, Chapter VII, Section 2, Subsection 2.44 of the Regents' Rules and Regulations relating to the naming of facilities other than buildings.

A companion agenda item naming a room in the new Chemical and Petroleum Engineering Building is on Page AAC - 12, Item 12.

27. U. T. El Paso: Mr. and Mrs. MacIntosh Murchison Professorship in Engineering - Recommendation to Accept Additional Gift and Redesignate as the Mr. and Mrs. MacIntosh Murchison Chair in Engineering and Eligibility for Matching Funds Under the Texas Eminent Scholars Program (No Publicity).--

#### RECOMMENDATION

The Office of the Chancellor concurs with President Monroe's recommendation to accept a \$250,000 gift from Mrs. Louise B. Murchison, El Paso, Texas, for addition to the Mr. and Mrs. MacIntosh Murchison Professorship in Engineering at U. T. El Paso for a total endowment of \$501,750 and to redesignate as the Mr. and Mrs. MacIntosh Murchison Chair in Engineering.

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

#### BACKGROUND INFORMATION

The Mr. and Mrs. MacIntosh Murchison Professorship in Engineering was established at the August 1985 meeting of the U. T. Board of Regents with a stock gift valued at \$251,750 from Mrs. Louise B. Murchison.

Mr. and Mrs. Murchison are from early pioneer families that have aided El Paso in civic activities for many years. The current mayor of El Paso, Jonathan W. Rogers, is their son-in-law and has acted with power of attorney for the Murchisons on their donations.

#### NO PUBLICITY

28. U. T. Tyler: Recommendation to Accept Gifts and Transfer of Funds to Establish the Charles L. Childers Endowed Presidential Scholarship Fund.--

#### RECOMMENDATION

The Office of the Chancellor concurs with President Hamm's recommendation to accept \$23,100 in gifts from various donors and a \$1,900 transfer from the President's Associates Fund for a total of \$25,000 to establish the Charles L. Childers Endowed Presidential Scholarship Fund at U. T. Tyler.

BACKGROUND INFORMATION

Mr. Charles L. Childers, Tyler, Texas, is a member of the U. T. Tyler Development Board and President's Associates. He currently serves as Chairman of the Board and Chief Executive Officer for RepublicBank Tyler and is on the Advisory Council for the Conference of State Bank Supervisors.

29. U. T. Health Science Center - Dallas (U. T. Southwestern Medical School - Dallas): Recommendation to Accept Gifts to Establish the Dr. Charles T. Ashworth Professorship in Pathology and Eligibility for Matching Funds Under the Texas Eminent Scholars Program.--

RECOMMENDATION

The Office of the Chancellor concurs with President Sprague's recommendation to accept gifts totaling \$102,210 from various donors to establish the Dr. Charles T. Ashworth Professorship in Pathology at the U. T. Southwestern Medical School - Dallas of the U. T. Health Science Center - Dallas.

It is further recommended that the actual income which will be earned on the gifts of \$102,210 be certified to the appropriate State authorities for matching under the Texas Eminent Scholars Program as set out in Chapter 51, Subchapter I, of the Texas Education Code, when matching funds are made available under that act.

BACKGROUND INFORMATION

Charles T. Ashworth, M.D., who died in May 1985, served as Chairman of the Department of Pathology at the U. T. Health Science Center - Dallas from 1957 to 1966. He was a well-known pathologist in Texas serving in private and academic settings. The Dr. Charles T. Ashworth Professorship in Pathology will be established in his memory with contributions from family members, colleagues, friends and former students.

30. U. T. Health Science Center - Dallas (U. T. Southwestern Medical School - Dallas): Recommendation to Accept Gift to Establish the Distinguished Chair in Neuroscience and Eligibility for Matching Funds Under the Texas Eminent Scholars Program (No Publicity).--

RECOMMENDATION

The Office of the Chancellor concurs with President Sprague's recommendation to accept a \$1,000,000 gift from an anonymous donor to establish the Distinguished Chair in Neuroscience at the U. T. Southwestern Medical School - Dallas of the U. T. Health Science Center - Dallas.

It is further recommended that the actual income which will be earned on the \$1,000,000 gift be certified to the appropriate State authorities for matching under the Texas Eminent Scholars Program as set out in Chapter 51, Subchapter I, of the Texas Education Code, when matching funds are made available under that act.

#### NO PUBLICITY

31. U. T. Health Science Center - Dallas (U. T. Southwestern Medical School - Dallas): The Berta M. and Cecil O. Patterson Professorship for Research in Digestive Diseases - Recommendation to Accept Additional Gift and Eligibility for Matching Funds Under the Texas Eminent Scholars Program.--

#### RECOMMENDATION

The Office of the Chancellor concurs with President Sprague's recommendation to accept an additional gift of \$25,000 from the Margaret J. and George V. Charlton Foundation, Dallas, Texas, for addition to The Berta M. and Cecil O. Patterson Professorship for Research in Digestive Diseases at the U. T. Southwestern Medical School - Dallas of the U. T. Health Science Center - Dallas for a total endowment of \$150,000.

It is further recommended that the actual income which will be earned on the \$25,000 gift be certified to the appropriate State authorities for matching under the Texas Eminent Scholars Program as set out in Chapter 51, Subchapter I, of the Texas Education Code, when matching funds are made available under that act.

#### BACKGROUND INFORMATION

The Berta M. and Cecil O. Patterson Professorship for Research in Digestive Diseases was established at the April 1985 meeting of the U. T. Board of Regents with gifts of \$100,000 from Mrs. Lowell H. Lebermann, Dallas, Texas, and \$25,000 from Mrs. Cecil O. Patterson, Dallas, Texas. The current gift of \$25,000 brings the total endowment to \$150,000.

Mrs. Lowell H. Lebermann established this professorship in honor of her parents, Berta M. Patterson and Cecil O. Patterson, M.D., Dallas, Texas.

The Margaret J. and George V. Charlton Foundation is a small family foundation that was established in July 1982 to support general purposes.

32. U. T. Health Science Center - San Antonio: Recommendation to Accept Gift and Pledge to Establish the Chilton Cardiovascular Endowment Fund.--

RECOMMENDATION

The Office of the Chancellor concurs with President Howe's recommendation to accept a \$10,000 gift and a \$90,000 pledge from Dr. Robert Joe Chilton, San Antonio, Texas, to establish the Chilton Cardiovascular Endowment Fund at the U. T. Health Science Center - San Antonio.

Income earned from the endowment will be used to fund a cardiovascular library within the Briscoe Library at the U. T. Health Science Center - San Antonio by purchasing outstanding international journals in the field of cardiology.

BACKGROUND INFORMATION

Dr. Chilton is Assistant Professor of Medicine at the U. T. Health Science Center - San Antonio and is also a private practicing physician in San Antonio specializing in internal medicine, cardiology, and electrophysiology. Dr. Chilton is a fellow in the American College of Cardiology, American College of Physicians, and American Heart Association, and is President Elect of the American Heart Association.

33. U. T. Health Science Center - San Antonio: Recommendation to Accept Gift to Establish The Dan F. Parman Chair in Medicine and Eligibility for Matching Funds Under the Texas Eminent Scholars Program.--

RECOMMENDATION

The Office of the Chancellor concurs with President Howe's recommendation to accept a \$1,000,000 gift from Mr. and Mrs. Dan F. Parman, San Antonio, Texas, through the Parman Family Charitable Trust, through the San Antonio Area Foundation, to establish The Dan F. Parman Chair in Medicine at the U. T. Health Science Center - San Antonio.

It is further recommended that the actual income which will be earned on the gift of \$1,000,000 be certified to the appropriate State authorities for matching under the Texas Eminent Scholars Program as set out in Chapter 51, Subchapter I, of the Texas Education Code, when matching funds are made available under that act.

BACKGROUND INFORMATION

Mr. Dan F. Parman is a prominent Texas businessman who has been involved in real estate investment and development in agricultural land and commercial property since 1961 through his firm of Parman Interests Inc., San Antonio, Texas.

Mr. Parman participates in numerous business and civic organizations in the San Antonio area and is chairman of Power Controls Inc., San Antonio, Texas, and Global Graphics, Inc., Fort Worth, Texas.

Mr. Parman has also given his home (see related item on Page B&G - 6) in San Antonio which is valued at approximately \$2,000,000 to be used as the president's home of the U. T. Health Science Center - San Antonio.

34. U. T. Cancer Center: Recommendation to Accept Donation of Property Being Lot 5, Block 7, Leverkusen Addition in Harris County, Texas, and Authorize Office of Asset Management to Enter Negotiations Related Thereto.--

#### RECOMMENDATION

The Office of the Chancellor concurs with the recommendation of President LeMaistre to accept a donation of property identified as Lot Five, Block Seven, Leverkusen Addition in Harris County, Texas, from Mr. Lee McLemore, Houston, Texas. Based on an appraisal provided by the donor, the property has an estimated value of approximately \$50,000.

It is also requested that the Office of Asset Management be authorized to negotiate for the sale of the property at fair market value and that the Executive Vice Chancellor for Asset Management be authorized to execute all documents pertaining to the sale.

#### BACKGROUND INFORMATION

Mr. McLemore is a former city councilman in Houston. It is understood that the proceeds from the sale of this property are for the unrestricted use of the U. T. Cancer Center.

35. U. T. Cancer Center: Recommendation to Accept Donation of Partnership Interest in TL&M Investments and Authorize Office of Asset Management to Enter Negotiations Related Thereto.--

#### RECOMMENDATION

The Office of the Chancellor concurs with the recommendation of President LeMaistre to accept a donation of forty-six percent interest in TL&M Investments, a partnership owning four lots with an area of 12.549 acres in Kendall County, Texas, from Mr. and Mrs. Philip M. Timmons of Boerne, Texas. Based on an appraisal provided by the donors, the U. T. Cancer Center's interest in the property is estimated to be worth approximately \$40,296.

It is also requested that the Office of Asset Management be authorized to negotiate for the sale of the interest at fair market value and that the Executive Vice Chancellor for Asset Management be authorized to execute all

documents pertaining to the sale. The proceeds will be applied toward the establishment of a Professorship in Leukemia Research in the name of Mr. and Mrs. Timmons' daughter, Shannon Timmons.

#### BACKGROUND INFORMATION

It is understood that the net proceeds from the sale of this interest will not fully fund a professorship. Mr. and Mrs. Timmons plan to fund the remaining amount due at a later date. Mr. and Mrs. Timmons have no known affiliation with the U. T. Cancer Center.

#### B. REAL ESTATE MATTERS

1. U. T. Arlington: Estate of Mary Elizabeth Earle Aucutt (C. J. and Clara Earle Student Scholarship and/or Loan Fund) - Request for Authorization to Sell Real Property in Forest Hill and Fort Worth, Tarrant County, Texas, and Authorization to Execute Deeds of Sale.--

#### RECOMMENDATION

The Office of the Chancellor concurs with the recommendation of President Nedderman for authorization for the Office of Asset Management to sell at fair market value a single family residence located at 6528 Banbury Drive, Lot 7 (save and except the south six feet of said lot), Block 5, Sherwood Forest Addition in Forest Hill, and two cemetery spaces located at 2301 N. Sylvania Avenue (Plot #115, spaces 5 and 6, Rose Garden, 100 square feet, Mount Olivet Cemetery), in Fort Worth, Tarrant County, Texas.

It is further requested that the Executive Vice Chancellor for Asset Management be authorized to execute all documents required for each transaction. Proceeds from the sale will be added to the C. J. and Clara Earle Student Scholarship and/or Loan Fund at U. T. Arlington. Each sale will be reported to the U. T. Board of Regents at a future meeting.

#### BACKGROUND INFORMATION

The properties were a gift from Ms. Mary Elizabeth Earle Aucutt to establish the C. J. and Clara Earle Student Scholarship and/or Loan Fund at U. T. Arlington and were accepted by the U. T. Board of Regents at its December 1985 meeting.

2. U. T. Arlington: Center for Environmental Design Research - Request for Authorization to Sell Real Property Located at 1516 Avenue D and 1210 E. Peach Street in Fort Worth, Tarrant County, Texas, and Authorization to Execute Deed of Sale.--

#### RECOMMENDATION

The Office of the Chancellor concurs with the recommendation of President Nedderman for authorization for the Office of Asset Management to sell at fair market value two lots located at 1516 Avenue D (Lot 8, Block 3, Lake View Addition) and 1210 E. Peach Street (East 1/2 of Lot 12, Block 156) in Fort Worth, Tarrant County, Texas.

It is further requested that the Executive Vice Chancellor for Asset Management be authorized to execute all documents required for each transaction. The sale will be reported to the U. T. Board of Regents at a future meeting.

#### BACKGROUND INFORMATION

These lots were a gift from Arlington Research Institute to U. T. Arlington and were accepted by the U. T. Board of Regents at its October 1980 meeting. It is understood that the proceeds from the sale of the lots are for the unrestricted use of the President of U. T. Arlington.

3. U. T. Arlington: Dan Gould, Sr., Center for Real Estate and Urban Development - Request for Authorization to Sell Real Property Located at 7602 Cranford Court in Tarrant County, Texas, and Authorization to Execute Deed of Sale.--

#### RECOMMENDATION

The Office of the Chancellor concurs with the recommendation of President Nedderman for authorization for the Office of Asset Management to sell at fair market value a lot located at 7602 Cranford Court, a 2.1 acre tract of land out of the Temple O. Harris Survey, Abstract No. 645, Tarrant County, Texas.

It is further requested that the Executive Vice Chancellor for Asset Management be authorized to execute all documents required for the transaction. The proceeds from the sale will be used to support the Dan Gould, Sr., Center for Real Estate and Urban Development at U. T. Arlington. The sale will be reported to the U. T. Board of Regents at a future meeting.

#### BACKGROUND INFORMATION

This property was a gift of Dan C. Gould, Arlington, Texas, in support of the Dan Gould, Sr., Center for Real Estate and Urban Development at U. T. Arlington, and was accepted by the U. T. Board of Regents at its August 1983 meeting.

4. U. T. Arlington: Gift from Dr. E. Lowell Whitley and Dr. R. Kent Cherry - Request for Authorization to Sell Real Property in Arlington, Tarrant County, Texas, and Authorization to Execute Deed of Sale.--

#### RECOMMENDATION

The Office of the Chancellor concurs with the recommendation of President Nedderman for authorization for the Office of Asset Management to sell at fair market value lots located at 1300 West Mitchell Street (Lot 5, Block 1, Swift Addition) and 1304 West Mitchell Street (Lot 7, Block 1, Swift Addition) in Arlington, Tarrant County, Texas.

It is further requested that the Executive Vice Chancellor for Asset Management be authorized to execute all documents required for each transaction. The sale will be reported to the U. T. Board of Regents at a future meeting.

#### BACKGROUND INFORMATION

These lots were a gift from Dr. E. Lowell Whitley and Dr. R. Kent Cherry of Arlington, Texas, and were accepted by the U. T. Board of Regents at its April 1981 meeting. The proceeds from the sale of the property will be used for general purposes of U. T. Arlington.

5. U. T. Austin: Archer M. Huntington Museum Fund - Recommendation for Grazing Lease on Land in Galveston County, Texas, to Mr. Joe M. Robinson, Houston, Texas.--

#### RECOMMENDATION

The Office of the Chancellor concurs with the recommendation of President Cunningham to approve a grazing lease to Mr. Joe M. Robinson, Houston, Texas, covering approximately 1513 acres in the S. C. Bundick League, Galveston County, Texas (Archer M. Huntington Museum Fund - The University of Texas at Austin). The term of the lease is three years, ending May 14, 1988, and the annual rental is \$4,365. The lease provides for termination by the Lessor on thirty days' notice in the event of a sale or lease for purposes other than grazing of all or any portion of the leased premises. The rental rate of \$2.88

per acre exceeds the range of \$2.50 to \$2.75 per acre for unprotected, low lying lands which were recommended by a real estate appraiser and broker in the area.

#### BACKGROUND INFORMATION

Mr. Robinson has leased this land for over 30 years. His most recent three-year lease terminated on May 14, 1985. The rate on the new lease remains the same as for the previous three-year period, but the number of acres leased has been reduced from 1857.41 to 1513.

6. U. T. El Paso: Estate of Josephine Clardy Fox - Recommendation to Lease 5001/5003 Alameda Street, El Paso, Texas, to Mr. Gonzalo Martinez, El Paso, Texas.--

#### RECOMMENDATION

The Office of the Chancellor concurs with the recommendation of President Monroe to approve a lease covering the land and improvements at 5001/5003 Alameda Street, El Paso, Texas (Estate of Josephine Clardy Fox - The University of Texas at El Paso), to Mr. Gonzalo Martinez, El Paso, Texas. The lease would provide for a two-year term with a rental of \$6,000 for the first year and \$6,600 for the second. Taxes will be paid from the rents collected.

#### BACKGROUND INFORMATION

This site has a land area of approximately 15,635 square feet and is improved with a small service station building constructed in the late 1950's. At its October 1984 meeting, the U. T. Board of Regents authorized a lease of the property to Mr. Robert (Bob) Valles for a period of two years. The rental was to be \$450 per month for the first year and \$500 per month for the second. The lease was cancelled in October 1985 for non-payment of rent and has been vacant since that time.

### III. INTELLECTUAL PROPERTY

1. U. T. Austin: Proposed Assignment of a Patent Application to Dr. R. J. Lagow, Professor of Chemistry, Austin, Texas.--

#### RECOMMENDATION

The Office of the Chancellor concurs with President Cunningham's recommendation that the U. T. Board of Regents assign its interest in United States Patent Application Serial Number 139,181, entitled "Method for

Forming Perfluorocarbon Ethers", to Dr. R. J. Lagow, Professor of Chemistry at The University of Texas at Austin, who is one of the co-inventors. The assignment is set forth on Pages L&I 50 - 52.

#### BACKGROUND INFORMATION

The invention covered by the patent application relates to a process for forming fluorinated ethers by fragmenting polyethers. Efforts to license this invention have not been successful. U. T. Austin does not regard this technology as having a potential for licensing and production of royalty income. Dr. Lagow has requested that the U. T. Board of Regents assign title to him and, under the terms of the assignment agreement, he is obligated to pay as consideration for the assignment:

- a. All expenses incurred to date by the U. T. Board of Regents in connection with the patent application for this invention
- b. The sum of Five Thousand Dollars (\$5,000) as an assignment fee and reimbursement of the cost of preparation and processing the assignment agreement
- c. A royalty of five percent (5%) of all income attributable to operations under the invention after Dr. Lagow has received a net income of One Hundred Thousand Dollars (\$100,000)

## ASSIGNMENT

WHEREAS, The Board of Regents (hereinafter "BOARD") of The University of Texas System (hereinafter "SYSTEM") an agency of and existing under the laws of the State of Texas and having a usual place of business at 201 West 7th Street, Austin, Texas 78701, acting on behalf of itself and its component institution, The University of Texas at Austin, desires to release its interest in an application for Letters Patent to the United States, Serial No. 139,181 entitled "Method for Forming Perfluorocarbon Ethers" in the names of R. J. Lagow and G. E. Gerhard filed April 11, 1980, in accordance with certain conditions duly entered into and set forth as follows:

NOW, THEREFORE, to all whom it may concern be it known that for and in consideration of the said conditions and other good and valuable consideration, the receipt of which is hereby acknowledged, the BOARD has sold, assigned and transferred and by these presents does hereby sell, assign and transfer unto Richard J. Lagow, his successors, assigns and legal representatives, the entire right, title and interest in and throughout the United States of America, its territories and all foreign countries, in and to the said invention as described in said application, together with the entire right, title and interest in and to said invention, application and Letters Patent as may issue thereon; said invention, application and Letters Patent to be held and enjoyed by said Richard J. Lagow for his own use and behalf and for his successors, assigns and legal representatives, to the full end of the term for which said Letters Patent may be granted as fully and entirely as the same would have been held by BOARD had this assignment and sale not been made; subject to conditions set forth below. We hereby acknowledge that this assignment, except for express conditions set forth below, is of the entire right, title and interest in and to said invention.

AND, BOARD hereby further agrees to execute upon request any other lawful documents and likewise to perform any other lawful acts which may be deemed necessary to secure fully the aforesaid invention to said Richard J. Lagow, his successors, assigns and legal representatives, but at Richard J. Lagow's expense and charges, including the execution, re-issue, divisional or continuation applications and preliminary or other statements and the giving of testimony in any interference or other proceeding in which said invention or any application or patent thereon may be involved.

The assignment herein, is expressly subject to the following conditions:

- (1) The BOARD reserves for itself and SYSTEM'S component institutions a royalty-free, nonexclusive license to internally use the invention described in said application for research and educational purposes.
- (2) Richard J. Lagow will pay to The BOARD through The University of Texas at Austin at the time of his execution of this Assignment the sum of Five Thousand Dollars (\$5,000.00) as reimbursement to the BOARD of administrative expenses for processing this Assignment and as consideration for the assignment of such invention and patent application.
- (3) Richard J. Lagow hereby reimburses The BOARD through the University of Texas at Austin, at the time of execution of this Assignment, for the patenting costs including maintenance, etc. expended on this application, to the effective date of the Assignment in the sum of Seven Thousand One Hundred Twenty-Four Dollars and four cents (\$7,124.04).
- (4) Richard J. Lagow will pay The BOARD through the University of Texas at Austin five percent (5%) of any royalty or other income that he may receive in the future which is attributable to operations under the invention claimed in said patent application or patent issuing thereon. Such payments will commence when Richard J., Lagow's net income from such operations has reached One Hundred Thousand Dollars (\$100,000.00). (Net income means gross income minus Richard J. Lagow's expenses, subsequent to the date of this Assignment, for patent maintenance, licensing and direct development costs, if any.)
- (5) Specific methods for determining the contribution of this patent application to any grouping of related patents/patent applications (with which the instant application or patent may be licensed conjointly and thereby require an appropriate royalty allocation) has not been agreed upon, but can be negotiated at the time of any such licensing.
- (6) Richard J. Lagow expressly agrees to keep The University of Texas at Austin fully informed of his licensing activities hereunder and the operations thereon.
- (7) Richard J. Lagow expressly indemnifies and holds harmless BOARD, SYSTEM, University of Texas at Austin, its employees and agents against all claims, expenses and damages arising from his use of the invention in the instant application or patents issuing therefrom.

(8) Richard J. Lagow expressly waives any right, interest or claim that he might assert against the BOARD pursuant to Subsection 2.4521 of the Regents' Rules and Regulations or any prior provision of such Rules and Regulations for a share of the payments under Items (2) and (4) above.

ATTEST:

Richard J. Lagow

Gail Brusen

GAIL BRUSEN, NOTARY PUBLIC  
COM. EXPIRES 8-23-88  
CONTENT APPROVED:  
(For U. T. Austin)

By Richard J. Lagow

Title Professor

By

William H. Cunningham

Title President

FORM APPROVED:

L. D. Roth  
Office of General Counsel  
The University of Texas System

CONTENT APPROVED:  
(For U. T. System)

BOARD OF REGENTS OF THE  
UNIVERSITY OF TEXAS SYSTEM

By James P. Duvall  
Executive Vice Chancellor

Title for Academic Affairs

By \_\_\_\_\_

Title \_\_\_\_\_

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 \_\_\_\_\_, 1986, 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

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## **Executive Session of the Board**

BOARD OF REGENTS  
EXECUTIVE SESSION  
Pursuant to Vernon's Texas Civil Statutes  
Article 6252-17, Sections 2(e), (f) and (g)

Date: April 11, 1986

Time: The Board will recess to Executive Session, if time permits, on Thursday afternoon and continue at 9:00 a.m. on Friday morning. If the regular agenda on Thursday does not permit sufficient time to begin the Executive Session, it will convene at 9:00 a.m. on Friday.

Place: Conference Room, Suite 621, Administration Building  
U. T. Medical Branch - Galveston

1. Pending and/or Contemplated Litigation - Section 2(e)

U. T. Health Science Center - Houston:  
Proposed Settlement of Medical Malpractice  
Litigation

2. Land Acquisition, Purchase, Exchange, Lease or Value of  
Real Property and Negotiated Contracts for Prospective  
Gifts or Donations - Section 2(f)

a. U. T. El Paso: Consideration of Negotiated  
Amendment to Lease of Real Estate

b. U. T. Health Science Center - Houston and  
U. T. Cancer Center: Consideration of  
Negotiations on the Acquisition of Cer-  
tain Real Estate in the City of Houston,  
Harris County, Texas

c. U. T. Health Science Center - San Antonio:  
Consideration of Negotiations for the Gift/  
Acquisition of Certain Real Estate in San  
Antonio, Bexar County, Texas

3. Personnel Matters [Section 2(g)] Relating to Appointment,  
Employment, Evaluation, Assignment, Duties, Discipline,  
or Dismissal of Officers or Employees