

MATERIAL SUPPORTING THE AGENDA

VOLUME XLIIIC

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

May 8-9, 1996
August 7-8, 1996

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.: 893

Date: May 9, 1996

Location: Houston, Texas

BOARD OF REGENTS
OF
THE UNIVERSITY OF TEXAS SYSTEM

CALENDAR

Host Institution: The University of Texas Health Science
Center at Houston

Date: Wednesday, May 8, 1996

Time: 9:30 a.m.

Place: Empress Room
The Wyndham Warwick
5701 Main Street
Houston, Texas

Purpose: Convene in Open Session and Recess to
Executive Session per the Agenda

See Page B of R - 1,
Items A - C

Date: Thursday, May 9, 1996

Time: 9:30 a.m.

Place: Room 1726 (Open Session and Executive
and Briefing Sessions), Doctors Center
The University of Texas Health
Science Center at Houston
7000 Fannin
Houston, Texas

Purpose: Reconvene in Open Session and Recess to
Executive and Briefing Sessions per the
Agenda

See Page B of R - 2,
Items D - F

Time: 1:00 p.m. or Upon Recess of Executive
and Briefing Sessions

Place: Room 1505C (Open Session), Doctors Center
The University of Texas Health
Science Center at Houston
7000 Fannin
Houston, Texas

Purpose: Reconvene in Open Session Through
Adjournment

See Pages B of R 2 - 24,
Items G - T

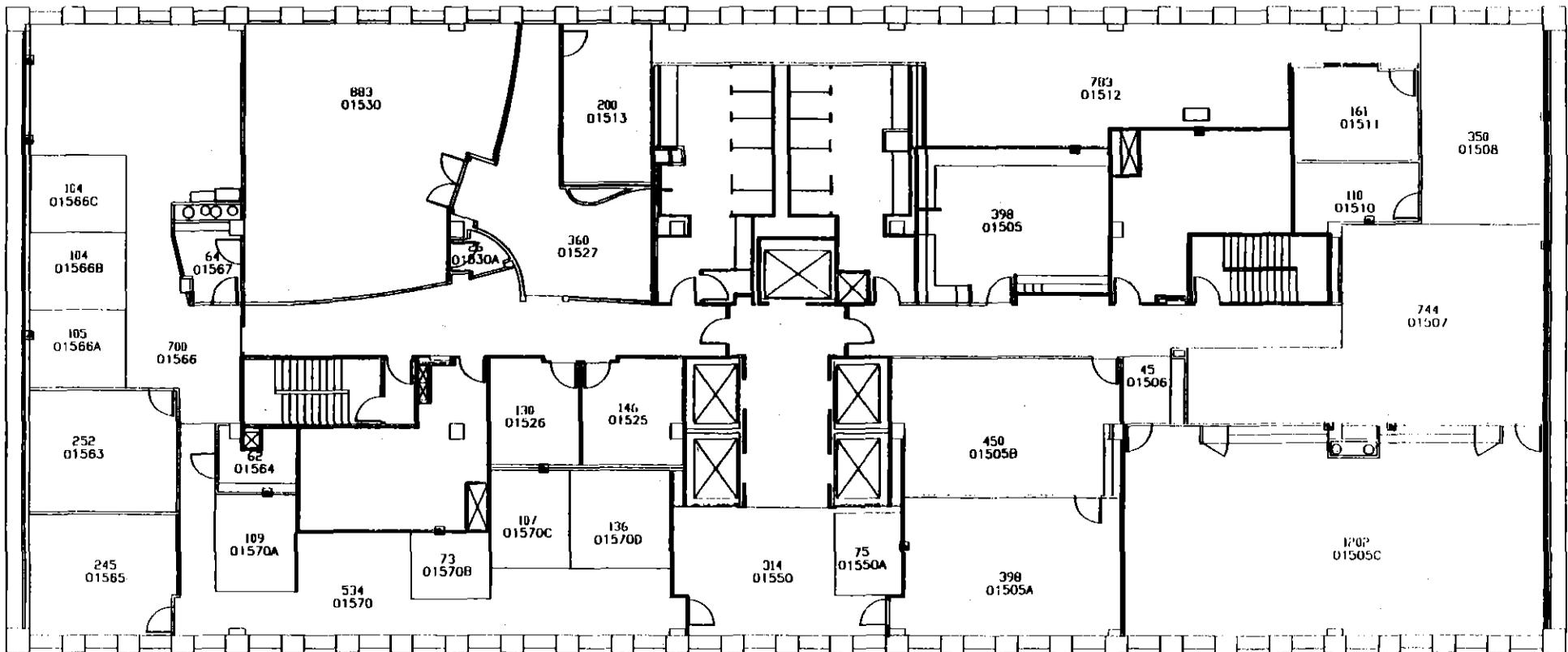
Telephone Numbers

President Low's Office

(713) 792-4975

The Wyndham Warwick
5701 Main Street

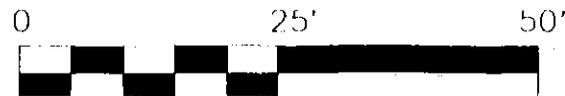
(713) 526-1991

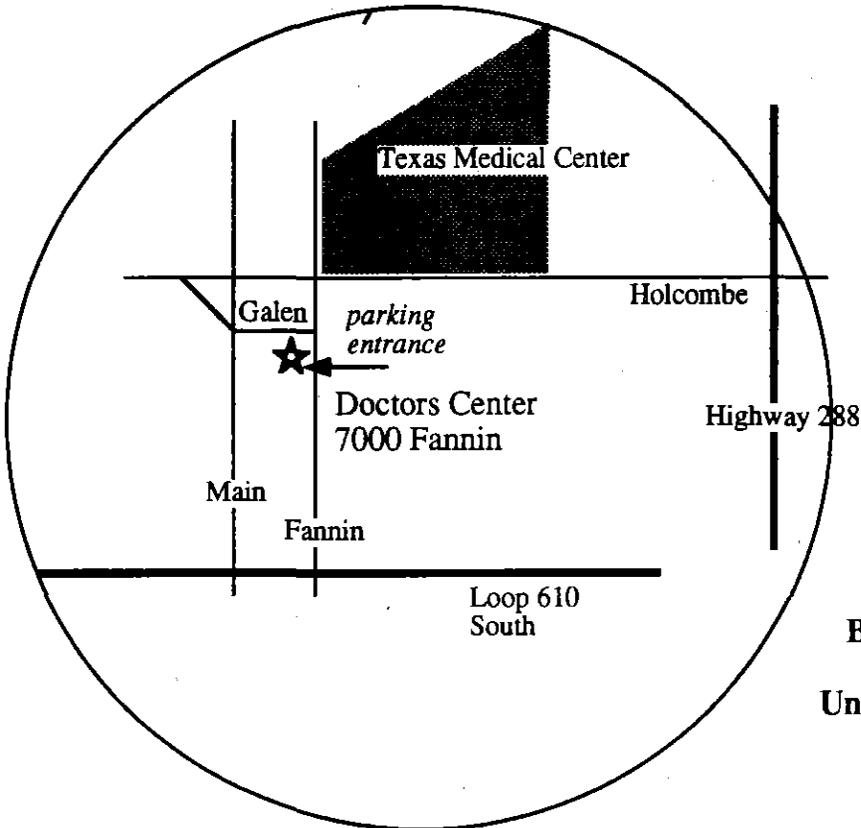
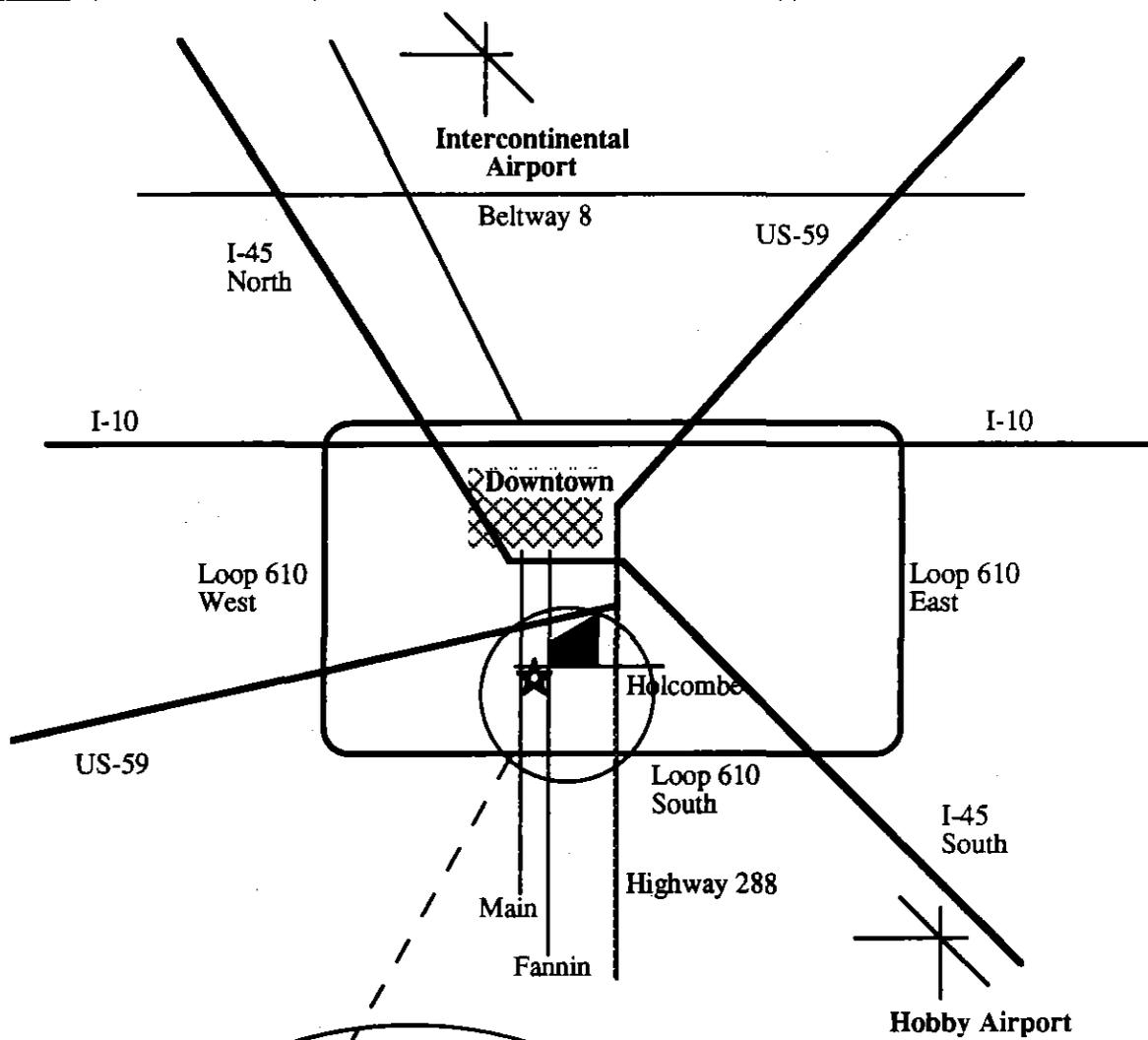


Room 1505C
 Room 1505D
 Room 1527

Regents' Meeting Room (Open Session)
 Regents' Secretarial Office
 Telephones for Staff/Press

DCT 15TH





**Board of Regents Meeting
May 8 and 9, 1996
University of Texas - Houston
Health Science Center
Doctors Center Tower
7000 Fannin**

Meeting of the Board

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

Date: Wednesday, May 8, 1996

Time: 9:30 a.m.

Place: Empress Room
The Wyndham Warwick
5701 Main Street
Houston, Texas

A. CALL TO ORDER

B. RECESS TO EXECUTIVE SESSION [Texas Government Code,
Chapter 551, Section 551.074, Personnel Matters]

U. T. M.D. Anderson Cancer Center: Con-
sideration of Finalist Candidates for
the Presidency

C. RECESS

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

Date: Thursday, May 9, 1996

Time: 9:30 a.m. Convene in Open Session to meet with representatives of the Student Advisory Group and then recess to convene Executive and Briefing Sessions

Place: Room 1726, Doctors Center

Time: 1:00 p.m. or upon recess of Executive and Briefing Sessions Reconvene in Open Session to continue until completion of business

Place: Room 1505C, Doctors Center

- D. RECONVENE IN OPEN SESSION
- E. MEETING WITH REPRESENTATIVES OF STUDENT ADVISORY GROUP
- F. RECESS TO EXECUTIVE AND BRIEFING SESSIONS

The Board will convene in an Executive Session followed by a Briefing Session pursuant to Texas Government Code, Chapter 551, Sections 551.071, 551.072, and 551.074 to consider those matters set out on Page Ex.S - 1 of the Material Supporting the Agenda.

- G. RECONVENE IN OPEN SESSION
- H. WELCOME BY PRESIDENT LOW
- I. APPROVAL OF MINUTES OF REGULAR MEETING HELD FEBRUARY 8, 1996, AND SPECIAL MEETINGS HELD MARCH 1, 1996, AND MARCH 26, 1996

J. SPECIAL ITEMS

1. U. T. Board of Regents: Proposed Amendments to the Regents' Rules and Regulations, Part Two, Chapter IX, Section 2 (Authorizations Regarding Sales, Assignments, Conveyances, Receipt of Property, and Proxies) and Ratification of Certain Sales Transactions Effected on Behalf of the Board of Regents.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellors for Academic and Health Affairs and the Vice Chancellor for Development and External Relations that the Regents' Rules and Regulations, Part Two, Chapter IX, Section 2 (Authorizations Regarding Sales, Assignments, Conveyances, Receipt of Property, and Proxies) be amended as set forth below in congressional style:

- a. Amend Subsection 2.1 as set forth below:

2.1 Authority to Purchase, Exchange, and Sell Securities for and on Behalf of the Permanent University Fund (hereinafter sometimes referred to as "PUF") and the Board.--Pursuant to an Investment Management Services Agreement, UTIMCO shall be authorized to purchase, exchange, and sell, for and on behalf of the PUF or the Board, any and all securities of any description whatever and from any source, including gifts and bequests, registered in the name of the PUF or the Board, or in any other form of registration of such securities held for the account of the PUF or the Board in whatever manner, including all fiduciary capacities and including those registered in the names of trusts or foundations managed and controlled by said Board [for-and-on-behalf-of the-PUF-or-the-Board]. In addition, external investment managers appointed by UTIMCO may purchase, sell, or exchange securities, pursuant to written agreement with UTIMCO.

- b. Add a new Subsection 2.3, renumber present Subsections 2.3 through 2.7 as Subsections 2.4 through 2.8, and amend renumbered Subsection 2.6 as set forth below:

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

2.4[3] Authority to Assign and Transfer Securities Owned by the PUF and the Board.--UTIMCO may assign and transfer any and all securities of any description whatever and from any source, including gifts and bequests, and execute any and all documents necessary to the consummation of any sale, assignment, or transfer of any securities registered in the name of the PUF or the Board, or in any other form of registration of such securities held for the account of the PUF or the Board in whatever manner, including all fiduciary capacities and including those registered in the names of trusts or foundations managed and controlled by said Board. In addition, custodian banks appointed by UTIMCO may assign and transfer securities and execute any and all documents necessary to the consummation of any sale, assignment, or transfer of any security owned by the Board.

2.5[4] Authority to Execute Instruments Relating to Land and Mineral Interests.--The authority to execute conveyances, deeds, surface and/or mineral leases, easements, rights-of-way, oil and gas division orders, and transfer orders, geophysical and material source permits, water contracts, pooling and unitization agreements, and any other instruments as may be necessary or appropriate from time to time, relating to the handling, management, control, and disposition of any real estate or mineral interest held or controlled by the Board is hereby authorized as follows:

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

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

2.6[5] Authority to Receive and Collect Money and/or Property.--

(i) UTIMCO is authorized and empowered to ask, demand, collect, recover, and receive any and all sums of money, debts, dues, rights, property, effects, or demands, whatever, due, payable, or belonging, or that may become due, payable, or belonging to the PUF or the Board from investment transactions, from any person or persons, whatever, and to execute any and all necessary or proper receipts, releases, and discharges therefor and any other instruments as may be necessary or appropriate from time to time, relating to the handling, management, and control and disposition of any investment.

(ii) The Vice Chancellor for Development and External Relations and/or the Director - [Office-of] Estates and Trusts are [is] authorized and empowered to ask, demand, collect, recover, and receive any and all sums of money, debts, dues, rights, property, effects, or demands, whatever, due, payable, or belonging, or that may become due, payable, or belonging to the [PUF-or-the] Board from gifts and bequests, from any person or persons, whatever, and to execute any and all necessary or proper receipts, releases, and discharges therefor and any other instruments as may be necessary or appropriate from time to time, relating to the handling, management, and control and disposition of any gift and bequest.

2.7[6] Authority to Execute Proxies and Consent to Modifications in Bond Indentures.--UTIMCO is authorized to consent to modifications in bond indentures and to execute proxies within the approved investment policies.

2.8[7] Authority to Deliver and Maintain Securities in Book-Entry Form.--Securities owned by the PUF or the Board may be delivered and maintained by a custodian bank or a member bank of the Federal Reserve System in book-entry form subject to applicable law.

It is further recommended that any and all securities sales transacted since the February 1996 meeting of the U. T. Board of Regents be affirmed and ratified.

BACKGROUND INFORMATION

These proposed amendments are required due to the inadvertent omission of certain provisions from the Regents' Rules and Regulations in the amendments that were approved at the February 1996 meeting of the U. T. Board of Regents to accommodate the dissolution of the U. T. System Office of Asset Management and the formation of UTIMCO. In those most recent amendments, the provisions were omitted which authorized the Chancellor and his/her designee(s), which included the Director - Estates and Trusts, to purchase, exchange, and sell securities on behalf of the U. T. Board of Regents.

2. U. T. System: Report of Summary of Gift Acceptance and Related Administrative Actions Conforming to Board Policy for December 1, 1995 Through February 29, 1996.--

(See Pages B of R 6 - 10.)

ACCEPTANCE OF GIFTS HELD BY BOARD

# ALL ITEMS	COMPONENT INSTITUTION	ASSET TYPES						MATCHING FUNDS	TOTAL VALUE
		CASH	SECURITIES	REAL ESTATE	PLEDGES	OTHER	TRANSFERS		
2	U. T. System	\$25,000	\$ ---	\$ ---	\$15,000	\$ ---	\$ ---	\$ ---	\$40,000
7	U. T. Arlington	71,630	---	20,000	---	---	21,000	---	112,630
24	U. T. Austin	907,829	24,991	---	368,890	9,200	46,575	86,873 *	1,406,858
2	U. T. Dallas	20,000	---	---	---	---	---	---	20,000
3	U. T. El Paso	25,000	---	---	---	---	---	---	25,000
2	U. T. Permian Basin	22,058	---	---	15,000	---	---	---	37,058
5	U. T. San Antonio	117,121	---	---	---	---	---	---	117,121
21	U. T. SWMC-Dallas	307,087	8,786,808	---	894,758	---	1,500,000	3,658,333 *	11,488,653
14	U. T. M.B.-Galveston	2,021,083	338,646	---	---	---	1,303,353	---	3,663,082
1	UTHSC-Houston	100,000	---	---	---	---	---	---	100,000
1	UTHSC-San Antonio	---	---	---	---	---	---	---	---
2	UTMDACC	54,235	---	---	---	---	100,000	---	154,235
84	TOTAL	\$3,671,043	\$9,150,445	\$20,000	\$1,293,648	\$9,200	\$2,970,928	\$3,745,206 *	\$17,164,637

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

NOTE: Compiled by Office of Development and External Relations

CLASSIFICATION OF GIFTS AND OTHER ACTIONS

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

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PURPOSES OF GIFTS HELD BY BOARD AND OTHERS

ENDOWMENT

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

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

OTHER ADMINISTRATIVE ACTIONS

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

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COMPARATIVE SUMMARY OF GIFTS ACCEPTED VIA THE OFFICIAL ADMINISTRATIVE PROCESS

FISCAL YEAR 1996

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

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

1. U. T. Board of Regents: Approval of Amendment to
the UTIMCO Articles of Incorporation.--

RECOMMENDATION

The Board of Directors requests that the U. T. Board of Regents approve a new Article XIV to the UTIMCO Articles of Incorporation as set forth below:

ARTICLE XIV

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

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

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

BACKGROUND INFORMATION

The recommended amendment to the Articles of Incorporation of UTIMCO limits the liability of the directors. The Board believes that such an amendment is necessary in order to enable UTIMCO to attract and retain outside directors. The amendment is expressly authorized by Article 1302-7.06 of the Texas Miscellaneous Corporation Laws Act. The Articles of Incorporation require UTIMCO to obtain the approval of the U. T. Board of Regents to make any amendment thereto.

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

SUBSTITUTE AGENDA ITEM

MAY 9, 1996

2. U. T. Board of Regents: Appointment of Members to the Board of Directors of UTIMCO.--

RECOMMENDATION

The Board of Directors of UTIMCO recommends that Mr. J. Luther King, Jr. of Fort Worth, Texas, and Mr. Homer L. Luther, Jr. of Houston, Texas, be appointed to fill terms on the Board of Directors to replace Mr. R. D. Burck and Mr. Arthur H. Dilly, respectively.

BACKGROUND INFORMATION

Section 66.08 of the Texas Education Code requires that the U. T. Board of Regents appoint all members of the Board of Directors of UTIMCO. Mr. King will replace Mr. R. D. Burck, the U. T. System Executive Vice Chancellor for Business Affairs, and Mr. Luther will replace Mr. Arthur H. Dilly, Executive Secretary to the Board of Regents, who have been serving in an interim capacity.

Mr. King is President of Luther King Capital Management, a registered investment advisor, which manages approximately \$4.5 billion for about 340 clients. Mr. King is a Chartered Financial Analyst, a former director of the Dallas Association of Investment Analysts, and a current member of the Board of Governors of the Investment Counsel Association of America. He is also a member of the Advisory Committee to the Trustees of the Employees Retirement System of Texas, is a former member of the Advisory Committee to the State Treasurer of Texas, and served as a member of the U. T. System Investment Advisory Committee from 1991 to 1994.

Mr. Luther of Homer Luther Interests is a private investor with emphasis on technology and specialty consumer products. He is a former Director and founding investor of CML, Inc., a specialty retailing company, and a former director of Offshore Logistics, Inc. Mr. Luther was also a founder and former Chairman of Eagle Management & Trust Company, a Houston-based investment management firm with managed assets of \$2.0 billion at the time of his departure in 1989. He has served as a consultant to John Menzies, plc, of Scotland and has worked closely with The Chinese Academy of Science and Technology, the Chinese International Trust and Investment Company and the Shanghai Investment Trust Company in evaluating investment opportunities in The People's Republic of China. Mr. Luther was formerly a shareholder, Director and Vice President of Fayez Sarofim & Co. and a Corporate Finance Associate for Dean Witter & Co. in Los Angeles. He is a graduate of The Harvard Business School and a graduate of The University of Texas at Austin.

2. U. T. Board of Regents: Appointment of Member to the Board of Directors of UTIMCO.--

RECOMMENDATION

The Board of Directors of UTIMCO recommends that Mr. J. Luther King, Jr., of Fort Worth, Texas, be appointed to fill a term on the Board of Directors to replace Mr. R. D. Burck of Austin, Texas.

BACKGROUND INFORMATION

Section 66.08 of the Texas Education Code requires that the U. T. Board of Regents appoint all members of the Board of Directors of UTIMCO. Mr. King will replace Mr. R. D. Burck, the U. T. System Executive Vice Chancellor for Business Affairs, who has been serving in an interim capacity.

Mr. King is President of Luther King Capital Management, a registered investment advisor, which manages approximately \$4.5 billion for about 340 clients. Mr. King is a Chartered Financial Analyst, a former director of the Dallas Association of Investment Analysts, and a current member of the Board of Governors of the Investment Counsel Association of America. He is also a member of the Advisory Committee to the Trustees of the Employees Retirement System of Texas, is a former member of the Advisory Committee to the State Treasurer of Texas, and served as a member of the U. T. System Investment Advisory Committee from 1991 to 1994.

3. Reports on Investments.--

- a. Permanent University Fund (See Page B of R - 13.)
- b. Long Term Fund (See Page B of R - 14.)
- c. Short/Intermediate Term Fund (See Page B of R - 15.)
- d. Separately Invested Assets (See Pages B of R 16 - 18.)

a. PERMANENT UNIVERSITY FUND

Summary Investment Report at February 29, 1996.--

PERMANENT UNIVERSITY FUND ⁽¹⁾
SUMMARY REPORT
(\$ millions)

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

⁽¹⁾ Excludes PUF Lands mineral and surface interests with estimated values of \$328.6 million and \$157.8 million, respectively.

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

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

b. LONG TERM FUND

Summary Investment Report at February 29, 1996.--

**LONG TERM FUND
SUMMARY REPORT
(\$ millions)**

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

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

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

c. SHORT/INTERMEDIATE TERM FUND

Summary Investment Report at February 29, 1996.--

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

	<u>FY94-95</u>		<u>FY95-96</u>	
	<u>Full Year</u>	<u>1st Qtr</u>	<u>2nd Qtr</u>	<u>Total</u>
Beginning Net Assets	945.3	1,129.5	1,232.9	1,129.5
Net Contributions	175.7	94.4	39.8	134.2
Net Investment Income Earned	58.4	16.8	17.9	34.7
Distributed Net Income	(58.4)	(16.8)	(17.9)	(34.7)
Realized Gains (Losses)	(2.8)	(0.1)	4.2	4.1
Change in Unrealized Gains (Losses)	<u>11.3</u>	<u>9.1</u>	<u>(10.1)</u>	<u>(1.0)</u>
Ending Net Assets	1,129.5	1,232.9	1,266.8	1,266.8

B of R - 15

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

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

Summary Investment Report at February 29, 1996.--

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ASSET TYPES	FUND TYPE													
	CURRENT PURPOSE				ENDOWMENT & SIMILAR FUNDS		ANNUITY & LIFE INCOME FUNDS		AGENCY FUNDS		OPERATING FUNDS		TOTAL	
	DESIGNATED		RESTRICTED		BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET
Cash & Equivalents:														
Beginning value 9/1/95	939,523	939,523	1,234,965	1,234,965	21,021,123	21,021,123	591,594	591,594	312,637	312,637	526,244,809	526,244,809	550,344,651	550,344,651
Increase/(Decrease)	2,592,935	2,592,935	667,170	667,170	(4,907,320)	(4,907,320)	566,106	566,106	3,817,537	3,817,537	67,215,265	67,215,265	69,951,693	69,951,693
Ending value 2/29/96	3,532,458	3,532,458	1,902,135	1,902,135	16,113,803	16,113,803	1,157,700	1,157,700	4,130,174	4,130,174	593,460,074	593,460,074	620,296,344	620,296,344
Debt Securities:														
Beginning value 9/1/95	16,035,065	15,998,975	7,366	3,574	37,418,233	38,325,865	7,736,485	8,065,972	-	-	64,543,437	64,296,966	125,740,586	126,691,352
Increase/(Decrease)	(1,307,796)	(1,221,607)	-	184	7,723,022	7,794,486	28,657	122,326	-	-	(11,822,348)	(11,496,467)	(5,378,465)	(4,801,078)
Ending value 2/29/96	14,727,269	14,777,368	7,366	3,758	45,141,255	46,120,351	7,765,142	8,188,298	-	-	52,721,089	52,800,499	120,362,121	121,890,274
Equity Securities:														
Beginning value 9/1/95	52,450	305,300	62,576	68,207	15,546,569	18,086,879	3,183,008	3,700,713	3	56	-	-	18,844,606	22,161,155
Increase/(Decrease)	-	(234,017)	(3,087)	(9,933)	(2,128,660)	(1,740,698)	1,206,237	1,458,850	4	281,659	-	-	(925,506)	(244,139)
Ending value 2/29/96	52,450	71,283	59,489	58,274	13,417,909	16,346,181	4,389,245	5,159,563	7	281,715	-	-	17,919,100	21,917,016
Other:														
Beginning value 9/1/95	-	-	330,027	330,027	271,473	271,473	-	-	-	-	-	-	601,500	601,500
Increase/(Decrease)	-	-	(330,023)	(330,023)	(271,466)	(271,466)	-	-	-	-	-	-	(601,489)	(601,489)
Ending value 2/29/96	-	-	4	4	7	7	-	-	-	-	-	-	11	11

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

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

Summary Investment Report at February 29, 1996.--

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ASSET TYPES	FUND TYPE												TOTAL	
	CURRENT PURPOSE				ENDOWMENT & SIMILAR FUNDS		ANNUITY & LIFE INCOME FUNDS		AGENCY FUNDS		OPERATING FUNDS			
	DESIGNATED		RESTRICTED		BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET
Real Estate														
Land & Buildings:														
Beginning value 9/1/95	-	-	14,334,998	20,687,653	24,622,668	72,530,300	2,698,648	2,231,990	2	2	-	-	41,656,316	95,449,945
Increase/(Decrease)	-	-	(194,752)	(19,490)	(297,899)	(434,431)	1,417,502	1,417,502	-	-	-	-	924,851	963,581
Ending value 2/29/96	-	-	14,140,246	20,668,163	24,324,769	72,095,869	4,116,150	3,649,492	2	2	-	-	42,581,167	96,413,526
Other Real Estate:														
Beginning value 9/1/95	-	-	187,307	187,307	778,743	778,743	-	-	-	-	-	-	966,050	966,050
Increase/(Decrease)	-	-	613,922	613,922	115,383	115,383	-	-	-	-	-	-	729,305	729,305
Ending value 2/29/96	-	-	801,229	801,229	894,126	894,126	-	-	-	-	-	-	1,695,355	1,695,355

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

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

Summary Investment Report at February 29, 1996.--

ASSET TYPES

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

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

L. 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 Rapoport
Vice-Chairman Hicks, Vice-Chairman Smiley
MSA Page EX.C - 1

Business Affairs and Audit Committee: Chairman Smiley, Regent Deily, Regent Hicks
MSA Page BAAC - 1

Academic Affairs Committee: Chairman Lebermann
Regent Evans, Regent Temple
MSA Page AAC - 1

Health Affairs Committee: Chairman Loeffler
Regent Deily, Regent Temple
MSA Page HAC - 1

Facilities Planning and Construction Committee:
Chairman Temple, Regent Holmes, Regent Lebermann
MSA Page FPCC - 1

M. RECONVENE AS COMMITTEE OF THE WHOLE

N. ITEM FOR THE RECORD

U. T. Arlington and U. T. Dallas: Report on Revised Role and Mission Statements.--

REPORT

The Executive Vice Chancellor for Academic Affairs has approved Role and Mission Statements for U. T. Arlington and U. T. Dallas as shown on Page B of R - 21. The revised mission statements are to be submitted to the Texas Higher Education Coordinating Board for approval. Upon approval, the Role and Mission Statements, with any revisions requested by the Coordinating Board, will be submitted for Regental approval via the respective institutional dockets as part of the normal procedure for approval of catalog revisions.

Section 61.051 of the Texas Education Code requires the Coordinating Board to "classify and prescribe the role and scope" (mission) of each public institution of higher education. The current mission statements for U. T. Arlington and U. T. Dallas were submitted to the U. T. Board of Regents at the October 1994 meeting as part of a report for all U. T. System general academic institutions. The mission statements were last approved by the Coordinating Board in October 1994, and the related Tables of Programs were approved by the Coordinating Board in April 1994.

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

In commencing the SACS Self Study process approximately two years ago at U. T. Arlington, the Mission and Purpose Statement Committee members examined the extant mission statement and determined that the current statement did not adequately proclaim the individuality of the University. Through an extensive process involving many members of the University community, the revised mission statement was developed during the 1994-95 academic year.

At U. T. Dallas, in addition to the SACS review process, the University wished to revise its mission statement to reflect the addition of lower-division programs in the Fall of 1990. As part of the long-range strategic planning process, the mission statement was revised during the 1994-95 academic year.

The Tables of Programs associated with the narrative mission statements for both U. T. Arlington and U. T. Dallas do not require amendment at this time.

THE UNIVERSITY OF TEXAS AT ARLINGTON

Mission and Purpose Statement

The University of Texas at Arlington's mission is to promote, pursue, and disseminate knowledge in an environment conducive to the intellectual and creative discourse of students and scholars. As the most comprehensive general academic institution of The University of Texas System in North Texas, the University provides baccalaureate, master, and doctoral level degree programs, a student development curriculum, and continuing education programs by blending the highest quality teaching with distinguished research.

The purpose of The University of Texas at Arlington, a metropolitan institution committed to teaching, research, and public service, is to create an intellectually stimulating and rewarding environment meeting the needs of people on campus and in our community. The Colleges of Liberal Arts, Science, Business, Engineering, along with the Schools of Nursing, Social Work, Urban and Public Affairs, Architecture, the Center for Professional Teacher Education, and the Graduate School provide degrees as directed by the Board of Regents, the needs of the community and the workplace. The University of Texas at Arlington affirms its commitment to freedom of inquiry and expression; a sense of community on campus; international studies; ethnic diversity; gender equality; development programs for faculty, staff, and students; leadership toward an information-based society; maintaining and increasing voluntary support; and a sense of financial responsibility.

THE UNIVERSITY OF TEXAS AT DALLAS

Mission and Role Statement

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

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

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

- O. CONSIDERATION OF ACTION ON ANY ITEMS DISCUSSED IN THE EXECUTIVE SESSION OF THE BOARD OF REGENTS PURSUANT TO TEXAS GOVERNMENT CODE, CHAPTER 551, SECTIONS 551.071, 551.072, AND 551.074
1. Pending and/or Contemplated Litigation - Section 551.071
 2. Land Acquisition, Purchase, Exchange, Lease or Value of Real Property and Negotiated Contracts for Prospective Gifts or Donations - Section 551.072
 - a. U. T. Austin: Recommendation to Approve the Sale of Mineral Interests in 36 Counties and Six States Which Were Received from Anonymous Donors for Faculty and Graduate Student Fellowships and Authorization to Negotiate and Execute Documents Related Thereto
 - b. U. T. Health Science Center - San Antonio: Recommendation to Approve the Sale of Real Estate Located in Kerr County, Texas, and Authorization to Execute Documents Related Thereto
 3. Personnel Matters Relating to Appointment, Employment, Evaluation, Assignment, Duties, Discipline, or Dismissal of Officers or Employees - Section 551.074
 - U. T. M.D. Anderson Cancer Center: Consideration of the Possible Election and Employment of a President
- P. REPORT OF BOARD FOR LEASE OF UNIVERSITY LANDS

REPORT

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

Q. OTHER MATTERS

1. U. T. System: Report on the Strategic Planning Process.--

REPORT

A short presentation will be made concerning the strategic planning process and the Agency Strategic Plans of all of the components of the U. T. System to be submitted to the Legislative Budget Board by June 15, 1996.

2. U. T. System: Annual Report on the Activities of the Student Advisory Group.--

REPORT

U. T. System Student Advisory Group Chair Keven Chen, a M.D./Ph.D. student at the U. T. Medical Branch - Galveston, will make a short presentation concerning the Group's activities during the past year.

R. SCHEDULED EVENTS

1. Board of Regents' Meetings

<u>Dates</u>	<u>Locations/Hosts</u>
August 8, 1996	U. T. Tyler
November 14, 1996	U. T. Southwestern Medical Center - Dallas

2. Official Commencements - 1996

May 4	U. T. Permian Basin
May 10	U. T. Tyler
May 11-12	U. T. Arlington
May 11	U. T. Pan American
	U. T. San Antonio
	U. T. G.S.B.S. - Houston
May 17	U. T. Brownsville
May 18	U. T. Austin
	U. T. El Paso
	U. T. Medical School - Galveston
May 25	U. T. Dallas
	U. T. Allied Health Sciences School - San Antonio
June 1	U. T. Southwestern Medical School - Dallas and U. T. Southwestern G.S.B.S. - Dallas

3. Other Events

September 12, 1996

U. T. M.D. Anderson
Cancer Center: Annual
Faculty Honors Convo-
cation

S. OTHER BUSINESS

T. ADJOURNMENT

JANUARY 1996

S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
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28	29	30	31			

FEBRUARY 1996

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MARCH 1996

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24	25	26	27	28	29	30
31						

APRIL 1996

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28	29	30				

MAY 1996

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JUNE 1996

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JULY 1996

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28	29	30	31			

AUGUST 1996

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SEPTEMBER 1996

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29	30					

OCTOBER 1996

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20	21	22	23	24	25	26
27	28	29	30	31		

NOVEMBER 1996

S	M	T	W	T	F	S
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17	18	19	20	21	22	23
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DECEMBER 1996

S	M	T	W	T	F	S
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15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

Executive Committee

EXECUTIVE COMMITTEE
Committee Chairman Rapoport

Date: May 9, 1996
Time: Following the reconvening of the Board of Regents
at 1:00 p.m. or upon recess of Executive Session
Place: Room 1505C, Doctors Center, U. T. Health Science
Center - Houston

Page
Ex.C

U. T. System: Recommended Approval of
Executive Committee Letters 96-7
Through 96-14 Via the Chancellor's
Docket Process

2

U. T. System: Recommended Approval of Executive Committee Letters 96-7 Through 96-14 Via the Chancellor's Docket Process.--

At its meeting in December 1994, the Board authorized the approval/ratification of Executive Committee Letters via The University of Texas System Administration Docket effective with the May 1995 meeting of the Board. Therefore, Executive Committee Letters 96-7 through 96-14, which have been distributed since the February 1996 meeting of the Board and which have received the prior approval of the Executive Committee, appear in the U. T. System Administration Docket on Pages ECL 1 - 11 and will be approved/ratified on the agenda of the Business Affairs and Audit Committee as set out on Page BAAC - 2 of the Material Supporting the Agenda.

Business Affairs & Audit Committee

BUSINESS AFFAIRS AND AUDIT COMMITTEE
Committee Chairman Smiley

Date: May 9, 1996
Time: Following the meeting of the Executive Committee
Place: Room 1505C, Doctors Center, U. T. Health Science
Center - Houston

	<u>Page</u> <u>BAAC</u>
1. U. T. System: Recommendation to Approve <u>Chancellor's Docket No. 85</u>	2
2. U. T. Board of Regents: Proposed Adoption of Resolution Exercising Option to Redeem \$20,480,000 of Board of Regents of The University of Texas System, The University of Texas at Austin Building Revenue Refund- ing Bonds, Series 1986, on July 1, 1996; Appropriate Reserve Fund for the Bonds and up to \$16,480,000 of U. T. Austin General Use Fee Balances for the Redemption; Appropriate an Amount Equal to the Annual Debt Service for the Redeemed Bonds to the U. T. Austin Excellence Program Through the Final Maturity of July 1, 2004; and Authorize Officers of the U. T. System to Complete All Transactions	2
3. U. T. Board of Regents: Approval in Princi- ple for the Delegation of Selected Contract Approval Authority to Designated U. T. System Administration and Component Officials Effec- tive September 1, 1996	5
4. U. T. System: Recommended Monthly Premiums for the Self-Funded Medical and Dental Plans, Health Maintenance Organizations, and Vision Service Plan to be Effective September 1, 1996	15
5. U. T. System: Recommendation to Establish Three Self-Funded Freestanding Health Mainte- nance Organizations to Service the Edinburg, Houston, and San Antonio, Texas, Areas and Appointment of Administrative/Fiscal Agents for Each of the Organizations to be Effective September 1, 1996	15
6. U. T. System: Recommended Benefit Design Change for the Group Term Life Coverage and Approval of Rates to be Effective Septem- ber 1, 1996	15

1. U. T. System: Recommendation to Approve Chancellor's Docket No. 85.--

RECOMMENDATION

It is recommended that Chancellor's Docket No. 85 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.

2. U. T. Board of Regents: Proposed Adoption of Resolution Exercising Option to Redeem \$20,480,000 of Board of Regents of The University of Texas System, The University of Texas at Austin Building Revenue Refunding Bonds, Series 1986, on July 1, 1996; Appropriate Reserve Fund for the Bonds and up to \$16,480,000 of U. T. Austin General Use Fee Balances for the Redemption; Appropriate an Amount Equal to the Annual Debt Service for the Redeemed Bonds to the U. T. Austin Excellence Program Through the Final Maturity of July 1, 2004; and Authorize Officers of the U. T. System to Complete All Transactions.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Business Affairs and President Berdahl that the U. T. Board of Regents:

- a. Adopt the Resolution as set forth on Page BAAC - 4 to exercise an option to redeem \$20,480,000 of Board of Regents of The University of Texas System, The University of Texas at Austin Building Revenue Refunding Bonds, Series 1986, on the first call date of July 1, 1996
- b. Appropriate the Reserve Fund for the Bonds in the amount of \$4,000,000 and up to \$16,480,000 of U. T. Austin General Use Fee balances for the redemption
- c. Appropriate, in addition to the amount representing not less than the minimum percentage to be received by U. T. Austin under the Available University Fund Spending Policy, an amount equal to the annual debt service for the redeemed bonds to

the U. T. Austin Excellence Program. The annual debt service for the fiscal year through the final maturity is as follows:

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

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

BACKGROUND INFORMATION

The University of Texas at Austin Building Revenue Refunding Bonds, Series 1986, were issued in May 1986 in the aggregate principal amount of \$36,410,000 with a final maturity of July 1, 2004. Debt service for the bonds is paid from funds appropriated to U. T. Austin from the Available University Fund. After the July 1, 1996, debt service payment, the outstanding bonds in the amount of \$20,480,000 carry a coupon rate of 7.625% and are callable July 1, 1996, at par. The current investment rate for funds held by U. T. Austin is approximately 5.5%. By using reserve funds and cash held by U. T. Austin, a present value savings of approximately \$1.4 million could be achieved by redemption of the outstanding higher rate debt on July 1, 1996. Two bond refunding alternatives to refinance the debt are available; however, both produce less savings. The issuance of tax-exempt debt would generate present value savings of approximately \$650,000; however, a Federal tax penalty of approximately \$1.8 million is incurred. The second alternative is to use taxable debt to refinance the outstanding bonds. By using taxable debt, the tax penalty is eliminated and present value savings of approximately \$990,000 are achieved. The alternative that generates the greatest present value savings, approximately \$1.4 million, is the proposed cash redemption of the bonds.

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

3. U. T. Board of Regents: Approval in Principle for the Delegation of Selected Contract Approval Authority to Designated U. T. System Administration and Component Officials Effective September 1, 1996.--

REPORT

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

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

RECOMMENDATION

The U. T. System Process Review Committee and the Business Affairs and Audit Committee, with the concurrence of the Chancellor, recommend that the U. T. Board of Regents agree in principle that effective September 1, 1996, the authority to execute the seventeen (17) types of contracts and agreements set forth in Exhibit A (Pages BAAC 8 - 11) be delegated to the U. T. System or institutional official designated

therein within the guidelines, conditions, and restrictions also set forth in Exhibit A. It is understood that, except where the U. T. Board of Regents has established total project costs in the case of capital budget projects, consulting contracts with a value of \$250,000 or more and all other contracts and agreements with a value of \$500,000 or more will continue to require approval by the U. T. Board of Regents via the Docket, Executive Committee Letter, or agenda process.

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

BACKGROUND INFORMATION

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

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

The Lebermann Committee also reviewed the noncontractual items which are routinely approved by the U. T. Board of Regents via the Docket, see Exhibit B, Items 22-32 (Pages BAAC 12 - 13), and determined that these represent important actions which should continue to require Regental approval. It is recognized that under the delegated investment responsibility to The University of Texas Investment Management Company, Item 32 (Investment Report) may become an agenda item rather than a Docket item.

In summary, the Docket review of 32 items resulted in the following:

- a. 17 Contract/Agreement Items: Delegation of Approval Authority
 - 3 Items to Chancellor or delegate
 - 4 Items to the Executive Vice Chancellor for Business Affairs or delegate
 - 1 Item to the Executive Vice Chancellor for Academic or Health Affairs as appropriate
 - 1 Item to Vice Chancellor and General Counsel or delegate
 - 8 Items to Component Chief Administrative Officer or delegate

- b. 4 Contract Items: Continue Regental Approval via Docket

- c. 10 Noncontract Items: Continue Regental Approval via Docket

- d. 1 Noncontract Item: UTIMCO Investment Report, format to be determined

This recommendation for increased economy and efficiency through increased delegation of authority and responsibility to U. T. System and component officials without the need for subsequent Docket approval continues recent authorizations by the U. T. Board of Regents. Exhibit C (Page BAAC - 14), Items 33-36, indicates items which, through actions at the November 1995 and February 1996 meetings, no longer require Docket approval. Item 37 represents an administrative decision that teaching overloads no longer require Regental approval.

The recommended effective date for the delegated contract authority of September 1, 1996, will permit the necessary revisions of the Regents' Rules and Regulations at the August 1996 meeting of the U. T. Board of Regents and allow time for the appropriate training of component personnel involved in submission of agreements for administrative review and responsible for the preparation of the Docket.

This proposal was reviewed by the Business Affairs and Audit Committee of the U. T. Board of Regents during its briefing on April 8, 1996.

EXHIBIT A

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

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

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

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

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

EXHIBIT B

RECOMMENDATIONS FOR FUTURE HANDLING OF NONCONTRACTUAL ROUTINE DOCKET ITEMS

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

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

EXHIBIT C

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

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

4. U. T. System: Recommended Monthly Premiums for the Self-Funded Medical and Dental Plans, Health Maintenance Organizations, and Vision Service Plan to be Effective September 1, 1996.--

Employee monthly premium rates for the U. T. System self-funded medical and dental plans, health maintenance organizations, and the vision service plan to be effective September 1, 1996, are still being negotiated. It is anticipated that rates will be available for recommendation at the May meeting of the U. T. Board of Regents.

5. U. T. System: Recommendation to Establish Three Self-Funded Freestanding Health Maintenance Organizations to Service the Edinburg, Houston, and San Antonio, Texas, Areas and Appointment of Administrative/Fiscal Agents for Each of the Organizations to be Effective September 1, 1996.--

The U. T. System Administration developed a Request for Proposals for self-funded freestanding Health Maintenance Organizations to service the Edinburg, Houston, and San Antonio, Texas, areas that was distributed to all qualified interested organizations on March 11, 1996. Proposals were accepted from organizations through April 11, 1996. Extensive review of the proposals received is currently in progress and a recommendation to appoint carriers for the Edinburg, Houston, and San Antonio, Texas, service areas to be effective September 1, 1996, will be made at the May meeting of the U. T. Board of Regents.

6. U. T. System: Recommended Benefit Design Change for the Group Term Life Coverage and Approval of Rates to be Effective September 1, 1996.--

The U. T. System Administration is developing a new benefit design for the group term life coverage with the current carrier Teachers Insurance and Annuity Association (TIAA), New York, New York. Negotiations for the plan design are currently in progress and a recommendation regarding the new design and proposed rates to be effective September 1, 1996, will be made at the May meeting of the U. T. Board of Regents.

BUSINESS AFFAIRS AND AUDIT COMMITTEE

SUPPLEMENTAL MATERIAL

MAY 9, 1996

4. U. T. System: Recommended Monthly Premiums for the Self-Funded Medical and Dental Plans, Health Maintenance Organizations, and Vision Service Plan to be Effective September 1, 1996.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Business Affairs that the U. T. Board of Regents approve the monthly premiums for the U. T. System self-funded medical and dental plans, health maintenance organizations, and vision service plan to be effective September 1, 1996 as follows:

U. T. SYSTEM SELF-FUNDED MEDICAL PLAN PREMIUMS FOR FY 1996-97						
	POINT-OF-SERVICE PLAN WHERE OFFERED		PLAN A/\$200 DEDUCTIBLE WHERE OFFERED		PLAN B/\$500 DEDUCTIBLE WHERE OFFERED	
	FY 1996-97 Proposed Rate	FY 1995-96 Current Rate	FY 1996-97 Proposed Rate	FY 1995-96 Current Rate	FY 1996-97 Proposed Rate	FY 1995-96 Current Rate
Employee	\$165.35	\$165.35	\$165.35	\$165.35	\$133.14	\$133.14
Employee + Spouse	\$324.66	\$321.88	\$324.66	\$321.88	\$276.74	\$273.96
Employee + Child(ren)	\$302.97	\$297.05	\$302.97	\$297.05	\$231.53	\$225.61
Employee + Family	\$457.09	\$449.43	\$457.09	\$449.43	\$333.46	\$325.80

FREE-STANDING INSURED HMO PREMIUMS FOR FY 1996-97						
	Prudential HealthCare Austin		Prudential HealthCare Houston		Kaiser	
	FY 1996-97 Proposed Rate	FY 1995-96 Current Rate	FY 1996-97 Proposed Rate	FY 1995-96 Current Rate	FY 1996-97 Proposed Rate	FY 1995-96 Current Rate
Employee	\$159.95	\$157.65	\$163.87	\$163.87	\$125.01	\$150.23
Employee + Spouse	\$310.15	\$313.75	\$314.04	\$320.45	\$300.02	\$360.55
Employee + Child(ren)	\$279.90	\$283.46	\$284.13	\$289.93	\$250.02	\$300.46
Employee + Family	\$407.65	\$412.55	\$409.49	\$417.85	\$362.53	\$435.67

U. T. SYSTEM SELF-FUNDED HMO PREMIUMS FOR FY 1996-97						
	PCA Austin		Pacificare Galveston		NYLCare Austin	
	FY 1996-97 Proposed Rate	FY 1995-96 Current Rate	FY 1996-97 Proposed Rate	FY 1995-96 Current Rate	FY 1996-97 Proposed Rate	FY 1995-96 Current Rate
Employee	\$162.11	\$162.11	\$162.85	\$162.85	\$164.12	\$164.12
Employee + Spouse	\$307.13	\$310.23	\$311.77	\$311.77	\$310.27	\$310.27
Employee + Child(ren)	\$277.75	\$280.56	\$286.61	\$286.61	\$283.94	\$283.94
Employee + Family	\$406.24	\$410.34	\$434.90	\$434.90	\$415.90	\$415.90
(Self-Funded HMO Premium Rates Continued)						
	UT Southwestern Health Plan Dallas		PCA San Antonio*		NYLCare Valley*	
	FY 1996-97 Proposed Rate	FY 1995-96 Current Rate	FY 1996-97 Proposed Rate		FY 1996-97 Proposed Rate	
Employee	\$161.32	\$161.32	\$164.39		\$163.30	
Employee + Spouse	\$308.04	\$308.04	\$318.74		\$310.27	
Employee + Child(ren)	\$286.36	\$286.36	\$295.90		\$280.02	
Employee + Family	\$428.80	\$428.80	\$448.18		\$415.65	
*Plans not available in FY 1995-96.						

DENTAL PLAN PREMIUMS FOR FY 1996-97				
	U. T. SYSTEM SELF-FUNDED DENTAL PREMIUMS Delta Dental		UNITED DENTAL (Dental HMO)	
	FY 1996-97 Proposed Rate	FY 1995-96 Current Rate	FY 1996-97 Proposed Rate	FY 1995-96 Current Rate
Employee	\$17.99	\$17.99	\$10.83	\$10.51
Employee + Spouse	\$30.65	\$33.43	\$20.16	\$19.57
Employee + Child(ren)	\$38.99	\$44.91	\$26.48	\$25.71
Employee + Family	\$48.63	\$56.29	\$31.83	\$30.90

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

VISION PLAN PREMIUMS FOR FY 1996-97		
CATEGORY	1996-97 Proposed Rates	1995-96 Current Rates
Employee	\$ 6.61	\$ 6.61
Employee + Spouse	\$10.26	\$10.26
Employee + Child(ren)	\$10.49	\$10.49
Employee + Family	\$16.91	\$16.91

BACKGROUND INFORMATION

The premium rates shown for the self-funded medical and dental plans were set by the University based on past and projected claims experience. The proposed Triple Option Point-of-Service (POS) and Plan A rates are the first increase for employees and retirees since FY 1993-94. Although there are increased premiums for dependent coverages under the POS, Plan A and Plan B, there is an equal decrease to the premiums for each tier of the self-funded Delta Dental Plan. Only those employees who have elected lower dependent coverage under the self-funded Dental Plan than they have under the POS Plan or Plan A and those employees who have dental coverage under the United Dental Plan will experience an increase in their total medical/dental premiums. More employees are expected to see a decrease in premiums than will see an increase. This shift of premiums was done so the medical and dental premiums would more fairly represent the cost of these programs.

Since all self-funded HMOs have only been in existence since September 1, 1995, there has not been sufficient claims experience to re-rate most self-funded HMOs. However, because the PCA Austin HMO has had much better than expected claims experience, the PCA premiums for dependent coverages has been decreased by 1%. The insured HMOs, Prudential HealthCare in Austin and Houston, and Kaiser in the Dallas area, determine their own premiums.

The premium rates for the vision service plan remain the same in FY 1996-97 as the rates for FY 1995-96.

BUSINESS AFFAIRS AND AUDIT COMMITTEE

SUPPLEMENTAL MATERIAL

MAY 9, 1996

5. U. T. System: Recommendation to Establish Three Self-Funded Freestanding Health Maintenance Organizations to Service the Edinburg, Houston, and San Antonio, Texas, Areas and Appointment of Administrative/Fiscal Agents for Each of the Organizations to be Effective September 1, 1996.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Business Affairs that the U. T. Board of Regents approve the establishment of a self-funded free-standing Exclusive Provider Organization (EPO) providing Health Maintenance Organization type benefits to service the employees and retirees of the U. T. System located in the Edinburg area; approve a self-funded freestanding Health Maintenance Organization (HMO) to service the employees and retirees of the U. T. System located in the San Antonio area; and approve the appointments of the following administrative agents to be effective September 1, 1996:

- a. NYLCare Health Plans of the Gulf Coast, Inc., Houston, Texas, for an EPO in the Edinburg area
- b. PCA Health Plans of Texas, Inc., Austin, Texas, for an HMO in the San Antonio area.

After an extensive review of the proposals submitted, it was decided that no recommendation would be made at this time to establish a self-funded freestanding HMO in the Houston area.

BACKGROUND INFORMATION

The U. T. System Administration developed a Request for Proposal (RFP) for self-funded freestanding Health Maintenance Organizations to service the Edinburg, Houston, and San Antonio, Texas, areas that was distributed to all qualified organizations on March 11, 1996. Proposals were accepted from organizations through April 11, 1996. After extensive review of the responses to the RFPs, the Employee Group Insurance Program recommended to the Executive Vice Chancellor for Business Affairs that the contracts be awarded to NYLCare Health Plans of the Gulf Coast, Inc. (NYLCare), Houston, Texas, for the Edinburg area and PCA Health Plans of Texas, Inc. (PCA), Austin, Texas, for the San Antonio area.

A recommendation was not made to accept a proposal or award a contract to an organization which bid on the Houston area because no proposal offered a combination of pricing and a provider network satisfactory to the needs of the U. T. System employees and retirees in that area.

NYLCare, which is proposed to administer the Edinburg area EPO, is currently the administrative agent for the self-funded HMOs of the triple option point-of-service for the employees and retirees residing in the Dallas and Houston, Texas, areas. NYLCare also administers an Austin area self-funded freestanding HMO and a Dallas area HMO called UT Southwestern Health Plan in a collaborative effort with the UT Southwestern Health Systems, Inc. It is anticipated that the service area of the Edinburg EPO may expand to include the employees and retirees located in the Brownsville, Texas, area within the next year.

PCA currently administers a self-funded freestanding HMO for employees and retirees living in the Austin, Texas, area.

BUSINESS AFFAIRS AND AUDIT COMMITTEE

SUPPLEMENTAL MATERIAL

MAY 9, 1996

6. U. T. System: Recommended Benefit Design Change for the Group Term Life Coverage and Approval of Rates to be Effective September 1, 1996.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Business Affairs that the U. T. Board of Regents approve changes to the U. T. System group life insurance program to allow for two separate benefit designs to be entitled the Basic Plan for coverage up to \$50,000 and the Supplemental Plan for coverage over \$50,000 to be effective September 1, 1996. The proposed change is designed to eliminate imputed income for plan participants with coverage over \$50,000.

It is further recommended that the following rate structure be approved for the two benefit plans to be effective September 1, 1996:

MONTHLY PREMIUMS FOR GROUP LIFE INSURANCE FOR FY 1996-97			
	CURRENT RATES FY 1995-96	BASIC PLAN PROPOSED RATES	SUPPLEMENTAL PLAN PROPOSED RATES
Automatic Coverage (\$ per \$1,000 coverage)	0.276	0.276	n/a
Employee Only \$10,000 (\$ per \$1,000 coverage)	0.276	0.276	n/a
Optional Coverage (\$ per \$1,000 coverage)			
Under age 35	0.068	0.068	0.061
35 - 39	0.087	0.087	0.078
40 - 44	0.122	0.122	0.109
45 - 49	0.188	0.188	0.168
50 - 54	0.293	0.293	0.261
55 - 59	0.459	0.459	0.409
60 - 64	0.695	0.695	0.620
65	1.049	1.049	0.936
66 & over	1.308	1.308	1.167
Retired Employees (for \$2,500 coverage from age 70)	\$5.34*	\$5.34*	n/a
Dependent Coverage (for flat amount)	\$1.37	\$2.50	n/a

*Age 70 years only. Rates increase slightly as age increases.

BACKGROUND INFORMATION

The U. T. System Administration is proposing a redesigned group life insurance benefit plan to provide a Basic Plan and a Supplemental Plan to employees who elect optional coverage so that plan participants with \$50,000 or more of coverage will not incur imputed income. The redesign was influenced by Private Letters issued by the Internal Revenue Service for other organizations.

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

Premiums for the Basic and Supplemental Plans were set based upon actual experience from September 1, 1993 to the present and adjusted as if the two plans had been in existence. Premium rates for the Basic Plan will not increase. Premiums for the Supplemental Plan will be 10.2% lower than the premiums for the Basic Plan. Dependent coverage will increase due to greater than expected claims.

Academic Affairs Committee

ACADEMIC AFFAIRS COMMITTEE
Committee Chairman Lebermann

Date: May 9, 1996
Time: Following the meeting of the Business Affairs and
Audit Committee
Place: Room 1505C, Doctors Center, U. T. Health Science
Center - Houston

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1. U. T. Board of Regents: Proposed Amendments to the Regents' <u>Rules and Regulations</u> , Part One, Chapter III, Section 1, Subsection 1.8, Subdivisions 1.83 and 1.84 (Academic Titles)	3
2. U. T. Board of Regents: Proposed Amendments to the Regents' <u>Rules and Regulations</u> , Part One, Chapter III, Section 13, Subsection 13.7 (Outside Employment) and Part Two, Chapter XII, Section 2, Subsection 2.3 (Intellectual Property)	5
3. U. T. Board of Regents: Proposed Amendments to the Regents' <u>Rules and Regulations</u> , Part One, Chapter VI, Section 6 (Use of University-Owned Facilities) and Part Two, Chapter X, Section 9 (Student Union Facilities)	6
4. U. T. System: Request to Exempt Students 55 Years of Age or Older from Certain Testing Requirements	26
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1. U. T. Board of Regents: Proposed Amendments to the Regents' Rules and Regulations, Part One, Chapter III, Section 1, Subsection 1.8, Subdivisions 1.83 and 1.84 (Academic Titles).--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and the Executive Vice Chancellor for Health Affairs that the Regents' Rules and Regulations, Part One, Chapter III, Section 1, Subsection 1.8, Subdivisions 1.83 and 1.84 regarding academic titles be revised as set forth below in congressional style:

1.8 Academic Titles.

. . .

1.83

. . .

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

(1) Professor of Clinical

(title of specialty)

(2) Associate Professor of Clinical

(title of specialty)

(3) Assistant Professor of Clinical

(title of specialty)

(4) Instructor in Clinical

(title of specialty)

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

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

(1) Professor of

(title of specialty)

(2) Associate Professor of

(title of specialty)

(3) Assistant Professor of

(title of specialty)

(4) Instructor in

(title of specialty)

For persons appointed to positions pursuant to this Item [~~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 "(nontenure[~~d~~]-track clinical appointment)" or "(nontenure[~~d~~]-track research appointment)," as appropriate, and service in such positions shall not be credited as faculty service toward calculation [~~satisfaction~~] of any maximum [~~a required~~] probationary period [~~for the-award-of-tenure~~].

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

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

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This item requires the concurrence of the Health Affairs Committee.

BACKGROUND INFORMATION

The proposed changes to Subdivision 1.83, Items (i) and (j) were recommended by the U. T. System Faculty Advisory Council to make clear that clinical faculty at the health components or in health-related clinical programs at the academic components may engage in clinical teaching activity without limitation that the teaching be "incidental."

In addition, editorial changes are made to the last paragraph of Item (j) to make the language consistent with other references in the Regents' Rules and Regulations to the maximum (rather than minimum) probationary periods for those in the tenure-track ranks. The same concluding language has been added to Item (i).

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

2. U. T. Board of Regents: Proposed Amendments to the Regents' Rules and Regulations, Part One, Chapter III, Section 13, Subsection 13.7 (Outside Employment) and Part Two, Chapter XII, Section 2, Subsection 2.3 (Intellectual Property).--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and the Executive Vice Chancellor for Health Affairs that the Regents' Rules and Regulations, Part One, Chapter III, Section 13, Subsection 13.7 (Outside Employment) be amended as set forth below in congressional style:

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

Further, it is recommended that the Regents' Rules and Regulations, Part Two, Chapter XII, Section 2, Subsection 2.3 (Intellectual Property) be amended as set forth below in congressional style:

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

This item requires the concurrence of the Health Affairs Committee.

BACKGROUND INFORMATION

It appears to have always been the intent of the Regents' Rules and Regulations, Part Two, Chapter XII, Section 2, Subsection 2.3 to exclude all types of faculty authored scholarly works from the coverage of the "U. T. System Intellectual Property Policy" contained in that chapter. New types of scholarly works that do not neatly fit any of the categories specifically elaborated have raised questions about the possible application of Subsection 2.3 concerning University ownership of the works. The proposed change clarifies that faculty will retain ownership of copyright in all faculty authored works related to the author's field of expertise regardless of the medium of expression, including, for example, multimedia work prepared on CD-ROM.

Similarly, the categories of works referenced in the Regents' Rules and Regulations, Part One, Chapter III, Section 13, Subsection 13.7 are no longer adequate to describe the various types of works exempt from the prohibitions against identification of the employee's University position with certain permitted works for hire.

The proposed changes have been reviewed by the institutional chief administrative officers and the U. T. System Faculty Advisory Council.

3. U. T. Board of Regents: Proposed Amendments to the Regents' Rules and Regulations, Part One, Chapter VI, Section 6 (Use of University-Owned Facilities) and Part Two, Chapter X, Section 9 (Student Union Facilities).--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and the Executive Vice

Chancellor for Health Affairs that the Regents' Rules and Regulations, Part One, Chapter VI, Section 6 regarding use of university-owned facilities be amended as set forth below in congressional style:

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

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

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

6.3 {6-2} Identification Required.--[a] Pursuant to the authority conferred upon the Board of Regents by Section 51.209, Texas Education Code, in order to protect the safety and welfare of students, ~~[and]~~ employees, patients, and other participants in the programs and activities of the U. T. System and component institutions [of the-System] and to protect the property, buildings, and facilities of the U. T. System

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

6.31 ~~[(b)]~~ For the purpose of this Subsection ~~[(a)]~~, an "institutional representative" is:

- ~~(a) [(1)]~~ any member of the Board of Regents of the U. T. System or the Executive Secretary to the Board;
- ~~(b) [(2)]~~ any executive officer or administrative officer of the U. T. System ~~[,including-the-Chancellor, Executive-Vice-Chancellors,-Vice Chancellors,-and-the-Director-of Police];~~
- ~~(c) [(3)]~~ any administrative officer of a a ~~[the]~~ component institution~~[, including-the-chief-administrative officer,-assistants-to-the-chief administrative-officer,-vice presidents,-dean-of-students,-and-any associate-or-assistant-dean-of students];~~ ~~[and]~~
- ~~(d) [(4)]~~ any attorney~~[,peace-officer,-or security-officer]~~ of the U. T. System or a a ~~[the]~~ component institution; ~~and[-]~~
- ~~(e)~~ any peace officer or security officer of the U. T. System or component institution acting pursuant to authority of Texas law.

6.32 ~~[(e)]~~ Any person who refuses to identify himself or herself in accordance with this Subsection may be convicted ~~[(a)-is guilty]~~ of a misdemeanor ~~[and-upon conviction-is]~~ punishable by a fine of not more than \$200.

6.33 ~~[(d)]~~ Students, faculty, or staff who refuse ~~[Any-student-or-employee-who refuses]~~ to identify themselves ~~[himself or-herself]~~ in accordance with this Subsection are also ~~[(a)-is,-in-addition to-the-penalty-prescribed-in-Subsection (e);]~~ subject to disciplinary action ~~[discipline]~~.

6.4 [6-3] Protection of Artificial Bodies of Water, and Other Property.--Pursuant to the authority conferred upon the Board of Regents by Sections 51.202 and 51.204, Texas Education Code, in order to protect the safety and welfare of students, faculty, and staff [~~and-employees-of-the component-institutions-of-the-System~~] and to protect the property, buildings, and facilities of the U. T. System and component institutions, [~~it-is-hereby declared-that~~] it shall be unlawful for any person to enter, walk, run, lie, play, remain, or be in the water of any fountain or other artificial body of water, which is not designed and maintained for recreational or therapeutic purposes, located on property owned or controlled by the U. T. System or a [~~the-campus-of-any~~] component institution unless such person has the prior written [~~shall-have theretofore-been-granted~~] permission of [~~by~~] the chief administrative officer of the U. T. System or the component [~~that~~] institution to enter, remain, or be in such water.

6.41 [f-a] It shall further be unlawful for any person to dump, throw, place, or cause [~~to-be-placed~~] any material, object, person, animal, trash, waste, or debris to be placed in such [~~the-water-of-any~~] fountain or other artificial body of water [~~located-on-the-campus-of-any-component institution-of-the-System~~].

6.42 [f-b] It shall also be unlawful for any person to damage, deface, or remove any portion of any fountain, monument, building, statue, structure, facility, tree, shrub, or memorial located on property owned or controlled by the U. T. System or a [~~the-campus-of-any~~] component institution [~~of-the-System~~].

6.43 [f-c] Any person who violates any provision [~~portion~~] of this Subsection may be convicted of a misdemeanor punishable [~~6-3-shall-upon-conviction-thereof-be punished~~] by a fine of not more than \$200.

6.44 [f-d] Students, faculty, or staff who violate [~~Any-student-or-employee-who violates~~] any portion of this Subsection are also [~~6-3-shall,-in-addition-to-the penalty-prescribed-above,-be~~] subject to disciplinary action [~~discipline~~].

6.5 [6-4] Alcoholic Beverages.--The use of alcoholic [~~intoxicating~~] beverages is prohibited on property and in [~~classroom~~] buildings[~~, laboratories, auditoriums, library buildings, museums, faculty~~] and [~~administrative-offices, intercollegiate and intramural-athletic~~] facilities owned or controlled by the U. T. System or a component

institution [7-and-all-other-public-campus areas]. However, [with-the-prior-consent-of] the chief administrative officer of the U. T. System or a component institution [7-the foregoing-provisions-of-this-Subsection] may waive this prohibition [be-waived] with respect to any [specific] event [which-is] sponsored by the U. T. System or the component institution. An event is sponsored if a budgeted office, department, or division of the U. T. [In-any case,-state-law-will-be-strictly-enforced-at all-times-on-all-property-controlled-by-the] System or the [and-its] component institution[s] is responsible for organizing the event, inviting attendees, and paying expenses related to the event, including the purchase of food and beverages. Meetings or events organized and presented by registered faculty, staff, or student organizations are not events sponsored by the U. T. System or the component institution. This Subsection does not apply to areas that are licensed under state law for the sale and service of alcoholic beverages, to a Special Use Facility during use by a noninstitutional individual, group, association, or corporation for purposes permitted by Subsection 6.(10), or to property, buildings, or facilities that are occupied by a third party pursuant to a written lease or occupancy agreement that does not specifically exclude alcoholic beverages. State law relating to alcoholic beverages will be strictly enforced at all times on property and in buildings and facilities owned or controlled by the U. T. System or a component institution.

[6-5-No-individual,7-organization,7-group, association,7-or-corporation-may-use-the grounds,7-buildings,7-or-facilities-owned-or controlled-by-any-component-institution-or-by the-System-except-as-permitted-by-the provisions-of-the-Regents'-Rules-and Regulations-and-approved-institutional-rules and-regulations.]

6.6 Solicitation.--[6-6] The term "solicitation" [as-used-herein] means the sale, lease, rental or offer for sale, lease, rental of any property, product, merchandise, publication, or service, whether for immediate or future delivery; an oral statement or the distribution or display of printed material, merchandise, or products that is designed to encourage the purchase, use, or rental of any property, product, merchandise, publication, or service; the oral or written appeal or request to support or join an organization other than a registered student, faculty, or staff organization; the receipt of or request for any gift or contribution; or [and] the request to support or oppose or to [that-a] vote [be-cast] for or against a candidate, issue, or proposition appearing on the ballot at any election held pursuant to state or federal law or local ordinances.

6.61 [6-62] No solicitation shall be conducted on property or in any building, structure, or facility owned or controlled by [ef] any component institution or [ef] the U. T. System unless permitted by the Regents' Rules and Regulations. The following activities shall not be deemed [~~net-to-be~~] solicitations prohibited by this Subsection when [if-they-are] conducted in accordance with the approved rules and regulations of the U. T. System or the [a] component institution. Such activities must be conducted [and] in a manner that does [will] not disturb or interfere with the academic [or institutional] programs or administrative activities of the U. T. System or the component institution or any program or activity that is conducted by or is authorized by the U. T. System or component institution; does [being-carried on-in-a-building, structure-or-facility, or-do] not interfere with entry to or exit from a building, structure, or facility; does not interfere with the flow of pedestrians or vehicular traffic on sidewalks or streets; and does not violate applicable state, federal, or local law or regulation:

- (a) [~~1~~] The distribution, sale, or offer for sale of a [any] newspaper, magazine, or other publication by means of an unattended rack or vending machine in [an] area(s) designated in advance by the chief administrative officer of the U. T. System or a component institution or his or her delegate for the conduct of such activity.
- (b) [~~2~~] The sale or offer for sale of [any] food, drink, or any other product [or-service] that may be lawfully sold by means of a vending machine that is operated by the U. T. System or component institution or a [its] subcontractor of either, under an approved written agreement, in an area designated in advance by the chief administrative officer of the U. T. System or the component institution or his or her delegate [for-the-conduct-of-such-activity].
- (c) [~~3~~] The sale or offer for sale by the U. T. System or [a] component institution or a [its] subcontractor of either, under an approved written agreement, of any publication of the U. T. System or the component institution or of any book or other printed material to be used in the regular academic work of the component institution.

(d) ~~(4)(a)~~ Any ~~The-operation-by-the~~ ~~institution-of-any~~ service or service facility ~~maintained~~ for the convenience of the students, staff, ~~and/or~~ faculty, patients, or bona fide visitors that is operated or maintained~~(b)---The-operation~~ by the U. T. System or component institution or by a ~~institution's~~ subcontractor or lessee of either, under an ~~(through-appropriate~~ written-agreements approved ~~as-to~~ content-by-the-chief-administrative officer-of-the-institution-and-the appropriate-Executive-Vice Chancellor,-as-to-form-by-the-Office of-General-Counsel,-and-by-the-Board of-Regents-through-the-Chancellor's Bocket of one of the following services-or-facilities,-maintained for-the-convenience-of-the-students, staff-and/or-faculty written agreement, including, but not limited to: (1) any bookstore, specialty store, laundry, pharmacy, cafeteria, or food service; (2) a child care facility ~~(limited to children or~~ bona fide ~~bonafide)~~ dependents of students, faculty, or staff; ~~and/or faculty~~; (3) a state or federal credit union with ~~(the)~~ membership ~~in-which-must-be~~ limited primarily to students, faculty, and staff of the component institution ~~but-which may-include---~~ students,-faculty, and ~~staff-of~~ other area institutions of higher education~~(students,~~ faculty,-and-staff) or other component institutions and ~~of~~ the U. T. System, ~~(staff-members-of-the System-Administration)~~ and the officers and employees ~~staff members~~ of organizations closely related to the component institution's educational mission, such as officially recognized alumni associations ~~ex-student organizations~~ and cooperative bookstores;~~(~~) (4) private post office boxes under an approved written agreement that limits ~~(the~~ use ~~of-which-must-be-limited-~~ to students, faculty, and staff of the component institution;~~(~~) (5) unmanned teller machines and drop-boxes for express delivery services that are located and maintained under an approved written ~~(any)~~ agreement that ~~for-the-placement-of-which-must include-a-provision-expressly~~ prohibits ~~prohibiting~~ advertising the location of the unmanned teller machine or drop-boxes to the general public;~~(~~) or (6) a travel agency

under an approved written agreement that limits [†]the use [of-which-must be-limited] primarily to students, faculty, and staff of the component institution and prohibits [which agency-must-agree-to-undertake-no public] advertising [concerning] the institutional location of the travel agency to the general public [facility†].

(e) [†5] The sale or offer for sale by the U. T. System or component institution or a [its] subcontractor of either, under an approved written agreement, of food, [and] drink, souvenirs, novelty items, and programs at athletic contests or [at any] other programs or events sponsored or authorized by the U. T. System or component institution.

(f) The sale of merchandise, food, or nonalcoholic beverages by the students' association or by a registered student, faculty, or staff organization. A students' association or a registered student, faculty, or staff organization may not conduct such solicitation activities on behalf of or for the benefit of any individual, association, organization, corporation, or group of individuals that is not registered as a student, faculty, or staff organization [†6]-The-collection-of-tuition-and-fees-in connection-with-enrollment-of-a student-in-any-course-or-degree program].

(g) [†7] The collection of membership fees or dues by registered student, faculty, or staff organizations at meetings of such organizations scheduled in accordance with the facilities use regulations of any component institution.

(h) [†8] The collection of admission fees for the exhibition of movies or for other programs that are sponsored or presented by the U. T. System or component institution or, if [by-a registered-faculty,-staff,-or-student organization,-when] permitted by and scheduled in accordance with the approved rules and [facilities-use] regulations of the component institution, by the students' association or by a registered student, faculty, or staff organization.

(i) [~~9~~] [~~The~~] S[s]olicitation of funds by any organization that can present to the chief administrative officer of the U. T. System or component institution, or his or her delegate, written evidence from the Internal Revenue Service that the organization has been granted an exemption from taxation under Section 501(c)(3), [~~f~~]Internal Revenue Code[~~g~~]. Such solicitation must be conducted in an area(s) designated for that purpose by such chief administrative officer or his or her delegate. Persons soliciting on behalf of an organization must have credentials identifying them as authorized agents of the organization. Permission to solicit shall not be used by the organization as an endorsement by the U. T. System or the component institutions. No organization may solicit under this subdivision for more than a total of fourteen days, whether continuous or intermittent, during each state fiscal year.

(j) [~~10~~] Occasional sales or offers of sales of goods or services that [~~otherwise~~] comply with applicable federal, state, and local laws and regulations [~~municipal-ordinances~~] and are conducted solely for the resident(s) [~~in-the-privacy~~] of an individual university residence hall room or an individual apartment when a [~~the~~] resident of such room or apartment has given specific invitation in advance for salespersons to come to the individual residence hall room or individual apartment for that purpose. This exception does not authorize [~~7-provided-that-neither~~] sales or [~~nor~~] offers of sales of goods or services within a university residence hall room or apartment by the occupant, [~~thereof-on-a continuing-or-scheduled-basis, nor~~] door-to-door sales or offers of sales of goods or services, or sales or offers of sales of goods or services to persons who are present in an individual residence hall room or apartment but are not residents of such room or apartment [~~are-included in-the-activity-permitted-by-this exception~~].

(k) [~~11~~] The acknowledgement of a sponsor of an athletic event or an advertisement announced over a public address system, displayed on a [~~by~~] scoreboard[~~7~~] or electronic message

center [or-banner-displayed-at athletic] or displayed by other means in athletic facilities at locations designated for that purpose pursuant to an approved [institutional] policy [concerning-approval-and-selection] of the component institution [advertisement].

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

annuities, retirement plans or programs, or other benefits that are available to such officers and employees. Such material may be distributed or presented only at the Office of Human Resources of the U. T. System or component institutions or at meetings scheduled for that purpose pursuant to guidelines established by the U. T. System Office of Human Resources.

- (q) Solicitation by the officers or employees of the U. T. System or component institution acting in the course and scope of their authority.
- (r) The distribution, at no cost, by a students' association or a registered student, faculty, or staff organization of a newspaper, magazine, or other publication that contains paid advertising and is published by such organization at its sole expense.

6.62 [6-63] No solicitation shall be conducted on the grounds, sidewalks, or streets [on the-campus] of any component institution or of the U. T. System, except by the agents, servants, or employees of the U. T. System or component [that] institution acting in the course and scope of their agency or employment, or by the students' association of that institution, or by a registered student, faculty, or staff organization at that institution when authorized under Subsection 6.61. Such [†] s[§]olicitation [made-pursuant to-the-terms-of-Subdivision-6-63] must be conducted in [such] a way [†a] that: (a) does [†-will] not disturb or interfere with the academic [or-institutional] programs or administrative activities of the U. T. System or the component institution or any program or activity that is conducted by or is authorized by the U. T. System or component institution [being-carried-on-in-campus-buildings]; (b) does [that-it-will] not interfere with the free and unimpeded flow of pedestrian and vehicular traffic on sidewalks and streets and at places of ingress and egress to and from property, [campus] buildings, or facilities; and (c) does [that-it-will] not harass, embarrass, or intimidate the person or persons being solicited. If, after [such] reasonable investigation [as-the-Dean-of-Students shall-deem-appropriate] (which investigation shall afford the accused student, employee, or organization every right guaranteed by the due process clauses of the United States and Texas Constitutions) it is determined [the-Dean determines] that [a] solicitation is being

or has been conducted in violation of the Regents' Rules and Regulations or the approved rules and regulations of the U. T. System or component institution (1) a student or employee will be subject to such disciplinary action as may be appropriate, and (2) ~~[a-manner-violative of-this-Subsection,-the-Dean-shall prohibit]~~ the offending organization shall be prohibited from solicitation ~~[on-the campus]~~ for such period or periods of time as shall be ~~[determined-to-be]~~ appropriate and in the case of repeated violations ~~[of these-solicitation-rules,-the-Dean-may cancel]~~ the registered status of the offending organization may be cancelled or ~~[impose]~~ other appropriate penalties may be imposed.

6.63 ~~[(2)]~~ The students' association and each registered student organization shall, within thirty days after ~~[of]~~ the beginning of each ~~[the-following]~~ long session semester, file with the Dean of Students or other appropriate official a statement fully ~~[and fairly]~~ disclosing the sources and amounts of money ~~[which-it]~~ obtained from solicitations ~~[(sales, contributions,-and/or-other-revenues) on-the-campus]~~ during the preceding semester or summer session and fully ~~[and-fairly]~~ disclosing the purposes ~~[beneficiaries]~~ and amounts of the expenditures ~~[which-it]~~ made during the preceding semester or summer session. ~~[A-registered-student organization-which-during-a-semester or-summer-session-received-no-money or-thing-of-value-other-than-from-its own-members-need-file-only-a statement-to-that-effect]~~. Any organization failing to comply with the provisions of this Subsection ~~[paragraph]~~ shall be prohibited from solicitation activities ~~[on-the campus]~~ until the ~~[such]~~ organization files the required report ~~[places itself-in-compliance]~~.

~~[(3)-The-distribution-at-no-cost-by a-students'-association-or-a registered-student,-faculty-or-staff organization-of-a-newspaper,-magazine or-other-publication-that-contains paid-advertising-and-is-published-at the-sole-expense-of-such-organization shall-comply-with-the-provisions-of Subdivisions-6.63(1)-and-6.63(2)-]~~

6.7 Use of Property, Buildings, or [Physical] Facilities [of-the-System] by Students' Associations; Registered Student, Faculty, or Staff Organizations; or Officially Recognized Alumni Associations.--Subject to constitutional and statutory restrictions on the use of state

property for religious or political purposes, a students' association; a registered [6-71 Registered] student, faculty, or staff organization[s-or]; or an [any] officially recognized alumni association that qualifies under Subdivision 6.61(i) [6-62(9)] of this Section and whose fund-raising activities are dedicated to the benefit of the U. T. System or a [any] component institution, may reserve and use [an-institution's] buildings, [and/or] grounds, and facilities owned or controlled by the U. T. System or component institution in compliance with reasonable and nondiscriminatory [institutional] time, place, and manner provisions of the approved regulations of the U. T. System and component institution. Such regulations [that] shall specify the procedures under which such organizations may reserve the [institution's] buildings, [and/or] grounds, and facilities for their use. Such use must be for purposes permitted by the Regents' Rules and Regulations and be conducted in compliance with Subsection 6.61 and Subsection 6.62. Groups of students, faculty or staff who are not registered or groups of alumni other than officially recognized alumni associations whose fund-raising activities are dedicated to the benefit of any component institution may not use the institution's buildings, facilities, [and/] or grounds.

6.71 A students' association, a r[R]egistered student, faculty, or staff organization[s], or an alumni association[s] may not reserve or use property, buildings, or facilities owned or controlled by the U. T. System or a component institution for the purpose of engaging in [enter-into-joint-sponsorship of] any [on-campus] project or program with any association, organization, or corporation, or with any individual or group of individuals [with-individuals, groups,-or-students] that are not registered.

6.72 Students, faculty, or staff, a students' association, [Reasonable-and nondiscriminatory-regulations-may-be promulgated-to-authorize-students-and] or a registered student, faculty, or staff organization[s], with prior written authorization, may [under-specified conditions,-to] petition, post signs, set up booths, [and/]or peacefully demonstrate on property owned or controlled by the U. T. System or component institution [the campus---Such-regulations-shall-prohibit any-activity-that-would-interfere-with academic-and-institutional-programs].

6.73 No person, including [whether-or-not] a student or employee of a component institution, shall [publicly] distribute [on-the-campus-of-any-such-institution] any petition, handbill, object, or piece of literature; post or carry any sign, placard, or banner; or engage in speech or

conduct on property or in buildings or facilities owned or controlled by the U. T. System or a component institution if it [that] is obscene, libelous, or directed to inciting or producing imminent lawless action and is likely to incite or produce such action.

~~[6.74--No person, whether or not a student or employee of a component institution, shall post or carry any sign or poster that is obscene, libelous, or directed to inciting or producing imminent lawless action and is likely to incite or produce such action.]~~

~~6.75-No person, whether or not a student or employee of a component institution, shall install, occupy, or use on the campus of any such institution any booth, if the use of the booth is wholly or partly for the distribution or dissemination of words or material that are obscene, libelous, or directed to inciting or producing imminent lawless action and are likely to incite or produce such action.--For the purpose of this provision, the word "booth" includes furniture, enclosure, and any other structure temporarily installed for distributing petitions, handbills, or literature, or for displaying signs, or for raising funds or soliciting tangible items.]~~

6.8 Student Center or Student Union.--The use of student center or student union facilities of a [on-the-campus-of-each] component institution shall be subject to Regents' Rules and Regulations and to the approved rules and [reasonable and nondiscriminatory] regulations of [promulgated by that center's or union's governing board and] the component institution [and included in the Handbook of Operating Procedures].

6.9 Joint Sponsorship of the Use of Property, Buildings, or Facilities.--Except as permitted in Subdivision 6.61, Subsection 6.(10), and Subsection 6.(11), the use of property, buildings, or facilities owned or controlled by the U. T. System or a component institution by individuals who are not students, faculty, or staff; by groups that are not registered [Extracurricular] student, faculty, or staff organizations; or by associations or corporations for programs or activities must be jointly sponsored by the U. T. System or the component institution and shall be subject to the following conditions [involving the use of System-owned buildings and grounds shall be conducted in accordance with local, state and national law and in accordance with the applicable System and institutional regulations.--Such activities shall not disrupt or disturb the academic and institutional programs and shall not result in damage to or defacement of property].

~~[6-(10)-Use-of-Grounds-and-Physical-Facilities-by Outside-Groups,-the-System-as-a-Joint-Sponsor- Use-of-grounds-and-physical-facilities-of-the System,-especially-auditoriums,-gymnasiums,-and large-rooms,-by-outside-individuals,-groups-or associations-shall-be-subject-to-the-following rules-in-which-the-"System"-shall-include-any component-institution-]~~

- 6.91 ~~[6-(10)1]~~ The program or activity [System will not permit the unrestricted use by non-System groups of any of its facilities,-,-Whenever non-System groups share in the use of System buildings,-it] must be upon the invitation of the U. T. System or component institution[,-under its joint sponsorship,-and with the further understanding that all conditions governing such sponsorship are to be set by the System]. Only the chief administrative officer of the U. T. System or component institution, or his or her delegate, can authorize joint sponsorship.
- 6.92 ~~[6-(10)2]~~ In order for [The System will enter into] joint sponsorship to be appropriate, [of a project or program only if] the educational implications of a program or activity must be [are] self-evident, must [and] directly supplement the educational purposes of the U. T. System or component institution, and must not result in financial [and there is to be no private] gain for the invited individual, group, association, or corporation [cooperating individuals, group or associations].
- 6.93 ~~[6-(10)3]~~ The U. T. System and component institutions[7] established as [a] public institutions without regard to political affiliation or religious faith cannot be a joint sponsor [with any noneampus organization] for political or sectarian gatherings. [However,-the appearance by or on behalf of a candidate for public office may be authorized under conditions prescribed by the Board in Section 7-2 of this Chapter-]
- 6.94 ~~[6-(10)4]~~ The U. T. System or component institution will be responsible for all details of the [7-when entering into joint sponsorship of any] program or activity, [assumes full responsibility for all details] and reserves the right to approve all copy for advertising and [7-as well as] news releases, and may require an accounting of the income and expenses directly related to the program or activity.
- 6.95 ~~[6-(10)5]~~ The [It shall be understood that the] scheduling of property, buildings, or [the System's] facilities for programs or [System] activities of the U. T. System or component institution shall always have priority over the scheduling [of facilities] for programs or activities that are jointly sponsored [functions other than System activities].

6.96 [6-(10)6] [In-the-case-of-programs-for which-the-System-is-a-joint-sponsor-with an-individual, group-or-organization, the] The fee to be paid by the invited individual, group, association, or corporation [co-sponsor] will be a matter for negotiation in each case and will be specified in the agreement providing for the joint sponsorship. At a minimum, the fee must ensure recovery of the cost incurred by the U. T. System or component institution.

6.(10) [6-(11)] Special Use Facilities.--

Notwithstanding any other provisions of this Chapter, the chief administrative officer of a component institution may designate specific facilities [of-a-component-institution], such as special event[s] centers, conference centers, concert halls, theaters, or auditoria, as Special Use Facilities. The chief administrative officer shall cause to be prepared and submitted for approval, as a part of the Handbook of Operating Procedures of the component institution, appropriate rules and regulations for the reservation and use of [such-designated] Special Use Facilities. The [Such] rules and regulations must restrict the reservation and use of such facilities in accordance with the following:

6.(10)1 [6-(11)1] Designation as a Special Use Facility shall not constitute the facility [as] a public facility or forum that is open to use by individuals, [non-University persons,] groups, associations, or corporations on a first come, first served basis.

6.(10)2 [6-(11)2] Priority in the reservation and use of Special Use Facilities shall be given to programs and activities of the U. T. System or [and-events-sponsored-by-the] component institution that are in furtherance of and related to the educational, cultural, recreational, and athletic programs of the U. T. System or component institution.

6.(10)3 [6-(11)3] As a lower priority, the [institutional] rules and regulations may provide for reservation and use of Special Use Facilities by [non-University] individuals, groups, associations, or corporations[7] without the necessity of joint sponsorship by the U. T. System or component institution. Rates must [The-institution-shall-establish rates-to] be charged for the use of the Special Use Facility that [facility-that-will], at a minimum, ensure [insure] recovery of that part of the operating cost of the facility attributable directly or indirectly

to such [non-University] use. If the [non-University] user charges those attending an event any admission or registration fee, or accepts donations from those in attendance, the component institution shall require the user to make a complete account of all funds collected and of the actual cost of the event. If the funds collected exceed the actual cost of the event, the [non-University] user shall be required to remit such excess funds to the component institution as an additional charge for the use of the Special Use Facility.

6.(10)4 [~~6-(11)4~~] Subject to all constitutional and statutory provisions relating to the use of state property or funds for religious or political purposes, and subject to Subsection 6.(10)3 [~~6-(11)3-above~~], Special Use Facilities may be made available for religious and political conferences or conventions. Religious organizations applying for use of a Special Use Facility must submit written evidence from the Internal Revenue Service that the organization has been granted an exemption from taxation under Section 501(c)(3) of the Internal Revenue Code. Political organizations applying for use of a Special Use Facility must present written evidence that the organization had candidates for either federal, state, district, or local offices listed on the ballot at the last general election. [~~A religious-or-political-organization shall-be-permitted-to-use-a-Special-Use-Facility-only-one-time-during-a-calendar-year-~~]

6.10(5) [~~6-(11)5~~] The rules and regulations applicable to a Special Use Facility may provide [~~procedures~~] for the rental of space for display of advertising and the display of samples of merchandise in designated areas inside the Facility that have been approved by the chief administrative officer of the component institution or his or her delegate, and for advertising by [lighted] displays on an electronic scoreboard or message center inside the Facility or on the Facility's outdoor electronic marquee or message center. Such rules and regulations may further provide [~~procedures~~] for the sale of advertising space on ticket envelopes for events sponsored by the Facility and in any publication of the Facility distributed in connection with a sponsored event or announcing future sponsored events.

6.(11)

Use of Property, Buildings, or Facilities for Filming Motion Pictures or Television Productions.--The chief administrative officer of the U. T. System or a component institution or his or her delegate may authorize the use of property, buildings, or facilities owned or controlled by the U. T. System or component institution for filming motion pictures or television productions under a written agreement approved pursuant to U. T. System procedures. Requests to film a motion picture or television production will be reviewed and considered on a case by case basis and, subject to the provisions of this Subsection, it shall be within the discretion of the chief administrative officer or his or her delegate to determine whether to grant the request. The safety of students, faculty, and staff; the potential for damage to buildings, facilities, or property and for disruption of administrative or academic programs or other scheduled activities; and the subject matter of the film shall be of primary consideration in determining whether to grant a filming request.

6.(11)1 The chief administrative officer or his or her delegate will be responsible for assuring that scheduled time(s) and location(s) for filming do not interfere with administrative and academic programs or other scheduled activities of the U. T. System or component institution.

6.(11)2 The U. T. System or a component institution shall not be identified as the filming location in the film credits or in any media advertising for the film. The film may not include any building, statue, fountain, facility, mark, symbol, or logo that identifies the U. T. System or a component institution as the filming location. This prohibition shall not apply to the filming of an approved script that relates to the life and accomplishments of a present or former officer or employee of the U. T. System or of the component institution at which the script is filmed.

6.(11)3 The script for the motion picture or television production must be approved by the chief administrative officer or his or her delegate.

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

It is further recommended that the Regents' Rules and Regulations, Part Two, Chapter X, Section 9 regarding student union facilities be amended as set forth below in congressional style:

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

This item requires the concurrence of the Health Affairs Committee.

BACKGROUND INFORMATION

The proposed changes to the Regents' Rules and Regulations, Part One, Chapter VI, Section 6 are intended to clarify permissible activities and use of facilities including solicitation on institutional and U. T. System property and to provide more flexibility to conduct desirable fund raising activities. The proposed changes include reordering and retitling for easier reference. The most significant proposed changes to Section 6 are outlined as follows:

- a. Subsection 6.3 - deletes law enforcement personnel from the list of "institutional representatives" who may require identification under this Regental rule. New language has been added to indicate that such action by police may be taken when authorized by the Texas Penal Code.
- b. Subsection 6.4 - makes it clear that swimming pools and therapeutic pools or baths are not included as artificial bodies of water
- c. Subsection 6.5 - clarifies regulations related to use of alcoholic beverages
- d. Subsection 6.6 - rewritten to clarify description of impermissible campus solicitations; to authorize additional acknowledgements and advertisements at athletic events; to allow display of advertising and merchandise at certain athletic events; to permit limited presentations and distribution of materials related to employee benefits; to allow limited display and demonstration of certain computer products and services upon official invitation; to add new language on distribution of certain publications;

to delete redundant language at Sub-division 6.62(a) concerning contract approvals; to include "food service" in addition to "cafeteria" within the permissible solicitation; to authorize "drop-boxes" for contracted express delivery services; to clarify the conditions applicable to permissible charitable solicitation by a qualified Section 501(c)(3) entity; and to permit raffle tickets to be sold by a registered student organization pursuant to Article 179f of Vernon's Texas Civil Statutes, the Charitable Raffle Enabling Act, as amended by House Bill 227, 74th Legislature

- e. Subsection 6.9 - deletes language related to political candidates already addressed in Section 7.2 of this Chapter
- f. Subsection 6.(10) - makes policy concerning use of facilities by religious organizations consistent with a recent Supreme Court decision
- g. Subsection 6.(11) - outlines policy for limited permission for filming on campus. This policy was drafted with the assistance of the Texas Film Commission.

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

The substantive changes to these Sections were reviewed by the institutional chief administrative officers prior to publication of the Material Supporting the Agenda.

- 4. U. T. System: Request to Exempt Students 55 Years of Age or Older from Certain Testing Requirements.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs that authorization be given to the general academic institutions of the U. T. System to develop policies subject to approval by the Executive Vice Chancellor for Academic Affairs to exempt non-degree-seeking or non-certificate-seeking students who are 55 years of age or older on the first class day of any given semester or term from the testing requirements of the Texas Academic Skills Program.

BACKGROUND INFORMATION

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

5. U. T. Austin: Request for Authorization to Establish a Bachelor of Science Degree in Geosystems Engineering and Hydrogeology and to Submit the Proposed Degree Program to the Coordinating Board for Approval (Catalog Change).--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Berdahl that authorization be granted to establish a Bachelor of Science degree in Geosystems Engineering and Hydrogeology at U. T. Austin and to submit the proposal to the Texas Higher Education Coordinating Board for review and appropriate action. The proposed bachelor's degree program is consistent with U. T. Austin's approved Table of Programs and institutional plans for offering quality degree programs to meet student needs. A description of the degree program is included in the Background Information of this agenda item.

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

BACKGROUND INFORMATION

Program Description

The proposed Bachelor of Science (B.S.) degree in Geosystems Engineering and Hydrogeology is a 136 semester credit hour program designed to educate students in the fundamental principles of multiphase chemical and energy transport through permeable media, petrophysics, physical and chemical processes involved in cycling of surface and groundwater, and associated interactions with the environment. The program will provide a balanced approach to theory, laboratory investigations, and field work. The academic studies will be oriented to applications by which engineering and hydrogeology assist in solving real-world problems in energy and mineral development and management of the natural environment. The program will be

administered jointly through two existing departments: Petroleum and Geosystems Engineering in the College of Engineering and Geological Sciences in the College of Natural Sciences. No new organizational entity will be created as a result of this program. The anticipated date for enrolling the first students is the Fall of 1996.

Need

Dealing with many of today's most pressing environmental concerns requires expertise in a broad range of disciplines from both science and engineering. High quality training of tomorrow's environmental leadership cannot be accomplished in single-discipline programs. Establishment of a new, cross-disciplinary joint degree is thus critical. A market survey was conducted in 1993 of 280 U. S.-based companies which might hire B.S. graduates from the proposed Geosystems Engineering and Hydrogeology program. From the 82 responding companies and agencies, 48 percent indicated they definitely would hire graduates from a program such as the one proposed, and an additional 44 percent indicated they might hire such graduates. A compilation of data from the responding companies indicates a potential need for 170 to 230 B.S. graduates per year from a program like the proposed Geosystems Engineering and Hydrogeology program. No similar programs currently exist in the U. S. If only a conservative 20 percent share of the indicated job demand was to be filled by graduates of this program, 35 to 45 graduates per year could be absorbed by industry.

Furthermore, the survey results and informal contacts suggest that the students from the new program will not be competing for the same jobs as graduates from the existing Petroleum Engineering and Geological Sciences program. Based on these results, the need for the graduates by industry amply supports the projections for student enrollment for the first five years of the program.

Quality

Admission requirements will be the same as those for other programs in Petroleum and Geosystems Engineering or Geological Sciences. No special admission requirements are stipulated. The program will focus on preparing the graduates for careers in subsurface science and engineering. The specific industries targeted include environmental companies, government agencies, hydrologic resources management companies, oil and gas producing companies, oil and gas service companies, and mining companies operating on subsurface natural resources.

The courses to be offered are a unique mixture of hydrology, geology, chemistry, petroleum engineering, and civil and environmental engineering. They emphasize the underlying science and engineering required to cope with the scope and complexity of current and future environmental concerns. At present, 37 faculty members with Ph.D.s in the related disciplines are available for the program. The new program meets the Accreditation Board for Engineering and Technology (ABET) requirements as a nontraditional engineering program. The proposed program also satisfies educational requirements for licensure as a registered hydrologist/hydrogeologist by the American Institute of Hydrology (AIH).

Cost

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

Summary

U. T. Austin is requesting authorization to implement a Bachelor of Science degree in Geosystems Engineering and Hydrogeology and to submit the proposed degree program to the Texas Higher Education Coordinating Board for approval. This is a unique degree, targeted for specific industries, which will complement other engineering disciplines. The proposed degree will help carry out U. T. Austin's goals of providing engineering education of the highest quality, providing students with the opportunities to study and practice engineering at the forefront of technology, and providing an environment in which engineering research can be conducted that contributes to advances in science and technology.

A copy of U. T. Austin's proposal for the Bachelor of Science degree in Geosystems Engineering and Hydrogeology is on file in the U. T. System Office of Academic Affairs.

6. U. T. Austin: Request for Authorization to Establish an Additional Off-Campus Location for the Master of Business Administration (Option II) Degree at the Instituto Tecnológico de Estudios Superiores de Monterrey, Mexico City, Mexico, and to Submit the Proposed Location to the Coordinating Board for Approval (Catalog Change).--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Berdahl that authorization be granted to establish an additional location for the Master of Business Administration (Option II) (MBAII) at the Instituto Tecnológico de Estudios Superiores de Monterrey (ITESM) in Mexico City, Mexico, and to submit the proposed off-campus location to the Texas Higher Education Coordinating Board for review and appropriate action.

A detailed description of the proposed off-campus location for the degree program is included in the Background Information of this agenda item. The content of the program will be essentially the same as in the state-funded executive MBAII program offered in Austin, but no state funds will be used to support the program offered in Mexico.

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

BACKGROUND INFORMATION

Program Location/Description

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

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

The curriculum has been adapted from the existing Option II MBA taught in Austin. One distinct international difference in the proposed program is that the curriculum will be taught partly in English and partly in Spanish and will be oriented to Western Hemispheric business issues. All courses conform to the U. T. Austin Graduate Catalog.

Need

The market in Mexico City is opportune for this program for several reasons:

- a. Only two other executive programs in business exist in the Mexico City market and they are offered only on a very limited, non-degree basis
- b. Since this program requires a minimum of absenteeism from their employment, more Mexican executives will be able to further their educational and professional goals

- c. The price of this program for the executive is about one-fourth of the cost of attending a standard MBA program in the United States
- d. ITESM has assured U. T. Austin that significant demand exists among its undergraduate alumni and interviews conducted with Mexico City executives by U. T. Austin indicate additional interest.

Cost

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

Summary

U. T. Austin is requesting authorization to establish an additional location for the Master of Business Administration (Option II) degree in conjunction with the Instituto Tecnológico de Estudios Superiores de Monterrey in Mexico City and to submit the proposed off-campus/foreign location to the Texas Higher Education Coordinating Board for approval. The University believes that offering this program in Mexico City will help fulfill the Graduate School's goal of developing an international reputation for excellence.

A copy of the proposal to offer the executive Master of Business Administration (Option II) degree program in Mexico is on file in the U. T. System Office of Academic Affairs.

- 7. U. T. Austin and U. T. Pan American: Request for Authorization to Advance the Cooperative Doctor of Education Degree in Educational Administration to Step 3 and to Submit the Proposed Change to the Coordinating Board for Approval (Catalog Change).--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, President Berdahl, and President Nevárez that authorization be granted to U. T. Austin and U. T. Pan American to advance the currently established cooperative Doctor of Education (Ed.D.) degree in Educational Administration to Step 3 of the Texas Higher Education Coordinating Board's classification for cooperative degree programs. Upon approval by the U. T. Board of Regents, the proposal will be submitted to the Coordinating Board for review and appropriate action. This advancement is the last step of a three-step plan for establishment of an independent Doctor of Education degree program in Educational Administration at U. T. Pan American. A description of the degree program is included in the Background Information of this agenda item.

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

BACKGROUND INFORMATION

A cooperative Doctor of Education (Ed.D.) degree program in Educational Administration between U. T. Austin and U. T. Pan American was approved by the U. T. Board of Regents in October 1992 and by the Texas Higher Education Coordinating Board in October 1993. Those approvals provided for the Ed.D. degree to be awarded by U. T. Austin with instruction to be provided by both components at U. T. Pan American. Progression to Step 2 of the three-part program was approved by the U. T. Board of Regents in May 1995, and awaits approval by the Coordinating Board. This step provided for increased participation of the U. T. Pan American faculty including the teaching of selected doctoral-level courses and playing a more active role on dissertation committees. U. T. Austin continued its roles for student admissions, faculty mentoring, and curriculum design. Progressing to Step 3 would provide for U. T. Pan American to award degrees independently of U. T. Austin, which would then continue only in a supportive role. In accordance with Coordinating Board procedures for doctoral programs, U. T. Pan American does not receive formula funding for its role in Step 1 of the cooperative program development. However, once Step 2 is approved, U. T. Pan American would begin to receive formula funding credit for its doctoral-level courses taught by its faculty. This funding credit would continue under Step 3.

The first cohort of thirteen students began the program in the Summer of 1992. Eleven of thirteen students have completed core course work, research courses, and specialization courses. All have passed written comprehensive examinations. One student has decided to join the second cohort, three have begun dissertations, and nine are preparing to start dissertations.

The second cohort of eleven students has completed the core courses, and three have passed the comprehensive examinations. The remaining students are expected to take the examinations before September 1, 1996. With the exception of one student who entered the superintendency program at U. T. Austin, all students are still in the cooperative program.

Selection of the third cohort of students is currently in process. The recommendations of the U. T. Pan American assessment center, comprised of faculty from both U. T. Pan American and U. T. Austin, have been forwarded to the admissions committee in the College of Education at U. T. Austin.

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

A copy of the proposal to advance the U. T. Austin/U. T. Pan American cooperative Ed.D. degree program in Educational Administration to Step 3 is on file in the U. T. System Office of Academic Affairs.

8. U. T. Pan American: Request for Authorization to Establish a Master of Science Degree in Rehabilitation Counseling and to Submit the Proposed Degree Program to the Coordinating Board for Approval (Catalog Change).--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Nevárez that authorization be granted to establish a Master of Science degree in Rehabilitation Counseling at U. T. Pan American and to submit the proposal to the Texas Higher Education Coordinating Board for review and appropriate action. The proposed master's degree program is consistent with U. T. Pan American's approved Table of Programs and institutional plans for offering quality degree programs to meet student needs. A description of the degree program is included in the Background Information of this agenda item.

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

BACKGROUND INFORMATION

Program Description

The proposed Master of Science degree in Rehabilitation Counseling is a 48 semester credit hour program administered by the College of Health and Human Services at U. T. Pan American. The proposed program has been developed with the following educational objectives:

- a. To prepare professionals for practice in the vocational rehabilitation subspecialty area of rehabilitation counseling
- b. To prepare students in counseling methods and relationship maintenance including crisis resolution with individuals, groups, and/or families in job development, placement, and retention
- c. To enable graduates to apply ethical and legal principles and have ethical decision-making skills in the practice of rehabilitation counseling through a knowledge base of the history, philosophy, and legislation affecting rehabilitation

- d. To promote sensitivity of graduates to cultural, social, economic, personality, and disability-related differences
- e. To provide opportunities for students to participate in community and professional activities which promote the integration of individuals into the community
- f. To enable students to participate in research and to apply the knowledge to rehabilitation counseling.

Students will be required to complete a three semester credit hour practicum course consisting of a minimum of 100 clinical hours. In addition, students will be required to complete a nine semester credit hour internship in preparation for certification as a Certified Rehabilitation Counselor. Students may opt to complete a thesis instead of the internship if certification is not desired. The anticipated date for implementation is Fall 1996 or upon Coordinating Board approval.

Need

While four other Texas universities currently offer the Master of Science degree in Rehabilitation Counseling, the closest one geographically is at U. T. Austin. U. T. Pan American expects that graduates of this program will increase significantly the numbers of qualified, bilingual/multicultural rehabilitation counselors in the State of Texas. Under the Americans with Disabilities Act of 1990, a demand for increased services is anticipated for minority populations. The need for rehabilitation counselors to serve these populations is expected to increase significantly since minority groups have historically had a higher rate of disabilities. The other four programs in Texas do not have a bilingual/multicultural emphasis.

Quality

The curriculum for this proposed master's degree has been designed to permit the graduates to meet the requirements for national certification as a Certified Rehabilitation Counselor. The program is intended to meet all the standards for full accreditation by the Council on Rehabilitation Education, the national accrediting body for rehabilitation counseling programs. By taking six to nine semester credit hours in specialized courses beyond those required for the degree program, graduates will also be eligible to become licensed professional counselors in the State of Texas. The curriculum has been designed with the assistance of consultants from well recognized programs in rehabilitation counseling.

The University currently employs three faculty members with a background in rehabilitation science and the rehabilitation counseling subspecialty. Two of those received their doctorates in rehabilitation counseling in 1993 and the third anticipates receiving a doctorate in rehabilitation counseling in 1996. Thus, the three core members of the faculty for this program bring to it the perspective of recent graduates who have been actively engaged in research for their dissertations and who have observed cutting-edge practice. Two additional faculty members are expected to be added to the program within

the first five years. It is anticipated that these two additional individuals will have doctoral degrees in rehabilitation counseling or a closely-related field and will have several years of experience as rehabilitation counselors. The University plans to make new hires at the assistant professor level.

Cost

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

Summary

U. T. Pan American is requesting authorization to establish a Master of Science degree in Rehabilitation Counseling and to submit the proposed degree program to the Texas Higher Education Coordinating Board for approval. A strong need for this degree, with its emphasis on multilingual/multicultural training, exists in the region. The proposed degree program will help fill this need and will allow U. T. Pan American to meet the educational needs of students and constituents in its region.

A copy of the proposal for the Master of Science degree in Rehabilitation Counseling is on file in the U. T. System Office of Academic Affairs.

Health Affairs Committee

HEALTH AFFAIRS COMMITTEE
Committee Chairman Loeffler

Date: May 9, 1996
Time: Following the meeting of the Academic Affairs
Committee
Place: Room 1505C, Doctors Center, U. T. Health Science
Center - Houston

Page
HAC

1. U. T. Health Science Center - Houston and
U. T. Health Science Center - San Antonio:
Recommendation for Approval to Transfer the
Post-Baccalaureate Certificate Program in
Cytogenetics from the U. T. Allied Health
Sciences School - Houston to the U. T.
Allied Health Sciences School - San Antonio
and to Submit the Proposal to the Coordinating
Board for Approval (Catalog Change) 2
2. U. T. Health Science Center - San Antonio:
Recommendation for Approval for Individual
to Serve as Chairman of the Board of Directors
and Chief Scientific Officer of
OsteoBiologics, Inc., San Antonio, Texas 3

1. U. T. Health Science Center - Houston and U. T. Health Science Center - San Antonio: Recommendation for Approval to Transfer the Post-Baccalaureate Certificate Program in Cytogenetics from the U. T. Allied Health Sciences School - Houston to the U. T. Allied Health Sciences School - San Antonio and to Submit the Proposal to the Coordinating Board for Approval (Catalog Change).--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and Presidents Low and Howe that approval be granted to transfer the Post-Baccalaureate Certificate Program in Cytogenetics from the U. T. Allied Health Sciences School - Houston at the U. T. Health Science Center - Houston to the U. T. Allied Health Sciences School - San Antonio at the U. T. Health Science Center - San Antonio.

Upon approval by the U. T. Board of Regents, the proposal will be submitted to the Texas Higher Education Coordinating Board for approval.

BACKGROUND INFORMATION

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

If the proposed transfer is approved, the program will be administratively placed in the Department of Clinical Laboratory Sciences within the U. T. Allied Health Sciences School - San Antonio.

The program is currently supported through clinical affiliation with seven cytogenetics laboratories located in four cities of Texas -- Austin (1), Dallas (1), Houston (3), and San Antonio (2). All current clinical affiliate laboratories have affirmed their readiness to remain active in educating and training cytogenetic technologists when the program moves to San Antonio. Additionally, the directors of the two cytogenetics laboratories at the U. T. Health Science Center - San Antonio, one in the Department of Pathology and the other in the Department of Cellular and Structural Biology, are enthusiastic about accepting students into their laboratories. This would bring the number of clinical affiliates to nine cytogenetics laboratories, four of which would be in San Antonio.

There are no new costs associated with the transfer of the program for faculty, facilities, or equipment. Terms of the

transfer agreement include equipment and supplies and in addition the state appropriated salary money to support one faculty FTE through the current biennium.

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

A copy of the proposal is on file in the U. T. System Office of Health Affairs.

2. U. T. Health Science Center - San Antonio: Recommendation for Approval for Individual to Serve as Chairman of the Board of Directors and Chief Scientific Officer of OsteoBiologics, Inc., San Antonio, Texas.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and President Howe that the U. T. Board of Regents approve service by Dr. Barbara Boyan, Professor in the Department of Orthopaedics at the U. T. Health Science Center - San Antonio, as Chairman of the Board of Directors and Chief Scientific Officer of OsteoBiologics, Inc., San Antonio, Texas.

BACKGROUND INFORMATION

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

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

The proposed arrangement is consistent with Section 51.912 of the Texas Education Code and corresponding provisions of the U. T. System Intellectual Property Policy. Part Two, Chapter XII, Subsection 7.1 of the Regents' Rules and Regulations requires Regental approval for Dr. Boyan to serve on the Board of Directors of OsteoBiologics, Inc.

**Facilities, Planning & Construction
Committee**

FACILITIES PLANNING AND CONSTRUCTION COMMITTEE
Committee Chairman Temple

Date: May 9, 1996
Time: Following the meeting of the Health Affairs
Committee
Place: Room 1505C, Doctors Center, U. T. Health Science
Center - Houston

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FPCC

1. U. T. Austin - Dorothy Gebauer Building Restoration (Project No. 102-820): Request for Authorization to Increase Total Project Cost; Presentation of Preliminary Plans; Authorization to Prepare Final Plans and Specifications; Submission of the Project to the Coordinating Board; Advertisement for Bids and Executive Committee Award of Contracts; and Additional Appropriation Therefor 3
2. U. T. Austin - Welch Hall - Renovation of West Wing (Project No. 102-830): Request for Authorization to Increase Total Project Cost; Approval of Preliminary Plans; Submission of the Project to the Coordinating Board; Authorization to Prepare Final Plans; Advertisement for Bids; Award of Contracts; and Additional Appropriation Therefor 4
3. U. T. Dallas: Request for Authorization to Amend the FY 1996-2001 Capital Improvement Program to Reduce the Funding and Scope of the Founders Building Project; Reduce the Funding and Scope of the Berkner/Founders Annex Renovation; Appropriation of Funds with Authorization to Complete Final Plans, Submission of Projects to Coordinating Board, Advertisement for Bids and Executive Committee Award of All Contracts; and Increase Funding and Scope of the Campus Equipment and Rehabilitation Project 5
4. U. T. Dallas - Activities Center (Formerly Multipurpose Recreation Center) (Project No. 302-852): Request for Approval of Increase in Total Project Cost; Presentation of Preliminary Plans; Authorization to Prepare Final Plans and Specifications; Submission of the Project to the Coordinating Board; Advertisement for Bids and Executive Committee Award of Contracts; Appropriation Therefor; and Approval of Use of Revenue Financing System Parity Debt, Receipt of Certificate, and Finding of Fact with Regard to Financial Capacity 10

5. U. T. Dallas - McDermott Library Renovation: Request for Project Authorization; Preparation of Final Plans, Bidding, and Award of Contracts with Management by the Office of Facilities Planning and Construction; Submission of the Project to the Coordinating Board; and Appropriation Therefor 16
6. U. T. El Paso - Indoor Swimming Pool Facility (Project No. 201-810): Request to Change Building Name (Regents' Rules and Regulations, Part One, Chapter VIII, Section 1, Subsection 1.1, Naming of Buildings) and Approval of Plaque Inscription 17
7. U. T. San Antonio - Downtown Campus Building - Phase II (Project No. 401-855): Presentation of Preliminary Plans; Authorization to Prepare Final Plans and Specifications; Submission of the Project to the Coordinating Board; Advertisement for Bids and Executive Committee Award of Contracts; Appropriation Therefor; and Approval of Use of Revenue Financing System Parity Debt, Receipt of Certificate, and Finding of Fact with Regard to Financial Capacity 18
8. U. T. Health Science Center - Houston - Doctors Center Building: Request for Approval to Name Building (Regents' Rules and Regulations, Part One, Chapter VIII, Section 1, Subsection 1.1, Naming of Buildings) and Approval of Plaque Inscription 23
9. U. T. Health Science Center - Houston - Addition of Student Apartments (Project No. 701-856): Request for Authorization to Increase Total Project Cost; Presentation of Preliminary Plans; Authorization to Prepare Final Plans and Specifications; Submission of the Project to the Coordinating Board; Advertisement for Bids and Executive Committee Award of Contracts; Appropriation Therefor; Authorization to Negotiate the Purchase of Approximately Six Acres of Land Located on the Northwest Corner of El Paseo and Cambridge Streets in Houston, Harris County, Texas; and Approval of Use of Revenue Financing System Parity Debt, Receipt of Certificate, and Finding of Fact with Regard to Financial Capacity 24
10. U. T. Health Science Center - San Antonio: Request for Authorization to Amend the FY 1996-2001 Capital Improvement Program to Add a Project for a Research Building in the Texas Research Park 29
11. U. T. M.D. Anderson Cancer Center - Primate Husbandry Facility: Request for Authority to Enter into a Construction Contract with Schering-Plough/Douglas Industries, Union, New Jersey; Authorize Preparation of Final Plans, Bidding, and Award of Contracts with Management by U. T. M.D. Anderson Cancer Center Administration; and Submission of the Project to the Coordinating Board 32

1. U. T. Austin - Dorothy Gebauer Building Restoration (Project No. 102-820): Request for Authorization to Increase Total Project Cost; Presentation of Preliminary Plans; Authorization to Prepare Final Plans and Specifications; Submission of the Project to the Coordinating Board; Advertisement for Bids and Executive Committee Award of Contracts; and Additional Appropriation Therefor.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Berdahl that the U. T. Board of Regents:

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

BACKGROUND INFORMATION

In accordance with project authorization by the U. T. Board of Regents in October 1993, preliminary plans and specifications for the Dorothy Gebauer Building Restoration at U. T. Austin have been prepared by the Project Architect, Cotera, Kolar & Negrete, Austin, Texas.

The Dorothy Gebauer Building is in a prominent central campus location just northeast of the Main Building. Built in 1904, the building is the oldest permanent building on the U. T. Austin campus. Restoration work includes correction of structural problems and replacement of electrical, plumbing, and

air-conditioning systems. Exterior and interior surfaces will be repaired, an elevator will be installed, and the building project will address compliance with codes, including ADA requirements. The restored building will be used to house the U. T. Austin Development Office.

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

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

2. U. T. Austin - Welch Hall - Renovation of West Wing (Project No. 102-830): Request for Authorization to Increase Total Project Cost; Approval of Preliminary Plans; Submission of the Project to the Coordinating Board; Authorization to Prepare Final Plans; Advertisement for Bids; Award of Contracts; and Additional Appropriation Therefor.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Berdahl that the U. T. Board of Regents:

- a. Authorize an increase in the estimated total project cost from \$4,500,000 to \$6,200,000 for the U. T. Austin - Welch Hall - Renovation of West Wing to be funded by \$1,500,000 in General Fee Balances and \$200,000 from Designated Funds
- b. Approve preliminary plans at an estimated total project cost of \$6,200,000
- c. Authorize submission of the project to the Texas Higher Education Coordinating Board
- d. Authorize preparation of final plans, bidding, and award of all contracts within the authorized total project cost
- e. Appropriate \$5,850,000 from General Fee Balances, \$150,000 previously appropriated from the same source, and \$200,000 from Designated Funds for total project funding of \$6,200,000, and amend the FY 1996-2001 Capital Improvement Program and the FY 1996 Capital Budget to reflect the increase in total project cost indicated above.

BACKGROUND INFORMATION

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

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

3. U. T. Dallas: Request for Authorization to Amend the FY 1996-2001 Capital Improvement Program to Reduce the Funding and Scope of the Founders Building Project; Reduce the Funding and Scope of the Berkner/Founders Annex Renovation; Appropriation of Funds with Authorization to Complete Final Plans, Submission of Projects to Coordinating Board, Advertisement for Bids and Executive Committee Award of All Contracts; and Increase Funding and Scope of the Campus Equipment and Rehabilitation Project.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Jenifer that the U. T. Board of Regents:

- a. Amend the FY 1996-2001 Capital Improvement Program (CIP) to reduce the Permanent University Fund Bond Proceeds - Special Program allocated for the project to renovate the Founders Building at U. T. Dallas on CIP Page D.44 by \$1,950,000, reducing the estimated project cost from \$2,900,000 to \$950,000
- b. Amend the FY 1996-2001 CIP to reduce the Permanent University Fund Bond Proceeds - Special Program allocated to the Berkner/Founders Annex Renovation at U. T. Dallas on CIP Page D.45 by \$950,000, reducing the estimated project cost from \$1,500,000 to \$550,000
- c. Appropriate \$950,000 of Permanent University Fund Bond Proceeds - Special Program for the Founders Building Project and \$550,000 of Permanent University Fund Bond Proceeds - Special Program for Berkner/Founders Annex Renovation, and authorize completion of final plans, submission of the projects to the Texas Higher Education Coordinating Board as required, advertisement for bids and Executive Committee award of all contracts

- d. Amend the FY 1996-2001 CIP to increase the estimated project cost for the Campus Equipment and Rehabilitation Project at U. T. Dallas from \$1,900,000 to \$3,800,000 by addition of \$2,900,000 in Permanent University Fund Bond Proceeds - Special Program, reduce Revenue Financing System Bond Proceeds - Special Program by \$1,000,000 and retaining \$900,000. The \$1,000,000 in Revenue Financing System Bond Proceeds - Special Program removed from this project will be added to the Activities Center through a project amendment under a separate agenda item (See Item 4 on Page FPCC - 10).

BACKGROUND INFORMATION

U. T. Dallas estimates that total renovation of the Founders Building and Berkner/Founders Annex Renovation will cost approximately \$8,000,000. The institution has determined it to be more cost effective to address the total renovation of these buildings at a later date when there are sufficient funds available for this project. The amended projects as presented will address critical ADA requirements as well as needs for new teaching and research activity. Estimated costs for the amended projects are based on an analysis of comparable projects recently completed at U. T. Dallas. With the exception of the initial \$550,000 phase of the Berkner/Founders Annex Renovation, projects will be planned and designed through the U. T. System Office of Facilities Planning and Construction.

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

Revised project and cash flow information for each of these amended projects is provided on Pages FPCC 7 - 9.

The University of Texas System
CAPITAL IMPROVEMENT PROGRAM
1996-2001 Update

INDIVIDUAL PROJECT SUMMARY -- MAJOR CONSTRUCTION PROJECTS

			<u>DATES</u>
Name of Institution	University of Texas at Dallas	CIP Approval	6/89
PROJECT	Renovate Founders Building	Architect-Engineer Selection	1/97
OFPC Project Number		Start Construction	7/98
Architect		Anticipated Completion	12/99

Source of Funds	Total Project Cost	Prior Years	Projected Expenditures					
			FY1996	FY1997	FY1998	FY1999	FY2000	FY2001
PUF BOND-Special Program	950,000	0	150,000	800,000	0	0	0	0
	\$950,000	\$0	\$150,000	\$800,000	\$0	\$0	\$0	\$0

DESCRIPTION

Renovations of portions of the Founders Building. Project will include meeting ADA requirements as renovations are done on specific floors, renovations of lab and office space for new faculty members in the School of Natural Sciences and Mathematics, and some HVAC, electrical and plumbing system work. PUF Bonds are provided by the special funding program described on page A.1.

The University of Texas System
CAPITAL IMPROVEMENT PROGRAM
1996-2001 Update

INDIVIDUAL PROJECT SUMMARY – MAJOR CONSTRUCTION PROJECTS

		DATES
Name of Institution	University of Texas at Dallas	CIP Approval 6/89
PROJECT	Berkner/Founders Annex Renovation	Architect-Engineer Selection 1/97
OFPC Project Number		Start Construction 7/98
Architect		Anticipated Completion 7/99

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Source of Funds	Total Project Cost	Prior Years	Projected Expenditures					
			FY1996	FY1997	FY1998	FY1999	FY2000	FY2001
PUF BOND-Special Program	550,000	0	50,000	500,000	0	0	0	0
	\$550,000	\$0	\$50,000	\$500,000	\$0	\$0	\$0	\$0

DESCRIPTION

Renovations of portions of the Berkner Building and Founders Annex. Project will include meeting ADA requirements on the Floors where renovations are done, and renovations of the labs and offices for faculty members in the School of Natural Sciences and Mathematics. PUF Bonds are provided by the special funding program described on page A.1.

**The University of Texas System
CAPITAL IMPROVEMENT PROGRAM**

1996-2001 Update

INDIVIDUAL PROJECT SUMMARY – MAJOR CONSTRUCTION PROJECTS

			<u>DATES</u>
Name of Institution	University of Texas at Dallas	CIP Approval	8/95
PROJECT	Campus Equipment & Renovation	Architect-Engineer Selection	NA
OFPC Project Number		Start Construction	NA
Architect		Anticipated Completion	9/97

Source of Funds	Total Project Cost	Prior Years	Projected Expenditures					
			FY1996	FY1997	FY1998	FY1999	FY2000	FY2001
PUF BOND-Special Program	2,900,000	0	800,000	2,000,000	100,000	0	0	0
Rev. Bond-Special Program	900,000	0	0	0	900,000	0	0	0
	\$3,800,000	\$0	\$800,000	\$2,000,000	\$1,000,000	\$0	\$0	\$0

DESCRIPTION

This project will consist of the purchase of campus computing resources and to provide infrastructure for campus computing and for the purchase of equipment to support the instruction and research efforts of the campus. The renovation portion of this project will consist of projects of \$200,000 or less to help attract new faculty members and to enhance the efficiency of the academic programs.

4. U. T. Dallas - Activities Center (Formerly Multipurpose Recreation Center) (Project No. 302-852): Request for Approval of Increase in Total Project Cost; Presentation of Preliminary Plans; Authorization to Prepare Final Plans and Specifications; Submission of the Project to the Coordinating Board; Advertisement for Bids and Executive Committee Award of Contracts; Appropriation Therefor; and Approval of Use of Revenue Financing System Parity Debt, Receipt of Certificate, and Finding of Fact with Regard to Financial Capacity.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Jenifer that the U. T. Board of Regents:

- a. Approve an increase in the total project cost of the Activities Center (formerly Multipurpose Recreation Center) at U. T. Dallas from \$10,300,000 to \$11,300,000 with the increase to be funded from Revenue Financing System Bond Proceeds - Special Program transferred from the Campus Equipment and Rehabilitation Project (See Item 3 on Page FPCC - 5.)
- b. Approve preliminary plans and specifications for the Activities Center at U. T. Dallas at the increased total project cost of \$11,300,000
- c. Authorize preparation of final plans and specifications
- d. Authorize submission of the project to the Texas Higher Education Coordinating Board
- e. Upon completion of final review, authorize the Office of Facilities Planning and Construction to advertise for bids and the Executive Committee to award all contracts associated with this project within the authorized total project cost
- f. Appropriate \$6,800,000 from Revenue Financing System Bond Proceeds supported by student fees, and \$4,500,000 from Revenue Financing System Bond Proceeds - Special Program for total project funding of \$11,300,000.

In compliance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System, adopted by the U. T. Board of Regents on February 14, 1991, and amended on October 8, 1993, and upon delivery of the Certificate of an Authorized Representative as set out on Page FPCC - 13, the U. T. Board of Regents resolves that:

- a. Parity Debt shall be issued to pay the project's cost including any project costs paid prior to the issuance of such Parity Debt

- b. Sufficient funds will be available to meet the financial obligations of the U. T. System including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System and to meet all financial obligations of the U. T. Board of Regents relating to the Financing System
- c. U. T. Dallas, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its Direct Obligation as defined in the Master Resolution relating to the issuance by the U. T. Board of Regents of tax-exempt Parity Debt for the construction cost of the Activities Center in the amount of \$11,300,000
- d. This resolution satisfies the official intent requirements set forth in Section 1.150-2 of the U. S. Treasury Regulations.

BACKGROUND INFORMATION

The FY 1996-2001 Capital Improvement Program (CIP) was adopted by the U. T. Board of Regents in August 1995. Within this CIP is a project for a Multipurpose Recreation Center at U. T. Dallas at a project cost of \$10,300,000 to be funded with \$3,500,000 from Revenue Financing System Bond Proceeds - Special Program and \$6,800,000 from Revenue Financing System Bond Proceeds. In accordance with the revised CIP process approved by the U. T. Board of Regents in December 1994, the Chancellor appointed MPI Architects, Dallas, Texas, as the Project Architect.

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

Preliminary plans have been prepared for a proposed project, which U. T. Dallas would like to redesignate as the "Activities Center," containing 87,000 gross square feet as a major step toward meeting the wellness, recreation, and special event needs of the institution. The new facility will provide modern academic instructional and recreational space for activities such as basketball, volleyball, badminton, indoor soccer, swimming, weight training, and cardiovascular conditioning; special event space for commencements, concerts, distinguished speakers, and spectator basketball and volleyball; and space for necessary support such as offices, lockers, laundry, concessions, ticketing, and storage.

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

Total debt to be issued for the Activities Center is \$11,300,000. A portion of the debt, \$6,800,000, will be repaid from the Recreational Facility Fee. Section 54.544 of the Texas Education Code authorizes U. T. Dallas to collect a Recreational Facility Fee prior to the Fall Semester 1998 of \$25 for each student for a semester of the regular term or a 12-week summer session and \$16.67 for each student for an eight-week summer session. The fee is to be used to finance, construct, equip, operate, maintain, or improve student recreational facilities or programs at the University. U. T. Dallas began collecting the fee in Fall 1995 and expects to collect \$530,000 for Fiscal Year 1996. Beginning Fall 1998, U. T. Dallas may increase the fee from \$25 to \$40 for the regular semesters and increase the summer session fee from \$16.67 to \$26.67. With the increases, the annual receipts of the fee are projected to be in excess of \$900,000. With the issuance of the debt, \$6,800,000, the debt service coverage forecast ranges from 1.5 to 1.7 times during Fiscal Years 1996-2000 (see Page FPCC - 14).

The remaining debt, \$4,500,000, will be repaid from the General Use Fee. The 74th Texas Legislature authorized an increase in the maximum General Use Fee in an amount not to exceed the level of in-state undergraduate tuition. This initiative was in response to the need to provide capital funding for institutions that participate in Permanent University Fund Bond Proceeds at a level at least equivalent to those institutions that participate in the Higher Education Assistance Fund (HEAF). For each of the Fiscal Years 1996 and 1997, the General Use Fee per semester credit hour will be increased at U. T. Arlington, U. T. Austin, U. T. Dallas, U. T. El Paso, U. T. Permian Basin, U. T. San Antonio, and U. T. Tyler. With the exception of U. T. Austin, \$1.55 per semester credit hour of the increase may be used directly for debt service for bonds to be issued. U. T. Dallas projects General Use Fee receipts of approximately \$2,800,000 in Fiscal Year 1996, \$4,800,000 in Fiscal Year 1997, and \$5,000,000 annually thereafter. The total receipts are based on a General Use Fee of \$18.50 per semester credit hour for Fiscal Year 1996 and \$26.50 per semester credit hour thereafter. The enrollment is projected to grow by 3% per year. In the Fiscal Year 1996-2001 Capital Improvement Program, U. T. Dallas identified \$5,400,000 in projects to receive bond proceeds under this program. With the issuance of this \$4,500,000 debt, the debt service coverage forecast ranges from 4.8 to 6.0 times during Fiscal Years 1996-2000 (see Page FPCC - 15).

PARITY DEBT CERTIFICATE OF U. T. SYSTEM REPRESENTATIVE

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

EXECUTED this 9 day of May, 1996

John R. Brown
Assistant Vice Chancellor for Finance

**U.T. DALLAS
Activities Center**

Campus Level: U.T. Dallas (\$ in mil.)	Actual			Forecast				
	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
Beg. Fund Balance	11.7	12.8	14.0	15.2	17.1	16.5	17.9	17.7
Total Current Revenues	61.3	65.7	65.5	69.7	70.8	73.9	75.3	78.4
Total Current Expenditures	(57.0)	(62.1)	(61.9)	(66.0)	(67.6)	(69.4)	(71.8)	(73.1)
Net Revenues	4.3	3.6	3.6	3.7	3.2	4.5	3.5	5.3
Debt Service	(1.8)	(1.9)	(2.0)	(1.6)	(2.3)	(2.9)	(3.5)	(3.5)
Non-Mandatory Transfers	(0.6)	(0.5)	(0.4)	(0.2)	(1.5)	(0.2)	(0.2)	(0.2)
Adjustments	(0.8)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net Inc/(Dec) for Year	1.1	1.2	1.2	1.9	(0.6)	1.4	(0.2)	1.6
End. Fund Balance	12.8	14.0	15.2	17.1	16.5	17.9	17.7	19.4
Debt Service Coverage After Operations	2.4	1.9	1.8	2.4	1.4	1.6	1.0	1.5

U.T. System (\$ in mil.)	Actual			Forecast				
	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
Available Revenues	2,965.2	3,226.4	3,439.7	3,553.0	3,584.3	3,655.5	3,702.8	3,783.7
Operating Expenses	(2,868.1)	(3,033.6)	(3,239.9)	(3,419.5)	(3,437.2)	(3,482.4)	(3,533.1)	(3,594.2)
Net Available for Debt Service	97.1	192.8	199.8	133.5	147.1	173.1	169.7	189.5
Debt Service	(42.0)	(43.3)	(48.9)	(57.6)	(77.9)	(87.0)	(93.6)	(92.7)
Debt Service Coverage After Operations	2.3	4.5	4.1	2.3	1.9	2.0	1.8	2.0

**U.T. DALLAS
Activities Center**

Project Level

Recreational Facility Fee - Supporting \$6.8 million of Revenue Financing System Bonds

Fall 95-97 \$25/student/semester
 Summer 96-98 \$16.67/student/semester
 Fall 98 \$40/student/semester
 Summer 99 \$26.67/student/semester
 Fall 95 Enrollment 9,000 students
 Proj.3% Annual Enrollment Growth

	Forecast				
	FY 96	FY 97	FY 98	FY 99	FY 00
Beginning Balances	0	530,219	1,416,345	1,310,854	1,287,194
Recreational Facility Fee Revenues	530,219	546,126	562,509	927,003	954,813
Other Revenues	0		40,000	40,000	40,000
Total Revenues	530,219	546,126	602,509	967,003	994,813
Debt Service	0	(340,000)	(340,000)	(617,143)	(617,143)
Operating Expenses	0	0	(368,000)	(373,520)	(379,122)
Excess Revenues/(Shortage)	530,219	886,126	(105,491)	(23,660)	(1,452)
Ending Balance	530,219	1,416,345	1,310,854	1,287,194	1,285,741
Debt Service Coverage		1.6	1.7	1.6	1.5

**General Use Fee Budget (\$ in thousands)- Supporting \$4.5 mil.
in Revenue Financing System Bonds**

	Forecast				
	FY 96	FY 97	FY 98	FY 99	FY 00
Beginning Balance	981.7	946.2	1,408.8	1,666.4	1,950.4
Income	2,848.0	4,856.8	4,994.6	5,136.8	5,290.9
Existing Debt Service & Equipment	(560.1)	(578.6)	(578.6)	(583.7)	(583.7)
\$1.55 Debt Service	0.0	(235.4)	(470.8)	(470.8)	(470.8)
Income Available After Debt Service	2,287.9	4,042.8	3,945.2	4,082.3	4,236.4
Transfers to Educational & General	(540.0)	(1,640.0)	(1,689.2)	(1,739.9)	(1,792.1)
Operating Expenses	(1,693.3)	(1,940.2)	(1,998.4)	(2,058.4)	(2,120.2)
Net Income	54.6	462.6	257.6	284.0	324.2
Ending Balance	1,036.3	1,408.8	1,666.4	1,950.4	2,274.6
Debt Service Coverage	5.1	6.0	4.8	4.9	5.0

5. U. T. Dallas - McDermott Library Renovation: Request for Project Authorization; Preparation of Final Plans, Bidding, and Award of Contracts with Management by the Office of Facilities Planning and Construction; Submission of the Project to the Coordinating Board; and Appropriation Therefor.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Jenifer that the U. T. Board of Regents:

- a. Authorize a project for the McDermott Library Renovation at U. T. Dallas at an estimated cost of \$1,000,000
- b. Authorize preparation of final plans, bidding, and award of all contracts within the authorized project cost with management by the Office of Facilities Planning and Construction
- c. Authorize submission of the project to the Texas Higher Education Coordinating Board
- d. Appropriate \$1,000,000 from Permanent University Fund Bond Proceeds - Special Program for total project funding.

BACKGROUND INFORMATION

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

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

6. U. T. El Paso - Indoor Swimming Pool Facility (Project No. 201-810): Request to Change Building Name (Regents' Rules and Regulations, Part One, Chapter VIII, Section 1, Subsection 1.1, Naming of Buildings) and Approval of Plaque Inscription.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Natalicio that the U. T. Board of Regents:

- a. Approve the recommendation that the name of the "Indoor Swimming Pool Facility" at U. T. El Paso be changed to the "Swimming and Fitness Center" pursuant to the Regents' Rules and Regulations, Part One, Chapter VIII, Section 1, Subsection 1.1 relating to naming of buildings
- b. Approve the inscription set out below for a plaque to be placed on the building in keeping with the standard pattern approved by the U. T. Board of Regents in June 1979.

SWIMMING AND FITNESS CENTER
1996

BOARD OF REGENTS

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

BACKGROUND INFORMATION

The facility housing the swimming pool at U. T. El Paso is currently named "Indoor Swimming Pool Facility." The new swimming facility now under construction is scheduled for completion this summer. Therefore, to better reflect the function of this building, U. T. El Paso wishes to rename its indoor swimming pool facility the "Swimming and Fitness Center."

7. U. T. San Antonio - Downtown Campus Building - Phase II (Project No. 401-855): Presentation of Preliminary Plans; Authorization to Prepare Final Plans and Specifications; Submission of the Project to the Coordinating Board; Advertisement for Bids and Executive Committee Award of Contracts; Appropriation Therefor; and Approval of Use of Revenue Financing System Parity Debt, Receipt of Certificate, and Finding of Fact with Regard to Financial Capacity.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Kirkpatrick that the U. T. Board of Regents:

- a. Approve preliminary plans and specifications for the Downtown Campus Building - Phase II at U. T. San Antonio at an estimated total project cost of \$32,000,000
- b. Authorize preparation of final plans and specifications
- c. Authorize submission of the project to the Texas Higher Education Coordinating Board
- d. Upon completion of final review, authorize the Office of Facilities Planning and Construction to advertise for bids and the Executive Committee to award all contracts associated with this project within the authorized total project cost
- e. Appropriate \$12,100,000 from Permanent University Fund Bond Proceeds - Special Program, \$18,900,000 from Revenue Financing System Bond Proceeds - Special Program, and \$1,000,000 from Unexpended Plant Funds for a total project funding of \$32,000,000.

In compliance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System, adopted by the U. T. Board of Regents on February 14, 1991, and amended on October 8, 1993, and upon delivery of the Certificate of an Authorized Representative as set out on Page FPCC - 21, the U. T. Board of Regents resolves that:

- a. Parity Debt shall be issued to pay the project's cost including any project costs paid prior to the issuance of such Parity Debt

- b. Sufficient funds will be available to meet the financial obligations of the U. T. System including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System and to meet all financial obligations of the U. T. Board of Regents relating to the Financing System
- c. U. T. San Antonio, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its Direct Obligation as defined in the Master Resolution relating to the issuance by the U. T. Board of Regents of tax-exempt Parity Debt in the amount of \$18,900,000
- d. This resolution satisfies the official intent requirements set forth in Section 1.150-2 of the U. S. Treasury Regulations.

BACKGROUND INFORMATION

The FY 1996-2001 Capital Improvement Program (CIP) was adopted by the U. T. Board of Regents in August 1995. Within this CIP is a project for Downtown Campus Building - Phase II at U. T. San Antonio at an estimated total project cost of \$32,000,000. In accordance with the revised CIP process approved by the U. T. Board of Regents in December 1994, the Chancellor appointed Saldana & Associates, Inc./Kell Munoz Wigodsky, Inc., A Joint Venture, San Antonio, Texas, as Project Architect.

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

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

The 74th Texas Legislature authorized an increase in the maximum general use fee in an amount not to exceed the level of in-state undergraduate tuition. This initiative was in response to the need to provide capital funding for institutions that participate in Permanent University Fund Bond Proceeds at a level at least equivalent to those institutions that participate in the Higher Education Assistance Fund (HEAF). For each of the Fiscal Years 1996 and 1997, the general use fee per semester credit hour will be increased at U. T. Arlington, U. T. Austin, U. T. Dallas, U. T. El Paso, U. T. Permian Basin, U. T. San Antonio, and U. T. Tyler. With

the exception of U. T. Austin, \$1.55 per semester credit hour of the increase may be used directly for debt service for bonds to be issued. Allocation of the bond proceeds based on the HEAF formula results in an amount at U. T. San Antonio of approximately \$6,300,000 for each of the Fiscal Years 1996 through 1999. In the FY 1996-2001 CIP, U. T. San Antonio identified two projects totaling \$23,535,000 to receive bond proceeds under this program. U. T. San Antonio indicated a \$3 annual increase of the General Use Fee Rate per semester credit hour based on the following schedule: \$26 in Fiscal Year 1997, \$29 in Fiscal Year 1998, \$32 in Fiscal Year 1999, and \$35 in Fiscal Year 2000. Additionally, enrollment growth rate expectations are 1% per annum through Fiscal Year 2000. Based upon the General Use Fee Budget, with the issuance of this debt, the resulting debt service coverage during the interim construction period is 4.2 times in Fiscal Year 1997 declining to 4.0 times in Fiscal Year 1999. Completion of the project is anticipated during Fiscal Year 1999, and beginning in Fiscal Year 2000, the debt would be converted to a fixed rate of interest, resulting in coverage of 3.2 times (see Page FPCC - 22).

PARITY DEBT CERTIFICATE OF U. T. SYSTEM REPRESENTATIVE

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

EXECUTED this 9 day of May, 1996

John C. Row
Assistant Vice Chancellor for Finance

The University of Texas at San Antonio
Downtown Campus Building Phase II

<u>Project Level - General Use Fee Budget (\$ thousands)</u>	Forecast				
	FY 96	FY 97	FY 98	FY 99	FY 00
Beginning Balance	2,011.9	1,993.5	2,590.5	3,662.6	6,035.8
Income	8,267.7	10,601.8	11,888.1	13,237.6	14,651.0
Existing Debt Service & Equipment	(1,946.1)	(2,210.7)	(2,348.2)	(2,265.2)	(2,541.8)
\$1.55 Debt Service	0.0	(292.7)	(886.3)	(1,006.0)	(1,992.6)
Income Available After Debt Service	6,321.6	8,098.4	8,653.6	9,966.4	10,116.6
Transfers to Educational & General	(3,811.5)	(3,811.5)	(4,331.5)	(4,481.5)	(5,481.5)
Operating Expenses	(2,528.5)	(3,689.9)	(3,250.0)	(3,111.7)	(3,588.0)
Net Income	(18.4)	597.0	1,072.1	2,373.2	1,047.1
Ending Balance	1,993.5	2,590.5	3,662.6	6,035.8	7,082.9
Debt Service Coverage	4.2	4.2	3.7	4.0	3.2

Campus Level: UT San Antonio (\$ in millions)

	Actual			Forecast				
	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
Beg. Fund Balances	7.7	5.5	6.5	7.2	9.9	12.4	14.4	16.9
Total Current Revenues	71.7	85.8	87.1	97.6	104.6	109.9	113.2	118.5
Total Current Expenditures	(68.9)	(78.7)	(80.8)	(87.3)	(92.0)	(97.2)	(101.4)	(107.1)
Net Revenues	2.8	7.1	6.3	10.3	12.6	12.7	11.8	11.4
Debt Service	(3.1)	(3.3)	(3.5)	(5.2)	(6.0)	(7.4)	(7.4)	(9.1)
Other Man. Transfers	0.0	(0.1)	0.0	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
Total Mand. Transfers	(3.1)	(3.4)	(3.5)	(5.3)	(6.1)	(7.5)	(7.5)	(9.2)
Non-Mand. Transfers	(1.5)	(2.2)	(2.1)	(1.7)	(3.4)	(3.1)	(1.6)	(1.8)
Adjustments	(0.4)	(0.5)	0.0	(0.6)	(0.6)	(0.1)	(0.2)	(0.2)
Net Inc./(Dec.) for Year	(2.2)	1.0	0.7	2.7	2.5	2.0	2.5	0.2
End. Fund Balances	5.5	6.5	7.2	9.9	12.4	14.4	16.9	17.1
Debt Service Coverage After Operations	0.9	2.2	1.8	2.0	2.1	1.7	1.6	1.3

U.T. System (\$ in millions)

	Actual			Forecast				
	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
Available Revenues	2,965.2	3,226.4	3,439.7	3,553.0	3,584.3	3,655.5	3,702.8	3,783.7
Operating Expenses	(2,868.1)	(3,033.6)	(3,239.9)	(3,419.5)	(3,437.2)	(3,482.4)	(3,533.1)	(3,594.2)
Net Available for Debt Service	97.1	192.8	199.8	133.5	147.1	173.1	169.7	189.5
Debt Service	(42.0)	(43.3)	(48.9)	(57.6)	(77.9)	(87.0)	(93.6)	(92.7)
Debt Service Coverage After Operations	2.3	4.5	4.1	2.3	1.9	2.0	1.8	2.0

8. U. T. Health Science Center - Houston - Doctors Center Building: Request for Approval to Name Building (Regents' Rules and Regulations, Part One, Chapter VIII, Section 1, Subsection 1.1, Naming of Buildings) and Approval of Plaque Inscription.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and President Low that the U. T. Board of Regents:

- a. Approve the recommendation that the name of the facility purchased as the "Doctors Center Building" at the U. T. Health Science Center - Houston be named "University Center Tower" pursuant to the Regents' Rules and Regulations, Part One, Chapter VIII, Section 1, Subsection 1.1 relating to naming of buildings
- b. Approve the inscription set out below for a plaque to be placed on the building in keeping with the standard pattern approved by the U. T. Board of Regents in June 1979.

UNIVERSITY CENTER TOWER
1996

BOARD OF REGENTS

Bernard Rapoport
Chairman
Thomas O. Hicks
Vice-Chairman
Martha E. Smiley
Vice-Chairman
Linnet F. Deily
Donald L. Evans
Zan W. Holmes, Jr.
Lowell H. Lebermann, Jr.
Tom Loeffler
Ellen Clarke Temple

William H. Cunningham
Chancellor, The University
of Texas System
M. David Low
President, The University
of Texas Health Science
Center at Houston

BACKGROUND INFORMATION

The U. T. Health Science Center - Houston recently acquired the Doctors Center Building and wishes to change the name of this building to the "University Center Tower."

9. U. T. Health Science Center - Houston - Addition of Student Apartments (Project No. 701-856): Request for Authorization to Increase Total Project Cost; Presentation of Preliminary Plans; Authorization to Prepare Final Plans and Specifications; Submission of the Project to the Coordinating Board; Advertisement for Bids and Executive Committee Award of Contracts; Appropriation Therefor; Authorization to Negotiate the Purchase of Approximately Six Acres of Land Located on the Northwest Corner of El Paseo and Cambridge Streets in Houston, Harris County, Texas; and Approval of Use of Revenue Financing System Parity Debt, Receipt of Certificate, and Finding of Fact with Regard to Financial Capacity.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and President Low that the U. T. Board of Regents:

- a. Approve an increase in the total project cost of the Addition of Student Apartments at the U. T. Health Science Center - Houston from \$2,904,083 to \$3,676,000 with all funding from Revenue Financing System Bond Proceeds
- b. Approve the preliminary plans and specifications for the Addition of Student Apartments at the U. T. Health Science Center - Houston at the increased total project cost of \$3,676,000
- c. Authorize preparation of final plans and specifications
- d. Authorize submission of the project to the Texas Higher Education Coordinating Board
- e. Upon completion of final review, authorize the Office of Facilities Planning and Construction to advertise for bids and the Executive Committee to award all contracts associated with this project within the authorized total project cost
- f. Appropriate \$3,676,000 from Revenue Financing System Bond Proceeds for total project funding
- g. Authorize the Executive Vice Chancellor for Business Affairs or his delegate to negotiate the acquisition of approximately six acres of land located at the northwest corner of El Paseo and Cambridge Streets in Houston, Harris County, Texas, at fair market value as supported by an MAI appraisal and to execute all documents associated with the acquisition of the land.

In compliance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System, adopted by the U. T. Board of Regents on February 14, 1991, and amended on October 8, 1993, and upon delivery of the Certificate of an Authorized Representative as set out on Page FPCC - 27, the U. T. Board of Regents resolves that:

- a. Parity Debt shall be issued to pay the project's cost including any project costs paid prior to the issuance of such Parity Debt
- b. Sufficient funds will be available to meet the financial obligations of the U. T. System including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System and to meet all financial obligations of the U. T. Board of Regents relating to the Financing System
- c. U. T. Health Science Center - Houston, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its Direct Obligation as defined in the Master Resolution relating to the issuance by the U. T. Board of Regents of tax-exempt Parity Debt in the amount of \$3,676,000
- d. This resolution satisfies the official intent requirements set forth in Section 1.150-2 of the U. S. Treasury Regulations.

BACKGROUND INFORMATION

The FY 1996-2001 Capital Improvement Program (CIP) was adopted by the U. T. Board of Regents in August 1995. Within this CIP is a project for the Addition of Student Apartments at the U. T. Health Science Center - Houston at an estimated total project cost of \$2,904,083 to be funded from Revenue Financing System Bond Proceeds. In accordance with the revised CIP process approved by the U. T. Board of Regents in December 1994, the Chancellor appointed the firm of SDT Architects, Inc., Houston, Texas, as Project Architect.

There is a current waiting list of approximately 200 student households for apartments at the U. T. Health Science Center - Houston. The institution has a need to provide student housing which is affordable, convenient to campus, secure, and designed to encourage interaction and improve the quality of student life.

Preliminary plans and specifications have been prepared. The program includes the construction of 96 apartments in a mix of one and two-bedroom units, a laundry building, swimming pool, and paved parking within a fenced and landscaped enclosure adjacent to the 500 existing apartments.

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

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

The debt is to be repaid from lease receipts generated by tenants of the project. The forecast reflects 96 total units consisting of three different floor plans with monthly lease amounts ranging from \$425 to \$625 per unit. The aggregate lease income for the first full year of operation is approximately \$600,214. The income receipts are assumed to be inflation adjusted at 3% per annum and vacancy rates are based on historical levels for the institution's existing student housing facility at 1% during the long semesters and 10% during the summer semesters. Operating expenses for the first year are approximately \$191,650. The majority of these expenses are assumed to be inflation adjusted at 4% per annum.

Borrowing costs are assumed at 5% during the short-term, interim construction period, and 7% for the long-term period. Construction is expected to commence in October 1996, with a duration of seven months, resulting in an anticipated completion in May 1997. During the interim construction period, debt service will be satisfied by Auxiliary Enterprise Reserve Balances from existing housing facility operations. Beginning with Fiscal Year 1998, the debt will be converted to a fixed rate of interest resulting in debt service of \$346,988 annually. The debt service coverage ratio after operations and debt service ranges from 1.18 times in FY 1997 increasing to 1.24 times in FY 2000 (see Page FPCC - 28).

PARITY DEBT CERTIFICATE OF U. T. SYSTEM REPRESENTATIVE

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

EXECUTED this 9 day of May, 1996

Joseph A. Roan
Assistant Vice Chancellor for Finance

**The University of Texas Health Science Center at Houston
Addition of Student Apartments**

Project Level (\$ actual)

	Forecast				
	<u>FY 96</u>	<u>FY 97</u>	<u>FY 98</u>	<u>FY 99</u>	<u>FY 00</u>
Lease Revenues	0	200,071	600,214	618,220	636,767
Operating Expenses	<u>0</u>	<u>(63,883)</u>	<u>(191,650)</u>	<u>(199,076)</u>	<u>(206,792)</u>
Net Receipts After Operations	0	136,188	408,564	419,144	429,975
Debt Service (\$3,676,000, 7%, 20-years)	0	168,483	346,988	346,988	346,988
Excess Receipts After Operations and Debt Service	0	<u>(32,295)</u>	61,576	72,156	82,987
Debt Service Coverage	na	0.8	1.2	1.2	1.2

Campus Level: UT HSC at Houston (\$ in millions)

	Actual			Forecast				
	<u>FY 93</u>	<u>FY 94</u>	<u>FY 95</u>	<u>FY 96</u>	<u>FY 97</u>	<u>FY 98</u>	<u>FY 99</u>	<u>FY 00</u>
Beg. Fund Balances	37.8	41.7	58.5	73.8	74.0	80.9	91.5	110.1
Total Current Revenues	289.9	315.1	320.3	337.2	335.6	334.1	332.5	331.3
Total Current Expenditures	<u>(280.2)</u>	<u>(295.1)</u>	<u>(301.2)</u>	<u>(328.4)</u>	<u>(320.5)</u>	<u>(314.8)</u>	<u>(306.3)</u>	<u>(301.6)</u>
Net Revenues	9.7	20.0	19.1	8.8	15.1	19.3	26.2	29.7
Debt Service	(2.4)	(2.4)	(2.5)	(8.3)	(7.9)	(8.4)	(7.3)	(7.2)
Other Man. Transfers	<u>0.0</u>							
Total Mand. Transfers	(2.4)	(2.4)	(2.5)	(8.3)	(7.9)	(8.4)	(7.3)	(7.2)
Non-Mand. Transfers	(2.0)	0.0	0.6	0.0	0.0	0.0	0.0	0.0
Adjustments	<u>(1.4)</u>	<u>(0.8)</u>	<u>(1.9)</u>	<u>(0.3)</u>	<u>(0.3)</u>	<u>(0.3)</u>	<u>(0.3)</u>	<u>(0.3)</u>
Net Inc./(Dec.) for Year	3.9	16.8	15.3	0.2	6.9	10.6	18.6	22.2
End. Fund Balances	41.7	58.5	73.8	74.0	80.9	91.5	110.1	132.3
Debt Service Coverage After Operations	4.0	8.3	7.6	1.1	1.9	2.3	3.6	4.1

U.T. System (\$ in millions)

	Actual			Forecast				
	<u>FY 93</u>	<u>FY 94</u>	<u>FY 95</u>	<u>FY 96</u>	<u>FY 97</u>	<u>FY 98</u>	<u>FY 99</u>	<u>FY 00</u>
Available Revenues	2,965.2	3,226.4	3,439.7	3,553.0	3,584.3	3,655.5	3,702.8	3,783.7
Operating Expenses	<u>(2,868.1)</u>	<u>(3,033.6)</u>	<u>(3,239.9)</u>	<u>(3,419.5)</u>	<u>(3,437.2)</u>	<u>(3,482.4)</u>	<u>(3,533.1)</u>	<u>(3,594.2)</u>
Net Available for Debt Service	97.1	192.8	199.8	133.5	147.1	173.1	169.7	189.5
Debt Service	(42.0)	(43.3)	(48.9)	(57.6)	(77.9)	(87.0)	(93.6)	(92.7)
Debt Service Coverage After Operations	2.3	4.5	4.1	2.3	1.9	2.0	1.8	2.0

10. U. T. Health Science Center - San Antonio: Request for Authorization to Amend the FY 1996-2001 Capital Improvement Program to Add a Project for a Research Building in the Texas Research Park.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and President Howe that the U. T. Board of Regents amend the FY 1996-2001 Capital Improvement Program (CIP) to add a U. T. Health Science Center - San Antonio Research Building in the Texas Research Park at a preliminary project cost of \$18,000,000 to be funded by \$12,000,000 in Gifts and Grants and \$6,000,000 in Permanent University Fund Bond Proceeds.

BACKGROUND INFORMATION

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

The purpose of adding this project to the CIP at this time is to facilitate the timely planning and construction of the project. As required by the Available University Fund (AUF) Spending Policy, a forecast of Revenues and Expenses of the AUF for seven years, including this project, has been prepared and is provided on Page FPCC - 30. The additional appropriation of Permanent University Fund Bond Proceeds for this project is within the policy as shown in the forecast.

CIP information for this project is set forth on Page FPCC - 31.

4/5/96 10:05 AM

**AVAILABLE UNIVERSITY FUND OPERATING STATEMENT
ACTUAL AND FORECAST DATA
(MILLIONS)**

CASH BASIS

OAM INCOME PROJ. (6/95)

	Actual			Forecast Data							
	FYE 93	FYE 94	FYE 95	FYE 96	FYE 97	FYE 98	FYE 99	FYE 00	FYE 01	FYE 02	
Investment Income	250.3	242.3	249.5	239.4	239.1	240.8	237.9	240.4	240.4	241.9	
Surface & Other Income	5.2	5.2	4.4	3.7	3.5	3.5	3.4	3.4	3.4	3.4	
Earnings - 50 Leagues Land	-0.1	-0.1	-0.1								
Exp. of Revenue Bearing Property	-10.3	-9.8	-9.9	-11.6	-11.2	-11.6	-12.1	-12.6	-13.1	-13.6	
Net Divisible Income	245.0	237.6	243.9	231.6	231.4	232.7	229.2	231.2	230.7	231.7	
UT Share (2/3)	163.3	158.4	162.6	154.4	154.3	155.1	152.8	154.2	153.8	154.5	
AUF Interest Income	4.1	3.4	4.5	4.0	4.2	4.4	4.5	4.6	4.8	5.0	
Earnings - 50 Leagues Land	0.1	0.1	0.1								
Income Available to UT	167.5	161.9	167.2	158.4	158.5	159.5	157.3	158.8	158.6	159.4	
Debt Service (PUF)	-63.6	-65.3	-67.4	-58.5	-58.8	-65.5	-67.1	-67.9	-68.3	-69.5	
Transfer to Prairie View	-6.0	-6.0	-1.3								
Debt Service (Bldg. Rev)	-3.8	-3.8	-3.8	-3.8	-3.8	-3.7	-3.4	-3.4	-3.4	-3.4	
System Adm. Expenses	-10.4	-9.8	-9.1	-10.2	-10.2	-10.5	-10.8	-11.2	-11.5	-11.8	
System Adm. Capital Budget	0.0	0.0	-0.6	-4.0	-0.5	-0.5	-0.5	-0.5	-0.5	-0.5	
CHPC & Telecommunications	-3.9	-3.0	-1.9	-0.8	-0.8	-0.8	-0.8	-0.9	-0.9	-0.9	
Additional non-divisible expenditures	-3.3	-3.8	-4.1	-3.7	-3.3	-3.4	-3.5	-3.6	-3.7	-3.8	
UT Austin	-80.2	-78.0	-75.0	-74.8	-71.6	-71.6	-71.6	-71.6	-71.6	-71.6	
Other Transfers and Changes	-1.7	0.0	1.3	-3.4	1.1	-4.4	3.7	4.6	5.1	5.1	
Total Expenditures	-172.9	-169.8	-161.9	-159.2	-147.9	-160.5	-154.0	-154.4	-154.8	-156.5	
Net Surplus/(Deficit)	-5.3	-7.8	5.3	-0.8	10.5	-1.0	3.3	4.4	3.9	2.9	
Ending AUF Fund Balance - Reserve	53.2	45.4	50.7	49.9	60.4	59.5	62.8	67.2	71.0	74.0	
UT Austin Share	48%	48%	45%	47%	45%	45%	46%	45%	45%	45%	
Unused Constitutional Debt Limit	206.2	222.9	284.3	284.1	291.4	338.3	359.9	406.2	467.8	542.9	
PUF Debt Service Coverage	2.63:1	2.48:1	2.48:1	2.71:1	2.70:1	2.44:1	2.35:1	2.34:1	2.32:1	2.29:1	

Includes M.O.U. Project reimbursements ("Other Transfers and Changes") beginning in FY96

Note: Issue and Retire UTHSC-SA PUF Bonds of \$6,000,000 in FY98 from Reserves

The University of Texas System
CAPITAL IMPROVEMENT PROGRAM
1996-2001 Update

INDIVIDUAL PROJECT SUMMARY – MAJOR CONSTRUCTION PROJECTS

			<u>DATES</u>
Name of Institution	University of Texas Health Science Center at San Antonio	CIP Approval	5/96
PROJECT	Research Building-Texas Research Park	Architect-Engineer Selection	8/96
OFPC Project Number		Start Construction	6/97
Architect		Anticipated Completion	9/98

<u>Source of Funds</u>	<u>Total Project Cost</u>	<u>Prior Years</u>	<u>Projected Expenditures</u>					
			<u>FY1996</u>	<u>FY1997</u>	<u>FY1998</u>	<u>FY1999</u>	<u>FY2000</u>	<u>FY2001</u>
PUF BOND PROCEEDS	6,000,000	0	0	0	3,604,000	2,396,000	0	0
Gifts and Grants	12,000,000	0	0	1,870,000	9,630,000	500,000	0	0
	\$18,000,000	\$0	\$0	\$1,870,000	\$13,234,000	\$2,896,000	\$0	\$0

DESCRIPTION

This project will provide approximately 88,000 GSF, of which 53,000 GSF would be devoted to research laboratories. The balance of the space, some 35,000 GSF would provide for telecommunications facilities, a library, as well as dining and other common use facilities. The research programs to be housed in the facility would be directed toward the application of modern basic biology to human diseases specifically those diseases prevalent in South Texas.

11. U. T. M.D. Anderson Cancer Center - Primate Husbandry Facility: Request for Authority to Enter into a Construction Contract with Schering-Plough/Douglas Industries, Union, New Jersey; Authorize Preparation of Final Plans, Bidding, and Award of Contracts with Management by U. T. M.D. Anderson Cancer Center Administration; and Submission of the Project to the Coordinating Board.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and President LeMaistre that the U. T. Board of Regents:

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

BACKGROUND INFORMATION

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

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

Executive Session of the Board

BOARD OF REGENTS
EXECUTIVE SESSION
Pursuant to Texas Government Code
Chapter 551, Sections 551.071, 551.072, and 551.074

<u>Date:</u>	May 8, 1996	May 9, 1996
<u>Time:</u>	9:30 a.m.	11:00 a.m.
<u>Place:</u>	Empress Room The Wyndham Warwick 5701 Main Street Houston, Texas	Room 1726 Doctors Center U. T. Health Science Center - Houston

1. Pending and/or Contemplated Litigation - Section 551.071

2. Land Acquisition, Purchase, Exchange, Lease or Value of Real Property and Negotiated Contracts for Prospective Gifts or Donations - Section 551.072
 - a. U. T. Austin: Recommendation to Approve the Sale of Mineral Interests in 36 Counties and Six States Which Were Received from Anonymous Donors for Faculty and Graduate Student Fellowships and Authorization to Negotiate and Execute Documents Related Thereto

 - b. U. T. Health Science Center - San Antonio: Recommendation to Approve the Sale of Real Estate Located in Kerr County, Texas, and Authorization to Execute Documents Related Thereto

3. Personnel Matters Relating to Appointment, Employment, Evaluation, Assignment, Duties, Discipline, or Dismissal of Officers or Employees - Section 551.074
 - U. T. M.D. Anderson Cancer Center: Consideration of the Possible Election and Employment of a President