

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

Meeting No. 790

January 25, 1983

Austin, Texas

and

Meeting No. 791

February 10-11, 1983

Austin, Texas

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MEETING NO. 790

TUESDAY, JANUARY 25, 1983.--On Tuesday, January 25, 1983, at 10:00 a.m., the members of the Board of Regents of The University of Texas System convened in the Regents' Meeting Room on the ninth floor of Ashbel Smith Hall in Austin, Texas, with the following present:

ATTENDANCE.--

<u>Present</u>	<u>Absent</u>
Chairman Powell, presiding	Regent Connally
Vice-Chairman Rhodes	
Regent Barshop	
Regent (Mrs.) Briscoe	
Regent Doran	
Regent (Mrs.) Milburn	
Regent Newton	
Regent Richards	

Executive Secretary Dilly

Chancellor Walker

Executive Vice Chancellor Jordan

Executive Vice Chancellor Mullins

[On January 7, 1983, Governor William P. Clements, Jr., named the following to membership on the Board of Regents of The University of Texas System effective January 11, 1983:

Mr. Sam Barshop, San Antonio, Texas, to succeed Sterling H. Fly, Jr., M.D., of Uvalde, Texas, whose term expired on January 10, 1983.

Governor John B. Connally, Houston, Texas, to succeed Mr. Jess Hay of Dallas, Texas, whose term expired on January 10, 1983.

Mr. Hilary B. Doran, Jr., Del Rio, Texas, to succeed Mrs. Jane Weinert Blumberg of Seguin, Texas, whose term expired on January 10, 1983.

Each of the above took the oath of office on January 11, 1983.]

Chairman Powell announced a quorum present and called the special meeting of the Board to order. On behalf of the Board, the officials of U. T. System Administration and the components of The University of Texas System, Chairman Powell welcomed Regent Barshop and Regent Doran to membership on the U. T. Board of Regents and stated that the Board looked forward to their counsel in the governance of the U. T. System.

RECESS FOR EXECUTIVE SESSION.--At 10:02 a.m., Chairman Powell announced that the Board would recess for an Executive Session pursuant to Vernon's Texas Civil Statutes, Article 6252-17.

RECONVENE.--When the Executive Session adjourned at 11:00 a.m., the members of the Board reconvened in open session to consider the items listed on the agenda.

Chairman Powell then called for the Special Item relating to the sale of the Permanent University Fund Bonds.

U. T. BOARD OF REGENTS: (1) RESOLUTION AUTHORIZING THE ISSUANCE OF BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM PERMANENT UNIVERSITY FUND BONDS, NEW SERIES 1983, IN THE AMOUNT OF \$54,000,000 AND AWARDING THE SALE OF THE BONDS TO THE FIRST NATIONAL BANK OF CHICAGO, CHICAGO, ILLINOIS; (2) DESIGNATION OF INTERFIRST BANK DALLAS, N.A., DALLAS, TEXAS, PAYING AGENT WITH CHEMICAL BANK, NEW YORK, NEW YORK, AND NORTHERN TRUST COMPANY, CHICAGO, ILLINOIS, CO-PAYING AGENTS; AND (3) AWARD OF CONTRACT TO PRINT THE BONDS TO AMERICAN BANK NOTE COMPANY, CHICAGO, ILLINOIS.--The following written Resolution (Pages 3 - 12) was duly introduced for the consideration of the Board and read in full. It was then duly moved by Vice-Chairman Rhodes, seconded by Regents Richards and Milburn, that said Resolution be adopted; and after due discussion, said motion, carrying with it the adoption of said Resolution, prevailed and carried by the following vote:

AYES: All members of said Board listed present on Page 1 voted "Aye."

NOES: None

The adoption of this Resolution authorized issuance of Board of Regents of The University of Texas System Permanent University Fund Bonds, New Series 1983, in the amount of \$54,000,000 and awarded the sale of the bonds to The First National Bank of Chicago, Chicago, Illinois, at the price of par and accrued interest to the date of delivery plus a premium of \$12,269 (Page 11) at rates of interest reflected on Page 6. The average effective interest rate is 8.0419%.

This bond issue is for the purpose of constructing, equipping, or acquiring buildings or other permanent improvements for The University of Texas System to the extent and in the manner provided by law.

Upon motion of Vice-Chairman Rhodes, seconded by Regents Richards and Milburn, the bid of InterFirst Bank Dallas, N.A., Dallas, Texas, to serve as Paying Agent with Chemical Bank, New York, New York, and Northern Trust Company, Chicago, Illinois, Co-Paying Agents for Board of Regents of The University of Texas System Permanent University Fund Bonds, New Series 1983, in the amount of \$54,000,000 was unanimously accepted (Pages 6, 8). The Bank will pay the U. T. Board of Regents \$300 per million outstanding per year for the life of the issue.

The contract for printing the Board of Regents of The University of Texas System Permanent University Fund Bonds, New Series 1983, in the amount of \$54,000,000 was awarded to American Bank Note Company, Chicago, Illinois, upon motion of Vice-Chairman Rhodes, seconded by Regents Richards and Milburn. These bonds are to be printed according to specifications with lithographed borders for the sum of \$6,906 (less \$50 if delivery is made in Austin, Texas), there being six interest rates.

RESOLUTION
BY THE BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM
AUTHORIZING THE ISSUANCE OF BOARD OF REGENTS
OF THE UNIVERSITY OF TEXAS SYSTEM PERMANENT UNIVER-
SITY FUND BONDS, NEW SERIES 1983, IN THE AMOUNT OF
\$54,000,000

WHEREAS, the Board of Regents of The University of Texas System (hereinafter sometimes called the "Board") heretofore has authorized, issued, and delivered that issue of Board of Regents of The University of Texas Permanent University Fund Refunding Bonds, Series 1958, dated July 1, 1958, said Bonds having been authorized pursuant to the provisions of Section 18, Article VII of the Texas Constitution; and

WHEREAS, said Refunding Bonds, Series 1958 (which no longer are outstanding) were payable from and secured by a first lien on and pledge of the Interest of The University of Texas System in the income from the Permanent University Fund, in the manner and to the extent provided in the resolution authorizing said Refunding Bonds, Series 1958; and

WHEREAS, the resolution adopted on July 23, 1958, authorizing the issuance of said Refunding Bonds, Series 1958, reserved the right and power in the Board to issue, under certain conditions, Additional Parity Bonds and Notes for the purposes and to the extent provided in Section 18, Article VII of the Texas Constitution, said Additional Parity Bonds and Notes to be on a parity with the aforesaid Refunding Bonds, Series 1958, and equally and ratably secured by and payable from a first lien on and pledge of the Interest of The University of Texas System in the income from the Permanent University Fund, in the same manner and to the same extent as are said Refunding Bonds, Series 1958; and

WHEREAS, Section 18, Article VII of the Texas Constitution provides that the Board is authorized to issue negotiable bonds and notes for the purpose of constructing, equipping, or acquiring buildings or other permanent improvements for The University of Texas System, in a total amount not to exceed two-thirds (2/3) of Twenty per cent (20%) of the value of the Permanent University Fund, exclusive of real estate, at the time of any issuance thereof; and

WHEREAS, the Board heretofore has authorized, issued, sold, and delivered its Permanent University Fund Bonds, Series 1959, Series 1960, Series 1961, Series 1962, Series 1963, Series 1964, Series 1965, and Series 1966, as installments or issues of such Additional Parity Bonds; and

WHEREAS, the Board has deemed it necessary and advisable that no more of said Additional Parity Bonds shall be issued because of the excessively restrictive Permanent University Fund investment covenants made in connection with all of the aforesaid Permanent University Fund Bonds heretofore issued; and

WHEREAS, the Board is required by law to keep said investment covenants in full force and effect as to all of the aforesaid Permanent University Fund Bonds heretofore issued and to affirm the first lien on and pledge accruing to said outstanding Permanent University Fund Bonds heretofore issued on the Interest of The University of Texas System in the income from the Permanent University Fund; and

WHEREAS, pursuant to a resolution adopted on June 16, 1967, the Board authorized, issued, sold, and delivered an installment or issue of negotiable bonds designated as the

Board of Regents of The University of Texas System Permanent University Fund Bonds, New Series 1967, dated July 1, 1967 (hereinafter sometimes called the "New Series 1967 Bonds"), in the principal amount of \$14,000,000, payable from and secured by a lien on and pledge of the Interest of The University of Texas System in the Permanent University Fund, subject only and subordinate to the first lien on and pledge of said Interest heretofore created in connection with the aforesaid outstanding Permanent University Fund Bonds; and

WHEREAS, in said resolution adopted on June 16, 1967, the Board set forth the terms and conditions under which additional bonds may be issued to be on a parity with the aforesaid New Series 1967 subordinate lien bonds, and the Board has issued its Permanent University Fund Bonds, New Series 1968, New Series 1969, New Series 1970, New Series 1971, New Series 1972, New Series 1973, New Series 1974, New Series 1975, New Series 1976, New Series 1977, New Series 1978, New Series 1979, New Series 1980, and New Series 1981, in accordance therewith; and

WHEREAS, the Board has determined to authorize, issue, sell, and deliver another installment or issue of such subordinate lien parity New Series Bonds in the principal amount of \$54,000,000; and

WHEREAS, the Board hereby officially finds and determines that the value of the Permanent University Fund, exclusive of real estate, is in excess of \$1,777,000,000.

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

1. Throughout this resolution the following terms and expressions as used herein shall have the meanings set forth below:

The term "Permanent University Fund", "Permanent Fund", and "Fund" used interchangeably herein shall mean the Permanent University Fund as created by Article VII, Section 11 of the Texas Constitution, further implemented by the provisions of Title 49, Chapter 1, of the Revised Civil Statutes of Texas, 1925, as amended and supplemented.

The expression "Interest of the University" in the Permanent University Fund shall mean all of the income to such Fund from grazing leases on university lands, and all of the other income from such Fund, after making provision for the payment of The University of Texas System's proportion of the expenses of administering such Fund, excepting one-third of the income arising and accruing to The Texas A&M University System from the 1,000,000 acres of land appropriated by the Constitution of 1876 and the land appropriated by the Act of 1883, as more particularly defined by Chapter 42, Acts of the Forty-second Legislature, Regular Session, 1931 (now codified as Section 66.03, Texas Education Code).

The term "Resolution" as used herein and in the Bonds shall mean this resolution authorizing the Bonds.

The term "Bonds" or "New Series 1983 Bonds" shall mean the New Series 1983 Bonds authorized in this Resolution, unless the context clearly indicates otherwise.

The term "Old Series Outstanding Bonds" shall mean the outstanding bonds of the following Series of bonds:

Board of Regents of The University of Texas Permanent University Fund Bonds, Series 1963, Series 1964, Series 1965, and Series 1966.

The term "New Series Additional Parity Bonds and Notes" and "Additional Parity Bonds and Notes" shall mean the additional parity bonds and the additional parity notes permitted to be issued pursuant to Section 11 of the resolution adopted on June 16, 1967, authorizing the issuance of Board of Regents of The University of Texas System Permanent University Fund Bonds, New Series 1967, dated July 1, 1967.

The term "New Series Outstanding Bonds" shall mean the outstanding bonds of the following Series of bonds:

Board of Regents of The University of Texas System Permanent University Fund Bonds, New Series 1967, Series 1968, Series 1969, Series 1970, Series 1971, Series 1972, Series 1973, Series 1974, Series 1975, Series 1976, Series 1977, Series 1978, Series 1979, Series 1980, and Series 1981.

The term "Board" shall mean the Board of Regents of The University of Texas System.

2. That said Board's negotiable coupon bonds, to be designated the "BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM PERMANENT UNIVERSITY FUND BONDS, NEW SERIES 1983", are hereby authorized to be issued and delivered in accordance with the Constitution and laws of the State of Texas in the principal amount of \$54,000,000 FOR THE PURPOSE OF CONSTRUCTING, EQUIPPING, OR ACQUIRING BUILDINGS OR OTHER PERMANENT IMPROVEMENTS FOR THE UNIVERSITY OF TEXAS SYSTEM, to the extent and in the manner provided by law.

3. That the Bonds shall be dated JANUARY 1, 1983, shall be in the denomination of \$5,000 EACH, shall be numbered consecutively from 1 THROUGH 10,800, and shall mature serially on JULY 1 in each of the years, and in the amounts, respectively, as set forth in the following schedule:

<u>YEARS</u>	<u>AMOUNTS</u>	<u>YEARS</u>	<u>AMOUNTS</u>
1983	\$2,160,000	1993	\$2,700,000
1984	2,160,000	1994	2,700,000
1985	2,160,000	1995	2,970,000
1986	2,160,000	1996	2,970,000
1987	2,430,000	1997	2,970,000
1988	2,430,000	1998	2,970,000
1989	2,430,000	1999	3,240,000
1990	2,430,000	2000	3,240,000
1991	2,700,000	2001	3,240,000
1992	2,700,000	2002	3,240,000

Said Bonds may be redeemed prior to their scheduled maturities, at the option of said Board, on the dates stated, for the prices, and in the manner provided, in the FORM OF BOND set forth in this Resolution; and further, said Bonds shall be registrable as to principal only, at the option of the owner, in the manner provided in said FORM OF BOND.

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

maturities 1983, 10.00%	maturities 1993, 8.10%
maturities 1984, 10.00%	maturities 1994, 8.10%
maturities 1985, 10.00%	maturities 1995, 8.10%
maturities 1986, 10.00%	maturities 1996, 8.10%
maturities 1987, 10.00%	maturities 1997, 8.40%
maturities 1988, 10.00%	maturities 1998, 8.60%
maturities 1989, 10.00%	maturities 1999, 8.80%
maturities 1990, 10.00%	maturities 2000, 8.80%
maturities 1991, 10.00%	maturities 2001, 5.00%
maturities 1992, 10.00%	maturities 2002, 5.00%

Said interest shall be evidenced by interest coupons which shall appertain to said Bonds, and which shall be payable on the dates stated in the FORM OF BOND set forth in this Resolution.

5. That said Bonds and interest coupons shall be payable, shall have the characteristics, and shall be signed and executed (and said Bonds shall be sealed), all as provided, and in the manner indicated, in the FORM OF BOND set forth in this Resolution.

6. That the form of said Bonds, including the form of Registration Certificate of the Comptroller of Public Accounts of the State of Texas to be printed and endorsed on each of said Bonds, the form of the aforesaid interest coupons which shall appertain and be attached initially to each of said Bonds, and the form of endorsement for registration as to principal, shall be, respectively, substantially as follows:

FORM OF BOND

NO. _____ \$5,000

UNITED STATES OF AMERICA
STATE OF TEXAS
BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM
PERMANENT UNIVERSITY FUND BOND
NEW SERIES 1983

ON JULY 1, _____, the BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM promises to pay to bearer, or if this bond be registered as to principal, then to the registered owner hereof, the principal amount of

FIVE THOUSAND DOLLARS

and to pay interest thereon, from the date hereof, at the rate of _____% per annum, evidenced by interest coupons payable JULY 1, 1983, and semiannually thereafter on each JANUARY 1 and JULY 1 while this Bond is outstanding. The principal of this Bond and the interest coupons appertaining hereto shall be payable to bearer, in lawful money of the United States of America, without exchange or collection charges to the bearer, upon presentation and surrender of this Bond or proper interest coupon at

INTERFIRST BANK DALLAS, NATIONAL ASSOCIATION, DALLAS, TEXAS,
OR, AT THE OPTION OF THE BEARER, AT
CHEMICAL BANK, NEW YORK, NEW YORK, OR AT
NORTHERN TRUST COMPANY, CHICAGO, ILLINOIS,

which places shall be the paying agents for this Series of Bonds.

THIS BOND is one of a Series of negotiable coupon bonds dated JANUARY 1, 1983, issued in the principal amount of

\$54,000,000 FOR THE PURPOSE OF CONSTRUCTING, EQUIPPING, OR ACQUIRING BUILDINGS OR OTHER PERMANENT IMPROVEMENTS FOR THE UNIVERSITY OF TEXAS SYSTEM, to the extent and in the manner provided by law, in accordance with the provisions of the Amendments to Section 18, Article VII of the Texas Constitution, adopted by a vote of the people of Texas on November 6, 1956, and on November 8, 1966.

ON JULY 1, 1992, OR ON ANY INTEREST PAYMENT DATE THEREAFTER, the outstanding Bonds of this Series may be redeemed prior to their scheduled maturities, at the option of said Board, IN WHOLE, OR IN PART, for the price of par and accrued interest to the date fixed for redemption, plus a premium of 1% of par if redeemed on or after JULY 1, 1992, but prior to JULY 1, 1993, with such premium to be reduced by 1/4 of 1% on JULY 1, 1993, and on each JULY 1 thereafter to par on JULY 1, 1996. At least thirty days before the date fixed for any such redemption the Board shall cause a written notice of such redemption to be published at least once in a financial publication published in The City of New York, New York. By the date fixed for any such redemption, due provision shall be made with the paying agents for the payment of par and accrued interest to the date fixed for redemption of the Bonds to be redeemed, plus any required premium. If the written notice of redemption is published, and if due provision for such payment is made, all as provided above, the Bonds, which are to be so redeemed, thereby automatically shall be redeemed prior to maturity, and they shall not bear interest after the date fixed for redemption, and shall not be regarded as being outstanding except for the purpose of being paid by the paying agents with the funds so provided for such payment.

IT IS HEREBY certified, recited, and covenanted that this Bond has been duly and validly issued and delivered; that all acts, conditions, and things required or proper to be performed, exists, and be done precedent to or in the issuance and delivery of this Bond have been performed, existed, and been done in accordance with law; and that the interest on and principal of this Bond, and the Series of which it is a part, together with other New Series Outstanding Bonds, are equally and ratably secured by and payable from a lien on and pledge of the Interest of The University of Texas System in the income from the Permanent University Fund, as such Interest is apportioned by Chapter 42 of the Acts of the Regular Session of the 42nd Legislature of Texas (now codified as Section 66.03, Texas Education Code), subject only and subordinate to the first lien on and pledge of said Interest heretofore created in connection with the Old Series Outstanding Bonds (as such terms are defined in the Resolution authorizing this Series of Bonds).

SAID BOARD has reserved the right, subject to the restrictions referred to in the Resolution authorizing this Series of Bonds, to issue additional parity bonds and notes which also may be secured by and made payable from a lien on and pledge of the aforesaid Interest of The University of Texas System in the income from the Permanent University Fund, in the same manner and to the same extent as this Series of Bonds.

THIS BOND, at the option of the owner hereof, is registrable as to principal only on the books of the Registrar. For such purpose the Comptroller of The University of Texas System shall be the Registrar. If registered, the fact of registration shall be noted on the back hereof and thereafter no transfer of this Bond shall be valid unless made on the books of the Registrar at the instance of the registered owner and similarly noted hereon. Registration as to principal may be discharged by transfer to bearer, after which this Bond again may be registered as before. The registration of this Bond as

to principal shall not affect or impair the negotiability of the interest coupons appertaining hereto, which shall continue to be negotiable by delivery merely. Subject to said provisions for the registration of this Bond as to principal only, nothing contained herein shall affect or impair the negotiability of this Bond, and this Bond shall constitute a negotiable instrument within the meaning of the laws of the State of Texas.

IN WITNESS WHEREOF, this Bond and the interest coupons appertaining hereto have been signed with the facsimile signature of the Chairman of said Board and countersigned with the facsimile signature of the Executive Secretary of said Board, and the official seal of said Board has been duly impressed, or placed in facsimile, on this Bond.

BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM

XXXXXXXXXX
Executive Secretary

XXXXXXXXXX
Chairman

FORM OF REGISTRATION CERTIFICATE

COMPTROLLER'S REGISTRATION CERTIFICATE: REGISTER NO.

I hereby certify that this Bond has been examined, certified as to validity, and approved by the Attorney General of the State of Texas, and that this Bond has been registered by the Comptroller of Public Accounts of the State of Texas.

Witness my signature and seal this

XXXXXXXXXX
Comptroller of Public Accounts of
the State of Texas.

FORM OF INTEREST COUPON:

NO. _____

\$ _____

ON _____ 1, _____, THE BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM promises to pay to bearer the amount shown on this interest coupon, in lawful money of the United States of America, without exchange or collection charges to the bearer, unless due provision has been made for the redemption prior to maturity of the Bond to which this interest coupon appertains, upon presentation and surrender of this interest coupon, at INTERFIRST BANK DALLAS, NATIONAL ASSOCIATION, DALLAS, TEXAS, OR, AT THE OPTION OF THE BEARER, AT CHEMICAL BANK, NEW YORK, NEW YORK, OR AT NORTHERN TRUST COMPANY, CHICAGO, ILLINOIS, said amount being interest due that day on the Bond, bearing the number hereinafter designated, of that issue of BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM PERMANENT UNIVERSITY FUND BONDS, NEW SERIES 1983, DATED JANUARY 1, 1983, BOND NO. _____.

BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM

XXXXXXXXXX
Executive Secretary

XXXXXXXXXX
Chairman

FORM OF ENDORSEMENT FOR REGISTRATION AS TO PRINCIPAL:

ENDORSEMENT FOR REGISTRATION AS TO PRINCIPAL

(NO WRITING TO BE MADE HEREON EXCEPT BY THE REGISTRAR DESIGNATED FOR THIS ISSUE OF BONDS)

It is hereby certified that, at the request of the owner of the within Bond, I have this day registered it as to principal in the name of such owner, as indicated in the registration blank below, on the books kept by me for such purpose. The principal of this Bond shall be payable only to the registered owner hereof named in the registration blank below, or his legal representative, and this Bond shall be transferable only on the books of the Registrar and by an appropriate notation in such registration blank. If the last transfer recorded on the books of the Registrar and in the registration blank below shall be to bearer, the principal of this Bond shall be payable to bearer and it shall be in all respects negotiable. In no case shall negotiability of the interest coupons appertaining hereto be affected or impaired by any registration as to principal.

NAME OF REGISTERED OWNER	DATE OF REGISTRATION	SIGNATURE OF REGISTRAR
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

7. (a) It is hereby certified and recited that the Bonds authorized in this Resolution are Additional Parity Bonds permitted to be issued under Section 11 of the resolution of the Board adopted on June 16, 1967, authorizing the issuance of Board of Regents of The University of Texas System Permanent University Fund Bonds, New Series 1967, dated July 1, 1967, and that all conditions and requirements of said Section 11 have been or will be met prior to the delivery of the Bonds herein authorized. The Bonds and the New Series Outstanding Bonds are and shall be on a parity and in all respects of equal dignity.

(b) Pursuant to the provisions of the Amendments to Section 18 of Article VII of the Texas Constitution, approved by a vote of the people of Texas on November 6, 1956, and on November 8, 1966, the Bonds, the New Series Outstanding Bonds, and any other New Series Additional Parity Bonds and Notes hereafter issued, and the interest thereon, shall be and are hereby equally and ratably secured by and payable from a lien on and pledge of the Interest of The University of Texas System in the income from the Permanent University Fund, as such Interest is defined in Section 1 of this Resolution, subject only and subordinate to the first lien on and pledge of said Interest heretofore created in connection with the Old Series Outstanding Bonds.

8. (a) The aforesaid Resolution adopted June 16, 1967, authorizing the issuance of the Permanent University Fund Bonds, New Series 1967, has provided that the Comptroller of Public Accounts of the State of Texas shall establish in the State Treasury a fund to be known as "Board of Regents of The University of Texas System New Series Permanent University Fund Interest and Sinking Fund" (hereinafter called the "Interest and Sinking Fund"). In addition to the moneys required to be transferred to the credit of the Interest and Sinking Fund in connection with the New Series Outstanding Bonds, the

Comptroller of Public Accounts of the State of Texas shall, for the benefit of the Bonds, transfer to the Interest and Sinking Fund, out of The University of Texas System Available University Fund (the fund in the State Treasury to which is deposited the Interest of The University of Texas System), on or before May 15, 1983, and semiannually thereafter on or before November 15 and May 15 of each year while the Bonds or interest coupons appertaining thereto are outstanding and unpaid, the amount of interest or principal and interest which will become due on the Bonds on the July 1 or January 1 next following. It is hereby recognized that the amounts necessary for the payment of principal and interest on the Old Series Outstanding Bonds will have been transferred on or before May 1 and November 1 of each year from the aforesaid Available University Fund to the interest and sinking fund heretofore created for the benefit of the Old Series Outstanding Bonds.

(b) To the end that money will be available at the places of payment in ample time to pay the principal of and interest on the Bonds as such principal and interest respectively mature, on or before May 15, 1983, and semiannually thereafter on or before November 15 and May 15 of each year while any of the Bonds, or interest thereon, are outstanding and unpaid, the Comptroller of The University of Texas System, or such officer as may hereafter be designated by the Board to perform the duties now vested in such officer, shall perform the following duties:

(1) Prepare and file with the Comptroller of Public Accounts of the State of Texas (hereinafter called the "Comptroller of Public Accounts") a voucher based on which the Comptroller of Public Accounts shall draw a warrant against the Interest and Sinking Fund in the amount of the interest or principal and interest (when both are scheduled to accrue and mature) which will become due on the July 1 or January 1 next following.

(2) In the event the Bonds shall have been called for redemption on January 1 or July 1 next following of any year, prepare and file with the Comptroller of Public Accounts a voucher based on which the Comptroller of Public Accounts shall draw a warrant against funds of The University of Texas System legally available for such purpose in an amount sufficient to redeem the Bonds thus called.

(c) Whenever a voucher is so filed with the Comptroller of Public Accounts, he shall make the warrant based thereon payable to the order of the paying agent situated in the State of Texas, specified in Section 6 hereof, and shall deliver such warrant to such paying agent on or before the June 1 or December 1 next following.

(d) The paying agent situated in the State of Texas, designated in Section 6 hereof, shall, out of moneys remitted to it under the provisions of this Section 8 hereof, and not otherwise, make available to the other paying agents specified in Section 6 hereof, funds sufficient to pay such of the Bonds (whether payable to the bearer or payable to the registered owner thereof) and such of the coupons as are presented for payment, and said paying agent situated in the State of Texas by accepting designation as such paying agent agrees and is obligated to perform such service.

(e) The paying agents shall totally destroy all paid Bonds and coupons, and shall furnish the Board with an appropriate certificate of destruction covering the Bonds and coupons thus destroyed.

(5) The Board shall make provision with the paying agents for the rendition of a statement to The University of Texas System for any sums due such paying agents for services rendered in connection with the payment of the Bonds and coupons by such paying agents, and the amount of such charges shall be paid by the Board from funds available for such purpose.

9. That all of the language, terms, provisions, covenants, and agreements of Sections 7 through 13, both inclusive, of the aforesaid resolution adopted June 16, 1967, authorizing the issuance of the Permanent University Fund Bonds, New Series 1967, are hereby referred to, adopted, and made applicable to the Bonds authorized by this Resolution, for all purposes.

10. That after said Bonds shall have been executed, it shall be the duty of the Chairman of the Board or some officer of the Board acting under his authority, to deliver said Bonds and all necessary records and proceedings to the Attorney General of Texas, for examination and approval by the Attorney General. After said Bonds shall have been approved by the Attorney General, they shall be delivered to the Comptroller of Public Accounts of the State of Texas for registration. Upon registration of said Bonds, the Comptroller of Public Accounts (or a deputy lawfully designated in writing to act for the Comptroller) shall manually sign the Comptroller's Registration Certificate prescribed herein to be printed and endorsed on each of said Bonds, and the seal of said Comptroller shall be impressed, or placed in facsimile, on each of said Bonds.

11. That said Bonds are hereby sold and shall be delivered to a syndicate headed by The First National Bank of Chicago, Chicago, Illinois, for the principal amount thereof and accrued interest to date of delivery, plus a premium of \$12,269.00.

12. That the Board covenants to and with the purchasers of the Bonds that it will make no use of the proceeds of the Bonds at any time throughout the term of this issue of Bonds which, if such use had been reasonably expected on the date of delivery of the Bonds to and payment for the Bonds by the purchasers, would have caused the Bonds to be arbitrage bonds within the meaning of Section 103(c) of the Internal Revenue Code of 1954, as amended, or any regulations or rulings pertaining thereto; and by this covenant the Board is obligated to comply with the requirements of the aforesaid Section 103(c) and all applicable and pertinent Department of the Treasury regulations relating to arbitrage bonds. The Board further covenants that the proceeds of the Bonds will not otherwise be used directly or indirectly so as to cause all or any part of the Bonds to be or become arbitrage bonds within the meaning of the aforesaid Section 103(c), or any regulations or rulings pertaining thereto.

13. That it is hereby officially found and determined that the meeting at which this Resolution was adopted was open to the public, and public notice of the time, place, and purpose of said meeting was given, all as required by Vernon's Ann. Tex. Civ. St. Article 6252-17.

14. That it is hereby officially found, determined, and declared that the Bonds have been sold at public sale to the bidder offering the lowest interest cost, after receiving sealed bids pursuant to an Official Notice of Sale and Official Statement dated January 7, 1983, prepared and distributed in connection with the sale of the Bonds. Said Official Notice of Sale and Official Statement have been and are hereby approved by the Board. It is further officially found, determined, and declared that the statements and representations contained in said Official Notice of Sale and Official Statement relating to

the Board and The University of Texas System are true and correct in all material respects, to the best knowledge and belief of the Board.

Chairman Powell reported that the Board would consider matters related to The University of Texas at San Antonio Lutcher Center. Whereupon, the following action was taken:

1. U. T. San Antonio - Lutcher Center: Acceptance of Offer of Mr. Stephen Stansell, San Antonio, Texas, to Purchase Tract 33 and Portions of Tracts 39 and 40, Original Terrell Hills Subdivision, Terrell Hills, Bexar County, Texas, and Establishment of the Lutcher Brown Endowment for Academic Excellence.--Regent Richards moved that the Board accept the offer of Mr. Stephen Stansell of San Antonio, Texas, to purchase Tract 33 and portions of Tracts 39 and 40, Original Terrell Hills Subdivision, Terrell Hills, Bexar County, Texas, for \$1,550,000 cash and authorize the proceeds from the sale of the property be used to establish the Lutcher Brown Endowment for Academic Excellence at The University of Texas at San Antonio. Vice-Chairman Rhodes seconded the motion which prevailed by unanimous vote.

It was noted that this land, which contains approximately 11 acres, is the westernmost portion of the 25.17 acre tract conveyed to the U. T. Board of Regents by H. Lutcher Brown and wife, Emily Wells Brown, on December 29, 1965.

2. U. T. San Antonio: Approval in Principle to Lease Lutcher Center to the National Center for the Study of Constitutional Democracy and Authorization to Negotiate a Specific Lease Agreement for Subsequent Approval.--Upon motion of Regent Richards, seconded by Vice-Chairman Rhodes, the Board agreed in principle to lease The University of Texas at San Antonio Lutcher Center, effective after its restoration is completed, to the National Center for the Study of Constitutional Democracy for a nominal annual rental and authorized the Executive Vice Chancellor for Academic Affairs, in conjunction with the Office of General Counsel, to negotiate a specific lease agreement for presentation to the U. T. Board of Regents at a future meeting.

A proposed lease agreement would place full responsibility for maintenance, upkeep, and security of the improvements and grounds on the lessee and provide that the Center may periodically be leased back to the U. T. Board of Regents, the Office of the Chancellor or U. T. System component institutions for suitable functions when the Center is not otherwise in use by the lessee.

3. U. T. San Antonio - Lutcher Center - Restoration and Improvements to Existing Conference Center Buildings and Grounds: Authorization for Project; Appointment of Chumney, Jones & Kell, San Antonio, Texas, Project Architect to Prepare Final Plans; Submission to Coordinating Board; and Appropriation Therefor.--At its meeting on August 13, 1982, the U. T. Board of Regents authorized a project for foundation repair and limited restoration of The University of Texas at San Antonio Lutcher Center. Upon motion of Regent Richards, seconded by Regent Briscoe, the Board:
- a. Authorized a restoration project for the U. T. San Antonio - Lutcher Center, in addition to the foundation work already authorized
 - b. Authorized submission of the restoration project to the Coordinating Board, Texas College and University System
 - c. Appropriated \$825,000 from the sale of property at the U. T. San Antonio - Lutcher Center which, when combined with \$700,000 provided by Mrs. Lutcher Brown to the Emily Wells Brown Trust of the San Antonio Area Foundation, will provide funds to underwrite the estimated total project cost of \$1,400,000 for both foundation and restoration work

Upon motion of Regent Richards, seconded by Vice-Chairman Rhodes, the firm of Chumney, Jones & Kell, San Antonio, Texas, was appointed Project Architect to prepare final plans, specifications and detailed cost estimates with recommendations to be presented at a future Board meeting.

REPORT OF EXECUTIVE SESSION

Chairman Powell reported that the Board had met in Executive Session to discuss personnel matters related to the reorganization of the Board. In response to Chairman Powell's inquiry regarding the wishes of the Board, the following action was taken:

U. T. BOARD OF REGENTS: ESTABLISHMENT OF INTERIM PROCEDURES FROM JANUARY 24, 1983, UNTIL A FULL COMPLEMENT OF REGENTS IS CONFIRMED TO PERMIT (1) JAMES L. POWELL TO CONTINUE TO ACT AS CHAIRMAN AND TO MAKE TEMPORARY STANDING COMMITTEE ASSIGNMENTS AND (2) TOM B. RHODES TO CONTINUE TO ACT AS VICE-CHAIRMAN; AUTHORIZATION FOR CHAIRMAN POWELL TO CALL A MEETING OF THE BOARD AT THE END OF SUCH INTERIM TO ELECT OFFICERS.--Regent Newton moved that during the interim from January 24, 1983, until a full complement of Regents is confirmed by the Texas Senate or the end of the Regular Session of the 68th Legislature, whichever event occurs first, the U. T. Board of Regents:

1. waive that portion of Section 3.1, Chapter I, Part One of the Regents' Rules and Regulations requiring a chairman to submit his or her resignation after 24 consecutive months of service;
2. establish the following interim procedures:
 - a. James L. Powell shall continue to act as Chairman;
 - b. Tom B. Rhodes shall continue to act as Vice-Chairman;
 - c. the Board shall defer the election of a Vice-Chairman to replace Sterling H. Fly, Jr.; and
 - d. Chairman James L. Powell shall make temporary committee assignments in accordance with Section 3.23, Chapter I, Part One of the Regents' Rules and Regulations; and
3. instruct Chairman James L. Powell to call a meeting of the Board as soon as practicable after the end of such interim at which meeting the Board shall elect its officers and otherwise organize itself in accordance with the relevant provisions of Chapter I of Part One of the Regents' Rules and Regulations.

Regents Briscoe and Doran seconded the motion which carried by unanimous vote.

[NOTE: Pursuant to this motion and subsequent to the meeting, Chairman Powell made temporary Standing Committee assignments and the full membership of each Standing Committee is set forth on Page 15.]

BOARD OF REGENTS
OF
THE UNIVERSITY OF TEXAS SYSTEM

TEMPORARY STANDING COMMITTEE ASSIGNMENTS
EFFECTIVE JANUARY 25, 1983

Executive Committee

Chairman James L. Powell
Vice-Chairman Tom B. Rhodes

Finance and Audit Committee

Regent Tom B. Rhodes, Chairman
Regent Howard N. Richards
Regent Hilary B. Doran, Jr.

Academic Affairs Committee

Regent Janey Briscoe, Chairman
Regent Sam Barshop
Regent Hilary B. Doran, Jr.

Health Affairs Committee

Regent Jon P. Newton, Chairman
Regent Janey Briscoe
Regent John Connally

Buildings and Grounds Committee

Regent Howard N. Richards, Chairman
Regent Beryl Buckley Milburn, Vice-Chairman
Regent James L. Powell

Land and Investment Committee

Regent Beryl Buckley Milburn, Chairman
Regent Jon P. Newton, Vice-Chairman
Regent Sam Barshop

SCHEDULED MEETINGS.--At the suggestion of Chairman Powell, the Board ratified the Board meeting dates for Calendar Year 1983 as set forth below. Chairman Powell noted that the meeting date in June had been changed from the one previously established.

<u>Dates</u>	<u>Locations/Hosts</u>
February 10-11, 1983	Austin
April 14-15, 1983	Austin
June 16-17, 1983	U. T. Health Science Center - Dallas
August 11-12, 1983	Austin
October 13-14, 1983	U. T. Medical Branch - Galveston
December 8-9, 1983	U. T. Austin

ADJOURNMENT.--There being no further business, the meeting was adjourned at 11:10 a.m.


Arthur H. Dilly
Executive Secretary

January 26, 1983