

Meeting No. 917

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

Pages 1 - 94

November 11-12, 1998

Houston, Texas

TABLE OF CONTENTS
 THE MINUTES OF THE BOARD OF REGENTS
 OF
 THE UNIVERSITY OF TEXAS SYSTEM
 NOVEMBER 11-12, 1998
 HOUSTON, TEXAS

MEETING NO. 917

	<u>Page No.</u>
<u>NOVEMBER 11, 1998</u>	
I. Attendance	1
II. EXECUTIVE SESSION OF THE BOARD OF REGENTS	2
U. T. SOUTHWESTERN MEDICAL CENTER - DALLAS	
1. Settlement of Medical Liability Litigation - Blas Mejia and Louisa Mejia	2
U. T. MEDICAL BRANCH - GALVESTON	
2. Settlement of Medical Liability Litigation - Marlon Ray Bamburg, Jr.	2
U. T. SYSTEM	
3. Lower Rio Grande Valley Regional Academic Health Center (RAHC): Establishment of the Hidalgo County Medical Research Division, McAllen Branch of the Medical Education Division, Brownsville Public Health Division, and Harlingen Medical Education Division to Serve Starr, Willacy, Cameron, and Hidalgo Counties, Texas, Contingent on the Execution of Definitive Agreements Including Provisions Incorporating Requirements for the Sites and the Programs Together with Appropriate Affiliation Agreements; Endorsement of the Lower Rio Grande Valley Academic Health Center Foundation, Inc. to Support the Operation of the RAHC; and Authorization for the	

Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, the Vice Chancellor and General Counsel, and the Executive Director of Real Estate to Negotiate and Execute All Agreements with the Foundation and the Three Divisions of the RAHC 3

U. T. AUSTIN

4. Authorization to Acquire the Suida-Manning Collection for the Benefit of the Jack S. Blanton Museum of Art Through the Gift and Lease Arrangements Proposed with Kurt and Alessandra Manning Dolnier and The University of Texas Fine Arts Foundation, Authorization for the U. T. System and U. T. Austin to Take the Steps Necessary to Implement the Acquisition, and Approval for the Executive Vice Chancellor for Business Affairs to Execute the Necessary Documents on Behalf of the Board 13

U. T. HEALTH CENTER - TYLER

5. Approval to Change the Title of Chief Administrative Officer from Director to President Effective Immediately, Authorization to Advance the Name of Ronald F. Garvey, M.D., as Candidate for Consideration as President, and Appointment of Special Committee (Regents' Rules and Regulations, Part One, Chapter II, Section 13, Subsection 13.1, Subdivision 13.14) 14

NOVEMBER 12, 1998

I. Attendance 15

II. Welcome by John Mendelsohn, M.D., President of The University of Texas M.D. Anderson Cancer Center 15

III. U. T. Board of Regents: Approval of Minutes of Regular Meeting Held on August 12-13, 1998 16

IV.	SPECIAL ITEMS	16
	U. T. BOARD OF REGENTS	
	1. Regents' <u>Rules and Regulations</u> , Part Two: Amendment to Chapter XI, Section 3, Sub- section 3.2 (Settlement of Disputes)	16
	U. T. SYSTEM	
	2. Report of Summary of Gift Acceptance and Related Administrative Actions Conforming to Board Policy for June 1, 1998 Through August 31, 1998	17
V.	MATTERS RELATED TO THE UNIVERSITY OF TEXAS INVESTMENT MANAGEMENT COMPANY (UTIMCO)	23
	U. T. SYSTEM	
	1. Report on Investments for the Fiscal Year Ended August 31, 1998	23
	PERMANENT UNIVERSITY FUND	
	2. Report on Investments for the Fiscal Year Ended August 31, 1998	30
	U. T. BOARD OF REGENTS	
	3. Approval of Amendments to the Investment Management Services Agreement with The University of Texas Investment Management Company (UTIMCO)	30
VI.	REPORTS AND RECOMMENDATIONS OF STANDING COMMITTEES	33
	A. REPORT OF EXECUTIVE COMMITTEE	33
	B. REPORT AND RECOMMENDATIONS OF THE BUSINESS AFFAIRS AND AUDIT COMMITTEE	34

U. T. SYSTEM

1. Approval of Chancellor's Docket No. 95 (Catalog Change) 34

U. T. BOARD OF REGENTS

2. Regents' Rules and Regulations, Part Two: Amendment to Chapter IV, Section 5 (Purchase from or Sale to an Officer or Employee) 34

3. Regents' Rules and Regulations, Part Two: Approval to Amend Chapter XII, Section 7, Subsection 7.1 (Business Participation) 35

U. T. SYSTEM

4. Approval to Delegate Authority of Certain Personnel Actions to the U. T. System Administration or Chief Administrative Officer and to Amend the Requirements for Reporting in the Budget Section of the U. T. System Administration and Component Dockets Effective Immediately 36

5. Approval of the System-wide Internal Audit Plan for Fiscal Year 1998-99 37

6. Authorization to Amend the Policy on Utilization of Historically Underutilized Business (HUB) Firms 38

U. T. AUSTIN

7. C. L. and Henriette F. Cline Senior Curator Endowment in British Literature in the Harry Ransom Humanities Research Center: Approval to Sell Property Located at 1401 Hardouin Avenue, Austin, Travis County, Texas, and Authorization for the Executive Vice Chancellor for Business Affairs or the Executive Director of Real

Estate to Execute All Documents
Related Thereto

43

U. T. TYLER

8. Longview Higher Education Center:
Findings of Fact Regarding Acquisition of Site; Authorization to Acquire 66.83 Acres of Land in Longview, Gregg County, Texas (Quail Farm Tract), from the Longview Economic Development Corporation and a 51.72 Acre Tract of Land in Longview, Gregg County, Texas (Hinsley Park North Tract), Owned by the City of Longview; Authorization for the Executive Vice Chancellor for Business Affairs or the Executive Director of Real Estate to Execute All Documents Related Thereto; and Authorization to Submit the Acquisition of the 51.72 Acre Tract of Land to the Coordinating Board for Approval 43

INFORMATIONAL REPORTS 45

U. T. SYSTEM

1. Annual Report on the Historically Underutilized Business (HUB) Program_ for Fiscal Year 1998 45
2. Presentation of the September 1998 Monthly Financial Report 49

C. REPORT AND RECOMMENDATIONS OF THE ACADEMIC AFFAIRS COMMITTEE 50

U. T. AUSTIN

1. Authorization to Charge Nonresident Tuition Rates to Graduate Students

	Exceeding 99 Doctoral Hours for Students Enrolling Under the Fall 1999 or Subsequent Catalogs (Catalog Change)	50
2.	Establishment of The University of Texas at Austin Texas Memorial Museum Advisory Council	51
3.	Authorization to Reopen the Tower (Observation Deck) of the Main Building	51
U. T. SAN ANTONIO		
4.	Establishment of a Master of Science Degree in Justice Policy and Authorization to Submit the Degree Program to the Coordinating Board for Approval (Catalog Change)	53
U. T. AUSTIN		
5.	Authorization to Assure That Acquisition of the Suida-Manning Collection for the Benefit of the Jack S. Blanton Museum of Art Complies with Internal Revenue Service Procedure 82-26 Relating to Promissory Notes to be Issued by The University of Texas Fine Arts Foundation	55
D.	REPORT AND RECOMMENDATIONS OF THE HEALTH AFFAIRS COMMITTEE	56
U. T. SOUTHWESTERN MEDICAL CENTER - DALLAS		
1.	Approval for Eric N. Olson, Ph.D., to Acquire Equity in and to Serve as a Member of the Scientific Advisory Board of Mantex Biotech, Inc., Dallas, Texas	56

U. T. HEALTH SCIENCE CENTER - HOUSTON	
2. Approval to Designate Ferid Murad, M.D., Ph.D., as Regental Professor (Regents' <u>Rules and Regulations</u> , Part One, Chapter III, Section 1, Subsection 1.8, Subdivision 1.86)	57
U. T. HEALTH CENTER - TYLER	
3. Appointment of George A. Hurst, M.D., as Director Emeritus Effective January 5, 1999	58
<u>INFORMATIONAL REPORT</u>	59
U. T. SYSTEM HEALTH INSTITUTIONS	
Presentation on Telemedicine	59
E. REPORT AND RECOMMENDATIONS OF THE FACILITIES PLANNING AND CONSTRUCTION COMMITTEE	61
U. T. AUSTIN	
1. New Psychology & Child Development Building (Project No. 102-922): Request for Approval of Design Development Plans; Approval of Total Project Cost; Appropriation of Funds and Authorization of Expenditure; and Approval of Use of Revenue Financing System Parity Debt, Receipt of Parity Debt Certificate, and Finding of Fact with Regard to Financial Capacity_ (Withdrawn)	61
U. T. AUSTIN	
2. Redesignation of Parking Garage No. 4B Project as Parking Garage 4B and Office Building and Approval of Preliminary Project Cost	61

U. T. DALLAS

3. Waterview Park Apartments
Phase VII: Authorization to Amend the FY 1998-2003 Capital Improvement Program and the FY 1998 and FY 1999 Capital Budget to Include Project; Approval of Design Development Plans; Approval of Total Project Cost; Appropriation of Funds and Authorization of Expenditure; and Approval of Use of Revenue Financing System Parity Debt, Receipt of Parity Debt Certificate, and Finding of Fact with Regard to Financial Capacity 62

U. T. PERMIAN BASIN

4. Library/Lecture Center Stage of the Library/Lecture Center, Visual Arts Studios, and Information Resources Facilities Project (Project No. 501-966): Approval of Design Development Plans; Approval of Total Project Cost; Appropriation of Funds and Authorization of Expenditure; and Approval of Use of Revenue Financing System Parity Debt, Receipt of Parity Debt Certificate, and Finding of Fact with Regard to Financial Capacity 66

U. T. SAN ANTONIO

5. Recreation/Wellness Center (Project No. 401-958): Request for Approval of Design Development Plans; Approval of Total Project Cost; Appropriation and Expenditure of Funds; and Approval of Use of Revenue Financing System Parity Debt, Receipt of Parity Debt Certificate, and Finding of Fact with Regard to Financial Capacity_ (Withdrawn) 69

U. T. TYLER

6. Longview Higher Education Center (Project No. 802-949): Approval of Design Development Plans; Approval of Total Project Cost; Appropriation of Funds and Authorization of Expenditure; and Approval of Use of Revenue Financing System Parity Debt, Receipt of Parity Debt Certificate, and Finding of Fact with Regard to Financial Capacity 69

U. T. SOUTHWESTERN MEDICAL CENTER - DALLAS

7. North Campus Expansion - Phase III (The Seay Biomedical Building) (Project No. 303-859): Incorporation of the North Campus Expansion - Phase III Finish Out and Approval of Total Project Cost 73

8. Approval to Amend the FY 1998-2003 Capital Improvement Program and FY 1998 and FY 1999 Capital Budget to Include Radiation Oncology Center Project 74

U. T. MEDICAL BRANCH - GALVESTON

9. Amendment of the FY 1998-2003 Capital Improvement Program and the FY 1998 and FY 1999 Capital Budget to Include BSL-4 Laboratory Facility 75

U. T. HEALTH SCIENCE CENTER - HOUSTON

10. Nursing and Biomedical Sciences Building (Project No. 701-967): Approval of Preliminary Project Cost and Appropriation of Funds 76

U. T. M.D. ANDERSON CANCER CENTER

11. Approval to Amend the FY 1998-2003 Capital Improvement Program and the

FY 1998 and FY 1999 Capital Budget to Include Hospital Food Service Kitchen Renovation Project and Appropriation of Funds

77

U. T. M.D. ANDERSON CANCER CENTER

12. Mid-Campus Land Acquisitions: Authorization to (a) Amend the FY 1998-2003 Capital Improvement Program and the FY 1998 and FY 1999 Capital Budget to Include Project, (b) Appropriate Funds Therefor, (c) Acquire Certain Land Parcels, (d) Seek Legislative Action to Create a Real Estate Acquisition District, (e) Submit the Purchases to the Coordinating Board for Approval, and (f) Approval for the Executive Vice Chancellor for Business Affairs or the Executive Director of Real Estate to Execute All Documents Related Thereto

78

VII. ITEMS FOR THE RECORD

84

U. T. SYSTEM

1. Report on Status of Degree Programs and Academic Organization Requests Approved by the U. T. Board of Regents and Submitted to the Texas Higher Education Coordinating Board for the Period September 1, 1997 Through August 31, 1998
2. Report on Status of Administratively Approved Academic Program Changes for the Period September 1, 1997 Through August 31, 1998

84

86

U. T. SAN ANTONIO

3. Appointment of Advisory Committee for the Selection of a Chief Administrative Officer (President)

89

	U. T. HEALTH SCIENCE CENTER - SAN ANTONIO	
	4. Biosciences Initiative - Report on Execution of Documents Relating to Full Release of Lien on Texas Research and Technology Foundation Property in the Texas Research Park	91
VIII.	REPORT OF BOARD FOR LEASE OF UNIVERSITY LANDS	92
IX.	OTHER BUSINESS	93
	U. T. BOARD OF REGENTS	
	Comments by Chairman Evans and Regent Sanchez Related to Lower Rio Grande Valley Regional Academic Health Center (RAHC)	93
X.	SCHEDULED MEETING	94
XI.	ADJOURNMENT	94

MEETING NO. 917

WEDNESDAY, NOVEMBER 11, 1998.--The members of the Board of Regents of The University of Texas System convened at 2:00 p.m. on Wednesday, November 11, 1998, in the Shivers Conference Room on the eleventh floor of the R. Lee Clark Clinic Building at The University of Texas M.D. Anderson Cancer Center in Houston, Texas, with the following in attendance:

ATTENDANCE.--

<u>Present</u>	<u>Absent</u>
Chairman Evans, presiding	
Vice-Chairman Loeffler	
Vice-Chairman Clements	
Regent Hicks	
Regent Lebermann	
Regent Oxford	
Regent Riter	
Regent Sanchez	
Regent Smiley	

Executive Secretary Frederick

Chancellor Cunningham
Executive Vice Chancellor Mullins
Executive Vice Chancellor Burck
Vice Chancellor Sharpe

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

RECESS TO EXECUTIVE SESSION.--At 2:02 p.m., Chairman Evans announced that the Board would recess to convene in Executive Session pursuant to Texas Government Code, Chapter 551, Sections 551.071, 551.073, and 551.074 to consider those matters listed on the Executive Session agenda.

RECONVENE.--At 3:15 p.m., the Board reconvened in open session to consider action on the items that were discussed in Executive Session.

EXECUTIVE SESSION OF THE BOARD OF REGENTS

Chairman Evans reported that the Board had met in Executive Session to discuss matters in accordance with Texas Government Code, Chapter 551, Sections 551.071, 551.073, and 551.074. In response to Chairman Evans' inquiry regarding the wishes of the Board, the following actions were taken:

1. U. T. Southwestern Medical Center - Dallas: Settlement of Medical Liability Litigation - Blas Mejia and Louisa Mejia.--Vice-Chairman Clements moved that the Chancellor and the Office of General Counsel be authorized to settle on behalf of The University of Texas Southwestern Medical Center at Dallas the medical liability litigation brought by Blas Mejia and Louisa Mejia in accordance with the proposal presented in Executive Session.

The motion was duly seconded and carried without objection.

2. U. T. Medical Branch - Galveston: Settlement of Medical Liability Litigation - Marlon Ray Bamburg, Jr.--Upon motion of Vice-Chairman Loeffler, duly seconded, the Board authorized the Chancellor and the Office of General Counsel to settle on behalf of The University of Texas Medical Branch at Galveston the medical liability litigation brought by Marlon Ray Bamburg, Jr., in accordance with the proposal presented in Executive Session.

3. U. T. System - Lower Rio Grande Valley Regional Academic Health Center (RAHC): Establishment of the Hidalgo County Medical Research Division, McAllen Branch of the Medical Education Division, Brownsville Public Health Division, and Harlingen Medical Education Division to Serve Starr, Willacy, Cameron, and Hidalgo Counties, Texas, Contingent on the Execution of Definitive Agreements Including Provisions Incorporating Requirements for the Sites and the Programs Together with Appropriate Affiliation Agreements; Endorsement of the Lower Rio Grande Valley Academic Health Center Foundation, Inc. to Support the Operation of the RAHC; and Authorization for the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, the Vice Chancellor and General Counsel, and the Executive Director of Real Estate to Negotiate and Execute All Agreements with the Foundation and the Three Divisions of the RAHC.--In response to Chairman Evans' request for suggested action on behalf of the Board, Regent Sanchez put forth the following motions related to the proposed site for the Lower Rio Grande Valley Regional Academic Health Center (RAHC):

Motions by Regent Sanchez

The 75th Legislature of the State of Texas passed Senate Bill 606, which was codified as Texas Education Code, Sections 74.611-74.615, authorizing The University of Texas System to establish and operate a Regional Academic Health Center within a four-county area, including Starr, Willacy, Cameron, and Hidalgo Counties, in the Lower Rio Grande Valley of Texas. The specific site for the Regional Academic Health Center is to be selected by the U. T. Board of Regents.

The Board hired Kaludis Consulting Group, Inc., Washington, D. C., to assist the U. T. System in conducting the Request for Proposal (RFP) process to select the site for the Regional Academic Health Center. In response to the RFP related to the Regional Academic Health Center site selection, one proposal was submitted by the Lower Rio Grande Valley Academic Health Center Foundation, Inc. (Foundation). The Foundation's proposal included three separate site options -- the

City of Brownsville, the City of Harlingen, and Hidalgo County. Kaludis Consulting Group and U. T. System staff evaluated the Foundation proposal and each site option.

The Board heard a report regarding the site selection from Kaludis Consulting Group at its August 1998 meeting. After consideration of the report, Chairman Evans (1) recommended that the site selection decision be deferred until the Board's meeting in November 1998, and (2) asked me to identify and collect additional information regarding the site selection so that the additional information might be considered by the Board at the November 1998 meeting.

Pursuant to the RFP, U. T. System requested best and final offers and later, the submission of clarification for the prior offers, from all parties participating in the Foundation response. Kaludis Consulting Group and U. T. System staff evaluated the final offers. In addition, the Board conducted in-depth discussions regarding the proposal and each site option with Kaludis Consulting Group and the U. T. System staff.

I have several motions related to the Regional Academic Health Center. The following motions will establish a Valley-wide Regional Academic Health Center with three major divisions -- the Medical Research Division, the Public Health Division, and the Medical Education Division -- to be located in and serve the four-county area within the Lower Rio Grande Valley, including Starr, Willacy, Cameron, and Hidalgo Counties. Selection of the sites and implementation of the programs related to the Regional Academic Health Center will be contingent on the execution of definitive agreements, including provisions incorporating the U. T. System's requirements for the sites and the programs, together with appropriate affiliation agreements, with the understanding that all such agreements must be negotiated to the satisfaction of the U. T. System in its sole discretion, and the further understanding that the failure to negotiate such agreements to the satisfaction of the U. T. System or comply with the terms thereof will result in

the consideration of other sites for these programs or possibly the cancellation of these programs.

I move that the **Hidalgo County Medical Research Division** of the Regional Academic Health Center be created and that a regional medical research facility be constructed adjacent to The University of Texas - Pan American campus to serve the four-county Lower Rio Grande Valley, using \$15 million from the U. T. System's share of Permanent University Fund Bond Proceeds. Construction will be contingent on (1) a gift of land satisfactory to the U. T. System in its sole discretion, on which the facility will be constructed, and (2) the contribution of funds satisfactory to the U. T. System in its sole discretion for operating expenses from the Foundation, city and county governmental agencies, and the medical and business communities in the designated area. The University of Texas Health Science Center at San Antonio will oversee and operate the Medical Research Division.

This research facility will provide state-of-the-art space and equipment for scholars and scientists to solve pressing health problems of the Texas-Mexico border and the Lower Rio Grande Valley. The success of this Medical Research Division will have national significance.

Additionally, I move that the **McAllen Branch of the Medical Education Division** of the Regional Academic Health Center be created and that a medical education building be (1) constructed using \$5 million from U. T. System's share of Permanent University Fund Bond Proceeds and (2) overseen and operated by The University of Texas Health Science Center at San Antonio. The commitment of Permanent University Fund Bond Proceeds for the McAllen Branch of the Medical Education Division is contingent on (1) a commitment of \$5 million matching funds from the communities and (2) the provision by the communities, at no cost to the U. T. System, of a multi-specialty clinic satisfactory to the U. T. System in its sole discretion for education and training purposes. Development of the McAllen Branch

of the Medical Education Division is also contingent upon support satisfactory to the U. T. System in its sole discretion from the Foundation, city and county governmental agencies and the medical and business communities in the designated area.

One or more new resident programs will be developed in McAllen in accordance with community resources and the needs and the requirements of accrediting bodies.

In addition to the contingencies listed above, selection of the sites and implementation of the programs related to these divisions of the Regional Academic Health Center will be contingent on the execution of definitive agreements, including provisions incorporating the U. T. System's requirements for the sites and the programs, together with appropriate affiliation agreements, with the understanding that all such agreements must be negotiated to the satisfaction of the U. T. System in its sole discretion, and the further understanding that the failure to negotiate such agreements or comply with the terms thereof will result in the consideration of other sites for these programs or possibly the cancellation of these programs.

Further, I move that the Brownsville Public Health Division of the Regional Academic Health Center be created as a branch of The University of Texas Health Science Center at Houston's School of Public Health and that a building be constructed in Brownsville, contingent upon a gift of land satisfactory to the U. T. System in its sole discretion on, or adjacent to the Texas Southmost College campus, the home of The University of Texas at Brownsville. The building will be constructed on such land using \$5 million of Tuition Revenue Bond Proceeds out of the \$30 million appropriated by the Legislature for construction of the Regional Academic Health Center. Additionally, a \$5 million endowment from the tobacco settlement funds would be available for public health and allied health education, contingent on legislative appropriation.

The U. T. School of Public Health - Houston is ranked among the top three such schools in the United States. This branch of the School of Public Health will house faculty scholars and scientists and graduate students whose disciplines include epidemiology, biostatistics, population dynamics, environmental health and hazards, and preventive medicine. This new building will also allow for the creation of new and expanded nursing and allied health programs and facilities at U. T. Brownsville/Texas Southmost College.

Additionally, I move that resident rotations (to be full residencies at the appropriate time) at Brownsville health facilities be developed in accordance with community resources and needs and the requirements of accrediting bodies to complement the Medical Education Division of the Regional Academic Health Center. These educational programs will be overseen by The University of Texas Health Science Center at San Antonio. The development of these programs and facilities will be contingent upon support satisfactory to the U. T. System in its sole discretion from the Foundation, city and county governmental agencies, and the medical and business communities in the designated area.

Selection of the sites and implementation of the programs related to the multiple divisions of the Regional Academic Health Center will be contingent on the execution of definitive agreements, including provisions incorporating the U. T. System's requirements for the sites and the programs, together with appropriate affiliation agreements, with the understanding that all such agreements must be negotiated to the satisfaction of the U. T. System in its sole discretion, and the further understanding that the failure to negotiate such agreements or comply with the terms thereof will result in the consideration of other sites for these programs or possibly the cancellation of these programs.

Further, I move that the Harlingen Medical Education Division of the Regional Academic Health Center be created and that the Harlingen site option in the proposal of the Lower Rio Grande Valley Academic Health Center Foundation, Inc. be accepted contingent on the execution of definitive agreements, including provisions incorporating the U. T. System's requirements for the sites and the programs, together with appropriate affiliation agreements, with the understanding that all such agreements must be negotiated to the satisfaction of the U. T. System in its sole discretion, and the further understanding that the failure to negotiate such agreements or comply with the terms thereof will result in the consideration of other sites for these programs. The University of Texas Health Science Center at San Antonio will oversee and operate the Medical Education Division.

The undergraduate and graduate medical education facility in Harlingen will be the first new health education campus of the 21st Century in Texas. The facility will house educational programs for third and fourth year medical students and educational support for three or more new resident programs sponsored by Valley Baptist Hospital. All educational programs will be developed in accordance with community resources and needs and requirements of accrediting bodies. Construction of the education facility will be funded with \$25 million of Tuition Revenue Bond Proceeds out of the \$30 million appropriated by the Legislature for construction of the Regional Academic Health Center.

The development of these programs and facilities will be contingent upon the support (satisfactory to the U. T. System in its sole discretion) from the Foundation, city and county governmental agencies, and the medical and business communities in the designated area.

Selection of the sites and implementation of the programs related to the multiple divisions of the Regional Academic Health Center will be contingent on the execution of definitive

agreements, including provisions incorporating the U. T. System's requirements for the sites and the programs, together with appropriate affiliation agreements, with the understanding that all such agreements must be negotiated to the satisfaction of the U. T. System in its sole discretion, and the further understanding that the failure to negotiate such agreements or comply with the terms thereof will result in the consideration of other sites for these programs or possibly the cancellation of these programs.

I move that the Board endorse the operation of the Lower Rio Grande Valley Academic Health Center Foundation, Inc., the role of which will be to support the operation of the Regional Academic Health Center, and that the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, the Vice Chancellor and General Counsel, and the Executive Director of the Real Estate Office be authorized to negotiate and execute all necessary agreements with the Foundation, contingent upon approval by the Board of Regents in accordance with the Regents' Rules and Regulations.

I further move that the Board delegate authority to negotiate and execute all necessary agreements to implement the three divisions of the Regional Academic Health Center to the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, the Vice Chancellor and General Counsel, and the Executive Director of the Real Estate Office, contingent upon approval by the Board of Regents in accordance with the Board of Regents' Rules and Regulations, and with the understanding as previously stated, that selection of the sites and implementation of the programs related to the multiple divisions of the Regional Academic Health Center will be contingent on the execution of definitive agreements, including provisions incorporating the U. T. System's requirements for the sites and the programs, together with appropriate affiliation agreements, with the understanding that all such agreements must be negotiated to the satisfaction of the U. T. System in its sole discretion, and the further

understanding that the failure to negotiate such agreements or comply with the terms thereof will result in the consideration of other sites for these programs or possibly the cancellation of these programs.

Vice-Chairman Loeffler seconded the motions which prevailed by unanimous vote.

Following Regent Sanchez' motions, Chairman Evans provided the following written comments for the record:

Comments on the Lower Rio Grande Valley
Regional Academic Health Center
by Chairman Donald L. Evans

Regent Sanchez, I would like to express the thanks of the Board for the excellent plan that you have brought before us. And allow me to extend to you my deep personal gratitude for the outstanding manner in which you have carried out the mission of gathering information and communicating with all relevant parties regarding the Regional Academic Health Center. Through those activities, as well as your hard work in helping to craft this excellent plan for RAHC, you have provided an extraordinary service to the Board.

I am also deeply grateful for the hard work and insightful contributions of the U. T. System staff and for the continued valuable input of Kaludis Consulting Group as they have dealt with the critically important issues of how best to organize and locate the RAHC so that it is able to meet the needs of the people of the Lower Rio Grande Valley.

I believe the plan that Regent Sanchez has presented in his motions offers many advantages. This plan is grounded on four broad principles, each of which I believe is essential in order to establish the RAHC on the strongest of foundations. Those principles are:

First, that the RAHC must be a collaborative effort involving the entire Lower Rio Grande Valley and benefiting all the people of the region;

Second, that the RAHC must build on the strengths of the region's major population centers of Hidalgo and Cameron counties;

Third, that the RAHC must be based on a realistic assessment of the existing capabilities and resources of (1) higher education institutions in the region, including those institutions in the U. T. System, and (2) hospitals and clinics now present in the targeted communities;

And fourth, that the RAHC must satisfy all accreditation requirements for undergraduate and graduate medical education.

Each of these principles is of fundamental importance so that the RAHC will be able to fulfill its legislative mandate and adhere to the standards of excellence that are the hallmark of The University of Texas System.

As outlined in the motion before us, the three divisions of the Regional Academic Health Center will bring to the Lower Rio Grande Valley a broad range of enhanced health and education services. The success of the RAHC is, of course, dependent on the continued growth of strong partnerships with communities throughout the Lower Rio Grande Valley, and particularly with the four communities where facilities for the RAHC will be located. I wish to make clear that the U. T. System is firmly committed to the development of these collaborative relationships for the benefit of all the people of the region.

There could be no greater evidence of that commitment than the plan to use resources from the Permanent University Fund (PUF) to supplement the legislative appropriations for capital expenditures for the RAHC. The Legislature appropriated \$30 million for this purpose, and the plan before us will commit an additional \$20 million in capital resources from the PUF. With approval of this plan by the Board of Regents, we will be increasing the capital resources available to the RAHC by 67 percent.

I support this action. The resources of the Permanent University Fund are precious, and the demands on it are extensive. Among the most serious decisions that the Board of Regents ever faces are questions of how best to allocate scarce PUF resources to achieve the greatest good for the greatest number of Texans. It is my view that this special allocation of \$20 million for the RAHC, when supplemented with a variety of local matching funds and gifts of land, will help provide the leverage needed to make the RAHC a complete success.

The decisions that we make today regarding locations for the Lower Rio Grande Valley Regional Academic Health Center constitute the beginning of a dramatic new era in health education, research, and other services in this critically important region of Texas.

We are tremendously excited about the immense opportunities for the advancement of health education and research as we move forward in partnership with the communities of the Lower Rio Grande Valley to fulfill the mandate of the Legislature.

It is important to underscore the fact that, as Regent Sanchez has stated, all aspects of the comprehensive plan contained in his motion are contingent on the final approval of definitive legal agreements with all relevant parties.

From the beginning of this process, we have been mindful of the need to establish a Regional Academic Health Center that is able to meet the 21st Century challenges of health education and research in the Lower Rio Grande Valley. In order to truly achieve this ambitious objective, the RAHC must have a broad and energetic base of support throughout the region. That is why all the planning for the RAHC has been based on the premise that people will support what they help create.

In partnership with the people of the Lower Rio Grande Valley, the U. T. System, including in particular the U. T. Health Science Centers in San Antonio and Houston with the special responsibilities assigned to them, is prepared to move forward today to accomplish the creation of the Regional Academic Health Center for the benefit of the generations of the new millennium.

Senator Eduardo A. "Eddie" Lucio made comments indicating his excitement about the project and his pleasure with the sites recommended.

See Page 93 for additional comments.

4. U. T. Austin: Authorization to Acquire the Suida-Manning Collection for the Benefit of the Jack S. Blanton Museum of Art Through the Gift and Lease Arrangements Proposed with Kurt and Alessandra Manning Dolnier and The University of Texas Fine Arts Foundation, Authorization for the U. T. System and U. T. Austin to Take the Steps Necessary to Implement the Acquisition, and Approval for the Executive Vice Chancellor for Business Affairs to Execute the Necessary Documents on Behalf of the Board.--Upon motion of Regent Lebermann, duly seconded, the Board:
 - a. Supported and authorized the acquisition of the Suida-Manning Collection for the benefit of the Jack S. Blanton Museum of Art at The University of Texas at Austin through the gift and lease arrangements proposed with Kurt and Alessandra Manning Dolnier and The University of Texas Fine Arts Foundation
 - b. Authorized The University of Texas System and U. T. Austin to take the steps necessary to implement the acquisition
 - c. Authorized the Executive Vice Chancellor for Business Affairs to execute the following documents on behalf of the Board: (1) Lease Agreement between The University of Texas Fine Arts Foundation and the Board of Regents, (2) Designation of Beneficiary, and (3) No-Arbitrage Certificate of University.

See Page 55 for further action related to the Suida-Manning Collection.

5. U. T. Health Center - Tyler: Approval to Change the Title of Chief Administrative Officer from Director to President Effective Immediately, Authorization to Advance the Name of Ronald F. Garvey, M.D., as Candidate for Consideration as President, and Appointment of Special Committee (Regents' Rules and Regulations, Part One, Chapter II, Section 13, Subsection 13.1, Subdivision 13.14).--Regent Riter moved that the Board change the title of the chief administrative officer of The University of Texas Health Center at Tyler from Director to President effective immediately.

Regent Riter further moved that the Board advance the name of Ronald F. Garvey, M.D., Acting Director of the U. T. Health Center - Tyler, as a candidate for consideration as President of the U. T. Health Center - Tyler under special presidential selection procedures as detailed in the Regents' Rules and Regulations, Part One, Chapter II, Section 13, Subsection 13.1, Subdivision 13.14, and that Chairman Evans appoint a Special Committee as specified in the Regents' Rules and Regulations, and direct Executive Vice Chancellor Mullins as Committee Chair to gather the Special Committee's advice and evaluation of Dr. Garvey's candidacy for consideration by the U. T. Board of Regents at the February 1999 meeting or, if possible, at a special called meeting of the Board.

The motions were duly seconded and prevailed by unanimous vote.

RECESS.--At 3:45 p.m., the Board recessed to reconvene in open session at 9:00 a.m. on Thursday, November 12, 1998, in the Ballroom of the Charles A. LeMaistre Conference Center at the U. T. M.D. Anderson Cancer Center in Houston, Texas.

THURSDAY, NOVEMBER 12, 1998.--The members of the Board of Regents of The University of Texas System reconvened in regular session at 9:03 a.m. on Thursday, November 12, 1998, in the Ballroom of the Charles A. LeMaistre Conference Center at U. T. M.D. Anderson Cancer Center in Houston, Texas, with the following in attendance:

ATTENDANCE.--

<u>Present</u>	<u>*Absent</u>
Chairman Evans, presiding	Regent Hicks
Vice-Chairman Loeffler	Regent Oxford
Vice-Chairman Clements	Regent Smiley
Regent Lebermann	
Regent Riter	
Regent Sanchez	

Executive Secretary Frederick

Chancellor Cunningham
Executive Vice Chancellor Mullins
Executive Vice Chancellor Burck
Vice Chancellor Sharpe

Chairman Evans announced a quorum present and reconvened the meeting of the Board.

WELCOME BY JOHN MENDELSON, M.D., PRESIDENT OF THE UNIVERSITY OF TEXAS M.D. ANDERSON CANCER CENTER.--Chairman Evans stated that the Board was pleased to be meeting at The University of Texas M.D. Anderson Cancer Center and was especially delighted to have had the opportunity to meet with many of this component's friends and supporters at the dedication of the Albert B. and Margaret M. Alkek Hospital and the very nice social event on November 11.

On behalf of the Board, Chairman Evans expressed appreciation to the Houston community for its ongoing and generous support of this institution. He then called on John Mendelsohn, M.D., President of U. T. M.D. Anderson Cancer Center, for any welcoming remarks on behalf of the host institution.

*Regents Hicks, Oxford, and Smiley were excused.

On behalf of the faculty and staff of the institution, President Mendelsohn welcomed the members of the Board and other guests to Houston.

U. T. BOARD OF REGENTS: APPROVAL OF MINUTES OF REGULAR MEETING HELD ON AUGUST 12-13, 1998.--Upon motion of Regent Riter, seconded by Vice-Chairman Loeffler, the Minutes of the regular meeting of the Board of Regents of The University of Texas System held on August 12-13, 1998, in Austin, Texas, were approved as distributed by the Executive Secretary. The official copy of these Minutes is recorded in the Permanent Minutes, Volume XLV, Pages 1883 - 2379.

SPECIAL ITEMS

1. U. T. Board of Regents - Regents' Rules and Regulations, Part Two: Amendment to Chapter XI, Section 3, Subsection 3.2 (Settlement of Disputes).--In order to clarify current practices related to approvals for the settlement of claims, disputes, or litigation, authorization was given to amend the Regents' Rules and Regulations, Part Two, Chapter XI, Section 3, Subsection 3.2, regarding settlement of disputes, to read as set forth below:

- 3.2 Settlement of Disputes.--Except as provided in Subsection 3.3 of this Section, the Board delegates to the Vice Chancellor and General Counsel authority to execute and deliver on behalf of the Board agreements settling any claim, dispute, or litigation subject to approval of System officials as set out below and compliance with all other legal requirements. The Vice Chancellor and General Counsel shall consult with the chief administrative officer and the appropriate Executive Vice Chancellor or Vice Chancellor with regard to all significant settlements that will be paid out of institutional funds. The Vice Chancellor and General Counsel shall consult with the Office of Development and External Relations with respect to settlement of will contests and other matters relating to gifts and bequests administered by that Office.

<u>Amount</u>	<u>Additional Requirements</u>
\$150,000 or less	None
\$150,001 to \$300,000	Concurrence of the Chancellor or the appropriate Executive Vice Chancellor or Vice Chancellor
\$300,001 to \$500,000	Concurrence of the Chancellor and the Chairman of the Board
More than \$500,000	Concurrence of the Board of Regents, the Executive Committee, or the appropriate standing committee of the Board

The amount of the settlement shall mean the amount claimed by The University of Texas System but not received pursuant to the settlement or, in the case of a claim against U. T. System, the total settlement amount to be paid by U. T. System.

2. U. T. System: Report of Summary of Gift Acceptance and Related Administrative Actions Conforming to Board Policy for June 1, 1998 Through August 31, 1998.--Vice Chancellor for Development and External Relations Perry reviewed the Summary of Gift Acceptance and Related Administrative Actions Conforming to Board Policy for The University of Texas System for the period June 1, 1998 through August 31, 1998, as set forth on Pages 18 - 22.

Vice Chancellor Perry reported that 111 items conforming to Board policy were approved including the acceptance of \$15,563,486 in gifts. Other matching contributions from previously accepted Board-held matching funds totaled \$1,304,500, transfers of endowment funds totaled \$1,000,000, and transfers of previously accepted gifts totaled \$2,500,000.

Mrs. Perry noted that this report includes only those funds which relate to endowments, estates, and other such funds which are managed by the U. T. System Office of Development and External Relations.

ACCEPTANCE OF GIFTS HELD BY BOARD

# ALL ITEMS	COMPONENT INSTITUTION	ASSET TYPES							MATCHING FUNDS	TOTAL VALUE
		CASH	SECURITIES	REAL ESTATE	PLEDGES	OTHER	TRANSFERS			
7	u. T. Arlington	\$ 165,388	\$ 9,938	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 175,325
40	u. T. Austin	\$ 1,204,270	\$ 3,510,356	\$ -	\$ 381,250	\$ -	\$ 60,657	\$ 22,500	\$ -	\$ 5,156,533 .
13	U. T. El Paso	\$ 158,574	\$ -	\$ 100,000	\$ 90,000	\$ -	\$ -	\$ -	\$ -	\$ 348,574
2	U. T. Pan American	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,142,022	\$ -	\$ -	\$ 1,142,022
1	U. T. Permian Basin	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	U. T. San Antonio	\$ 20,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,000
4	U. T. Tyler	\$ 321,367	\$ 54,188	\$ -	\$ 15,000	\$ -	\$ -	\$ -	\$ -	\$ 390,554
8	u. T. SWMC-Dallas	\$ 1,664,611	\$ 3,128,325	\$ 10,140	\$ 422,735	\$ -	\$ -	\$ 2,519,200	\$ 1,282,000	\$ 5,245,011 .
4	u. T. M.B.-Galveston	\$ 52,138	\$ 101,701	\$ -	\$ -	\$ -	\$ 30,988	\$ -	\$ -	\$ 184,828
8	UTHSC-San Antonio	\$ 314,544	\$ -	\$ 71,500	\$ -	\$ -	\$ 5,546	\$ -	\$ -	\$ 398,590
21	UTMDACC	\$ 1,945,449	\$ 64,000	\$ -	\$ -	\$ -	\$ -	\$ 1,472,600	\$ -	\$ 2,482,049 .
1	UTHC-Tyler	\$ 20,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,000
111	TOTAL	\$ 5,866,340	\$ 6,868,508	\$ 188,640	\$ 908,985	\$ -	\$ 5,231,014	\$ 1,304,500	\$ -	\$ 15,563,486 .

- No4includedintotal: U. T. Austin • \$22,500.00 of Board-held matching funds;
 U. T. SWMC-Dallas • \$1,282,000 of Board-held matching funds and \$2,500,000 of transfers of previously accepted gifts; and
 UTMDACC • \$1,000,000.00 of transfer from endowment to endowment.

NOTE: Compiled by Office of Development and External Relations

CLASSIFICATION OF GIFTS AND OTHER ACTIONS

COMPONENT INSTITUTION	ENDOWMENTS	CHARITABLE REMAINDER TRUSTS	POOLED INCOME FUND	REMAINDER INTERESTS	HELD IN TRUST BY OTHERS	CURRENT PURPOSE	OTHER
U. T. Arlington	7			***		***	***
U. T. Austin	32	2	1		2	3	***
U. T. El Paso	12	1					
U. T. Pm American	2						
U. T. Permian Basin					1		***
U. T. San Antonio	2						
U. T. Tyler	4					1	***
U. T. SWMC-Dallas	7	***			2	1	
U. T. M.B.-Galveston	4						
UTHSC-San Antonio	7				1		
UTMDACC	12					9	
UTHC-Tyler	1						***
TOTAL	90	3	1	0	6	14	0

PURPOSES OF GIFTS HELD BY BOARD AND OTHERS

COMPONENT INSTITUTION	ENDOWMENT								CURRENT PURPOSE	OTHER PURPOSE
	MST. CHAIR	CHAIR	DIST. PROFESHIP	PROFESHIP	FACULTY FELLOWSHIP	GRADUATE FELLOWSHIP	SCHOLARSHIP	OTHER		
U. T. Arlington							7		000	
U. T. Austin							19	1	3	3
U. T. El Paso				1			000	7	3	--
U. T. Pan American		1							000	
U. T. Permian Basin									--	1
U. T. San Antonio							1	1	000	000
U. T. Tyler							3	1	1	
U. T. SWMC-Dallas	2	2							3	1
U. T. M.B.-Galveston				1		1			2	000
UTHSC-San Antonio							3	4		1
UTMDACC	1			2					2	9
UTHC-Tyler									1	000
TOTAL	3	3	0	4	0	1	40	25	14	5

Total purposes may not equal the total number of items because some items pertain to multiple purposes.

OTHER **ADMINISTRATIVE** ACTIONS

COMPONENT INSTITUTION	ESTABLISH ENDOWMENT	REDESIGNATE ENDOWMENT LEVEL	OTHER REDESIGNATION	DISSOLVE ENDOWMENT	APPROVE/ALLOCATE MATCHING	ACCEPT TRUSTEESHIP	OTHER
U. T. Arlington	7						—
U. T. Austin	23	1	5		3	1	1
U. T. El Paso	11		1			—	1
U. T. PM American	2					—	—
U. T. Permian Basin						—	
U. T. San Antonio	2						—
U. T. Tyler	3						—
U. T. SWMC-Dallas	5	2	2		5	—	
U. T. M.B.-Galveston	4				1		—
UTHSC-San Antonio	7				—	—	—
UTMDACC	3	6	2	2	—	—	
UTHC-Tyler	1						
TOTAL	68	9	10	2	9	1	2

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

COMPONENT INSTITUTION	FYI 1997 FULL YEAR	FISCAL YEAR 1998			FULL YEAR
		9/1/97 - 11/30/97	12/1/97 - 2/28/98	3/1/98 - 5/31/98	
U. T. System	\$ ---	\$ ---	\$ ---	\$ ---	\$ --
U. T. Arlington	\$ 467,160	\$ 1,035,334	\$ 131,000	\$ 291,908	\$ 1,633,567
U. T. Austin	\$ 12,596,223	\$ 3,958,202	\$ 5,118,954	\$ 2,654,892	\$ 16,888,581
U. T. Brownsville	\$ 25,000	\$ 10,000	\$ --	\$ --	\$ 10,000
U. T. Dallas	\$ 67,313	\$ 250,000	\$ --	\$ 161,126	\$ 411,126
U. T. El Paso	\$ 2,713,341	\$ 2,701,633	\$ 830,260	\$ 183,821	\$ 4,064,288
U. T. Pan American	\$ 643,151	\$ --	\$ --	\$ --	\$ 1,142,022
U. T. Permian Basin	\$ 641,000	\$ 112,770	\$ 90,000	\$ 70,000	\$ 212,170
U. T. San Antonio	\$ 360,300	\$ 86,593	\$ 40,908	\$ 89,406	\$ 236,907
U. T. Tyler	\$ 65,000	\$ 40,000	\$ --	\$ 123,615	\$ 554,169
U. T. SWMC-Dallas	\$ 12,392,401	\$ 559,286	\$ 29,410,083	\$ 297,000	\$ 35,511,381
U. T. M.B.-Galveston	\$ 8,403,150	\$ 2,260,581	\$ 160,150	\$ 1,510,000	\$ 4,135,559
UTHSC-Houston	\$ 4,584,653	\$ 810,000	\$ 4,320,104	\$ 465,300	\$ 5,595,404
UTHSC-San Antonio	\$ 2,489,807	\$ 1,000,000	\$ 500,000	\$ 431,585	\$ 2,330,175
UTMDACC	\$ 1,977,697	\$ 1,497,744	\$ 7,340,320	\$ 2,460,160	\$ 13,780,273
U. T. HC-Tyler	\$ 140,910	\$ --	\$ 406,000	\$ 50,000	\$ 476,000
U. T. Austin/UTMDACC	\$ 26,048	\$ --	\$ --	\$ --	\$ --
TOTAL	\$ 47,615,354	\$ 14,322,143	\$ 48,367,779	\$ 8,788,814	\$ 77,042,222

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

1. U. T. System: Report on Investments for the Fiscal Year Ended August 31, 1998.--On behalf of The University of Texas Investment Management Company (UTIMCO) and in the absence of Chairman Hicks, Regent Loeffler, a member of the UTIMCO Board, summarized the Report on Investments for The University of Texas System for the fiscal year ending August 31, 1998, for the Permanent University Fund, Long Term Fund, Short/Intermediate Term Fund, and Separately Invested Assets.

Report by Regent Loeffler on Behalf of UTIMCO

Mr. Chairman and members of the Board, I am pleased to summarize on behalf of UTIMCO the investments for The University of Texas System for the fiscal year ending August 31, 1998.

Item a on Page 26 presents the summary report for Permanent University Fund (PUF) Investments. PUF Investments began the year with a market value of \$6.37 billion. During the year, contributions of mineral income from PUF Lands equaled \$79.5 million, down 6.7% versus receipts for the prior year. In addition, total investment return was \$329 million of which \$260 million was income return distributed to the Available University Fund (AUF) and \$69.3 million was price return. PUF market value ended the year at \$6.5 billion.

Year-end asset allocation was 62% broadly defined equities and 38% fixed income versus an unconstrained neutral allocation of 80% equities and 20% fixed income. Within equities, year-end allocation was 43% U. S. large and mid cap stocks, 5% U. S. small cap stocks, 6.5% non-U. S. equities and 7.5% alternative equities.

The PUF's accrued investment income of \$260 million decreased by a nominal rate of 1.1% versus \$263.0 million for the prior year and by 2.7% on an inflation adjusted basis. Distributed investment income for the year of \$260 million was \$4 million over budget but \$3 million under investment income earned during the prior year.

PUF investment income continued to suffer from declining interest rates and the resulting negative reinvestment spreads. Interest rates declined steadily throughout the year from 6.6% at the beginning of the year to 5.2% at year-end. The reinvestment spread on maturing and redeemed bonds was a negative 2.88% as bonds ran off at an average yield of 9.04% and were replaced by bonds yielding 6.16%. As of year-end, the distributable book yield on the \$2.4 billion fixed income portfolio declined to 7.75% versus 8.10% 12 months ago.

Total investment return for the year was 5.0%. The fixed income portfolio posted a total return of 12.9% for the year versus 10.6% for the Lehman Aggregate Bond Index. Equities, as an asset class, posted lower relative returns with the S&P 500 Index and Russell 3000 Index posting returns of 8.1% and 3.5%, respectively. The PUF's equity portfolios (including non-U. S. portfolios) produced a lower return (0.2%) largely due to exposure to high yielding REIT and small cap portfolios. Finally, alternative equities performed well producing an 8.7% return for the year.

Item b on Page 27 reports summary activity for the Long Term Fund (LTF). During the year, net contributions totaled \$80.5 million representing a 22% increase over the prior year. Investment return was \$42.7 million. Distributions to the 4,792 endowment and other accounts underlying the LTF totaled \$90.9 million; an increase of 15% versus the prior year. The Fund's market value closed the quarter at \$2.1 billion, virtually unchanged from the beginning of the year.

Asset allocation at year-end was 23% fixed income and 77% broadly defined equities. Within equities, U. S. small cap and non-U. S. equities were slightly overweighted at 11% and 16%, respectively, of total assets. U. S. large and mid cap equities were neutrally weighted at 31% while alternative equities were underweighted at 19% versus a neutral weighting of 25%. Total investment return for the year was 2.0% versus the neutral policy portfolio return of 3.0%.

Item c on Page 28 presents quarterly activity for the Short/Intermediate Term Fund. During the year, the Fund received net contributions of \$126.9 million. The Fund earned \$152.8 million in total return and incurred expenses of \$500 thousand. Distributions to the U. T. System component institutions equaled \$101 million, resulting in a year-end Fund value of \$1.8 billion vs. \$1.6 billion at the beginning of the year. Total return on the Fund was 9.4% for the year versus the Fund's performance benchmark of 7.3%.

Item d on Page 29 presents book and market value of cash, fixed income, equity and other securities held in funds outside of internal investment pools. Total cash and equivalents, consisting primarily of component operating funds held in the Dreyfus money market fund, decreased by \$190 million to \$694 million during the final quarter. Asset values for the remaining asset classes were fixed income securities: \$71 million versus \$70 million at previous quarter-end; equities: \$35 million versus \$39 million at previous quarter-end; and other investments of \$13 million versus \$16 million at previous quarter-end.

a. PERMANENT UNIVERSITY FUND

Summary Investment Report at August 31, 1998.--

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

	FY96-97		FY97-98				
	Full	Year	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Full Year
Beginning Market value	\$292.1		6,368.3	6,615.1	6,976.4	7,113.0	6,368.3
PUF Lands Receipts (2)	85.2		25.8	20.2	17.8	15.7	79.5
Investment Income (3)	263.0		63.1	64.1	65.2	67.6	260.0
Change in Undistributed Income Payable to the Available University Fund (4)			-	-		-	
Investment Income Distributed (4)	(26.0)		(63.1)	(64.1)	(61.2)	(67.6)	(260.0)
Realized Gains	251.0		123.3	87.6	92.3	164.4	467.6
Change in Unrealized Gains	740.0		97.7	253.5	26.5	(776.0)	(398.3)
Ending Market value	6,368.3		6,615.1	6,976.4	7,113.0	6,517.1	6,517.1
AUF income:							
Investment Income	263.0	(5)	63.1	64.1	65.2	67.6	260.0
Surface Income	5.3		1.2	2.2	1.0	2.2	6.6
Total	268.3		64.3	66.3	66.2	69.8	266.6

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

- (1) Excludes PUF Lands mineral and surface interests with estimated August 31, 1998 values of \$385.6 million and \$154.9 million, respectively.
(2) As of August 31, 1998: 1,335,864 acres under lease; 527,896 producing acres; 3,546 active leases, and 2,072 producing leases.
(3) Investment income includes amortization of discount and premium bonds in accordance with statutory requirements.
(4) For FY96-97, cash investment income was distributed to AUF. Effective FY97-98, accrued investment income is distributed to AUF.
(5) Restated on an accrual basis for comparative purposes.

b. LONG TERM FUND

Summary Investment Report at August 31, 1998.--

LONG TERM FUND
SUMMARY REPORT
(\$ millions)

	FY96-97		FY97-98			
	Full Year	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Full Year
Beginning Net Assets	1,712.1	2,125.0	2,195.7	2,360.8	2,418.2	2,125.0
Net Contributions	66.1	20.5	20.2	25.5	14.3	80.5
Investment Return	433.8	71.9	166.6	60.7	(256.5)	42.7
Receipt of Funds from						
System for UTIMCO Fee		0.5	0.5	0.5	0.5	2.0
Expenses	(4.5)	(1.4)	(1.4)	(1.8)	(2.6)	(7.2)
Distributions (Payout)	(79.1)	(20.7)	(20.8)	(24.7)	(24.7)	(90.9)
Distribution of Gain on Participant Withdrawals	(3.4)	(0.1)		(2.8)	(1.4)	(4.3)
Ending Net Assets	2,125.0	2,195.7	2,360.8	2,418.2	2,147.8	2,147.8
Net Asset Value per Unit	4.672	4.782	5.094	5.168	4.568	4.568
No. of Units (End of Period)	454,803,889	459,182,234	463,409,072	467,870,742	470,190,284	470,190,284
Distribution Rate per Unit	0.175	0.0450	0.0450	0.0525	0.0525	0.1950

Report prepared in accordance with Sec. 5 1.0032 of the Texas Education Code.

c. **SHORT/INTERMEDIATE** TERM FUND

Summary Investment Report at August 31, 1998.--

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

	FY96-97	FY97-98				
	Full Year	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Full Year
Beginning Net Assets	1,332.1	1,631.4	1,619.7	1,649.0	1,680.6	1,631.4
Contributions (Net of Withdrawals)	274.3	(26.9)	15.6	31.5	196.7	126.9
Investment Return	115.4	40.4	38.4	25.4	48.6	152.8
Expenses	(0.4)	(0.1)	(0.2)	(0.1)	(0.1)	(0.5)
Distributions of Income	(90.0)	(25.1)	(24.5)	(25.2)	(26.2)	(101.0)
Ending Net Assets	1,631.4	1,619.7	1,649.0	1,680.6	1,809.6	1,809.6

Report prepared in accordance with Sec. 5 1.0032 of the Texas Education Code.

d. **SEPARATELY INVESTED ASSETS**

Summary Investment Report at August 31, 1998.--

**SEPARATELY INVESTED ASSETS
SUMMARY REPORT
(\$ thousands)**

ASSET TYPES	FUND TYPE															
	CURRENT PURPOSE				ENDOWMENT &		ANNUITY & LIFE		AGENCY FUNDS		OPERATING		FUND6		TOTAL	
	DESIGNATED	RESTRICTED			SIMILAR FUNDS		INCOME FUNDS		BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET
Cash & Equivalents:	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET		
Beginning value 6/1/98	3,632	3,632	4,729	4,729	21,277	21,277	383	383	.	.	854,973	854,973	884,994	884,994		
Increase/(Decrease)	(456)	(456)	(2,419)	(2,419)	11,547	11,547	16	16	30	30	(199,220)	(199,220)	(190,502)	(190,502)		
Ending value 8/31/98	3,176	3,176	2,310	2,310	32,824	32,824	399	399	30	30	655,753	655,753	694,492	694,492		
Debt Securities:																
Beginning value 6/1/98	.	.	7	7	57,262	58,754	10,633	11,285	.	.	.	.	67,902	70,044
Increase/(Decrease)	.	.	7	7	316	824	(98)	22	.	.	.	.	218	846
Ending value 8/31/98	.	.			57,578	59,578	10,535	11,307	.	.	.	.	68,120	70,890
Equity Securities:																
Beginning value 6/1/98	42	3,565	582	596	17,968	22,226	6,162	6,953	.	.	.	.	24,754	39,340
Increase/(Decrease)	.	(1,638)	(378)	(397)	263	(1,844)	47	(658)	.	.	.	.	(68)	(4,531)
Ending value 8/31/98	42	1,927	204	199	18,231	26,382	6,209	6,295	.	.	.	.	24,686	34,803
Other:																
Beginning value 6/1/98	9,006	9,600	888	888	(54)	(54)	758	6,753	.	.	.	.	16,153	16,587
Increase/(Decrease)	(2,700)	(2,700)	(521)	(521)	423	423	6,221	(836)	.	.	.	.	(2,896)	(3,634)
Ending value 8/31/98	6,306	6,300	367	367	369	369	6,221	5,917	.	.	.	.	13,257	12,953

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

2. Permanent University Fund: Report on Investments for the Fiscal Year Ended August 31, 1998.--The University of Texas Investment Management Company presented the annual report on Permanent University Fund investments for the fiscal year ended August 31, 1998, which summarizes the Fund's investment transactions and balances, the investment objectives, performance and asset allocation information for that fiscal year.

Upon motion of Regent Loeffler, seconded by Regent Riter, the Board approved this report and directed its distribution to the Governor, members of the Legislature, and other State Officials, as required by Section 66.05 of the Texas Education Code.

3. U. T. Board of Regents: Approval of Amendments to the Investment Management Services Agreement with The University of Texas Investment Management Company (UTIMCO).--The Board, upon motion of Regent Loeffler, seconded by Regent Riter, amended Section 3 f) and added Sections 7 e) and 7 f) to the Investment Management Services Agreement (the "Agreement") dated March 1, 1996, between the U. T. Board of Regents and The University of Texas Investment Management Company (UTIMCO) as set forth below. These amendments to the Agreement were approved by the UTIMCO Board of Directors on August 20, 1998.

- a. Section 3 f) was amended to read as follows:

- f) **Other Services:**

UTIMCO shall perform other investment management services to include attending meetings of the U. T. Board and making such reports as the U. T. Board may request from time to time, rendering services to promoters of private equity investments in which UTIMCO has decided to invest, attending meetings of governing bodies of companies in which UTIMCO's managed Accounts have invested, voting of securities (or proxies with respect thereto) held as investments of the Accounts; providing U. T. System component institutions with annual endowment reports reflecting, among other things, changes in the investment value of such component's endowment and distributions made to such component to support the activities for which the endowment was established; providing charitable trust administration services such as portfolio management, annual tax return preparation, annual trust reporting

to donors and remittance of quarterly distributions; providing annual reporting of investment transactions and balances and distributing funds to authorized beneficiaries on foundation accounts; effecting distributions directly or through the Custodian to U. T. System component institutions or other named beneficiaries from the Accounts; supporting and maintaining on-line account information system for endowment accounts; and any other services necessary to provide investment management of the Accounts.

b. Sections 7 e) and f) were added to read as follows:

e) **Directors Fees:**

Members of UTIMCO management, with the approval of the UTIMCO Board, may serve as directors of companies in which UTIMCO has directly invested Account assets. In such event, any and all compensation paid to UTIMCO management for their services as directors shall be endorsed over to UTIMCO and considered a part of UTIMCO's fee income. Furthermore, UTIMCO Board approval of UTIMCO management's services as directors of investee companies shall be conditioned upon the extension of UTIMCO's Directors and Officers Insurance Policy coverage to UTIMCO management's services as directors of investee companies.

f) **Fees for Services Rendered:**

Members of UTIMCO management may perform services for which UTIMCO receives a fee ("Service Fees") from investment promoters or investee companies in consideration of the UTIMCO staff's private investment activities and/or investment origination activities. Such Service Fees shall be considered additional fee income to UTIMCO. UTIMCO may also receive commitment fees, standby fees and other similar fees ("Capital Fees") accruing or inuring to the capital invested on behalf of the Accounts managed by UTIMCO. Such Capital Fees shall be credited to the Accounts from which such investments are funded.

Amendment of Section 3 f) recognizes that UTIMCO staff members frequently assist portfolio companies and the investor group associated with co-investment in private equity transactions.

The addition of Section 7 e) is a relocation of language governing conditions and compensation for services by UTIMCO investment staff as directors of portfolio companies from Fund Investment Policies to the Agreement.

Section 7 f) stipulates that any fees received by UTIMCO in consideration for the performance of services referenced in Section 3 f) shall be characterized as either Service Fees or Capital Fees. All Service Fees shall be credited to UTIMCO and included in the determination of the UTIMCO annual fee. All Capital Fees shall be allocated to the PUF or LTF in proportion to the capital committed or invested by each Fund.

RECESS FOR COMMITTEE MEETINGS AND COMMITTEE REPORTS TO THE BOARD.-

-At 9:10 a.m., the Board recessed for the meetings of the Standing Committees, and Chairman Evans announced that at the conclusion of each committee meeting the Board would reconvene to approve the report and recommendations of that committee.

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

REPORTS AND RECOMMENDATIONS OF STANDING COMMITTEES

REPORT OF EXECUTIVE COMMITTEE (Page 33).--In compliance with Section 7.14 of Chapter I of Part One of the Regents' Rules and Regulations, Chairman Evans reported that there were no items referred from the Executive Committee to the Board.

REPORT AND RECOMMENDATIONS OF THE BUSINESS AFFAIRS AND AUDIT COMMITTEE (Pages 34 - 49).--Committee Chairman Riter reported that the Business Affairs and Audit Committee had met in open session to consider those matters on its agenda and to formulate recommendations for the U. T. Board of Regents. Unless otherwise indicated, the actions set forth in the Minute Orders which follow were recommended by the Business Affairs and Audit Committee and approved in open session and without objection by the U. T. Board of Regents:

1. U. T. System: Approval of Chancellor's Docket No. 95 (Catalog Change).--Upon recommendation of the Business Affairs and Audit Committee, the Board approved Chancellor's Docket No. 95 in the form distributed by the Executive Secretary. It is attached following Page 94 in the official copies of the Minutes and is made a part of the record of this meeting.

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

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

2. U. T. Board of Regents - Regents' Rules and Regulations, Part Two: Amendment to Chapter IV, Section 5 (Purchase from or Sale to an Officer or Employee).--Authorization was given to amend the Regents' Rules and Regulations, Part Two, Chapter IV, Section 5, regarding the purchase from or sale to an officer or employee, to read as set forth below:

Sec. 5. Purchase from or Sale to an Officer or Employee.--Purchase from, or sale to, any officer or employee of the System or a component of any supplies, materials, services, equipment, or property must have the prior approval of the chief administrative officer and the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, the Vice Chancellor for Academic Affairs, or the Chancellor, as appropriate. Any such purchases shall be made only if the cost is less than

from any other known source. This Section does not apply to sales or purchases made at public auction or sales approved by the institutional chief administrative officer valued at \$5,000 or less.

With this amendment to the Regents' Rules and Regulations, employees will be able to purchase surplus items, such as outdated computer equipment for home use, directly from the University if the item is valued at \$5,000 or less and the chief administrative officer grants approval.

3. U. T. Board of Regents - Regents' Rules and Regulations, Part Two: Approval to Amend Chapter XII, Section 7, Subsection 7.1 (Business Participation).--The Board, upon recommendation of the Business Affairs and Audit Committee, amended the Regents' Rules and Regulations, Part Two, Chapter XII, Section 7, Subsection 7.1, regarding business participation, to read as follows:

CHAPTER XII

INTELLECTUAL PROPERTY

. . .

Sec. 7. Business Participation.

7.1 Any System employee who conceives, creates, discovers, invents or develops intellectual property shall not serve as a member of the board of directors or other governing board or as an officer or an employee (other than as a consultant) of a business entity that has an agreement with the System relating to the research, development, licensing, or exploitation of that intellectual property without prior review and approval by the chief administrative officer of the component institution, the Chancellor and the Board.

. . . .

Section 51.912 of the Texas Education Code provides a legal mechanism for addressing potential conflicts of interest that may arise when a university employee

involved in the development or creation of licensed intellectual property acquires stock in or serves as a board member, officer, or key employee of a company. In exchange for permission to be involved with a company in this way, the employee and the institution of higher education must successfully manage the potential conflict of interest to reduce or eliminate the likelihood that actual conflicts will arise.

Rather than require the U. T. Board of Regents to review each plan to manage the potential conflict of interest as an agenda item, a procedure will be instituted that (1) defines conflicts of interest in this context, (2) provides information to employees and administrators about managing potential conflicts, (3) prescribes required actions in the event of a failure to manage a conflict, (4) requires a written certification from the employee to the institution's administration and from the administration to the appropriate U. T. System Administration officials outlining the steps each will take to mitigate risk, and (5) describes the approval process for the plans to manage conflicts of interest. Upon the recommendation of the Executive Vice Chancellor for Health Affairs or the Vice Chancellor for Academic Affairs, each plan to manage conflicts of interest will be submitted to the U. T. Board of Regents for approval via the institutional docket.

4. U. T. System: Approval to Delegate Authority of Certain Personnel Actions to the U. T. System Administration or Chief Administrative Officer and to Amend the Requirements for Reporting in the Budget Section of the U. T. System Administration and Component Dockets Effective Immediately.--At the May 1996 meeting and upon the recommendation of The University of Texas System Process Review Committee, chaired by Regent Lowell H. Lebermann, Jr., the Board agreed to delegate to U. T. System Administration or component officials the approval of a significant number of routine contractual and agreement matters which historically had required Regental approval via the Docket process. That delegation did not include budgetary matters involving tenured faculty and selected administrative personnel.

The Business Affairs and Audit Committee is now of the opinion that the additional step of docket approval of these individual appointments, salary adjustments, and changes of status does not contribute added value to the current approval process which includes the component

chief administrative officer and the appropriate Executive Vice Chancellor or Vice Chancellor. The Committee recommended the Docket reporting of these individual salary and promotion matters, with the exception of original appointment with tenure, award of tenure, promotion within tenured ranks, and change of salary or title for an institutional chief administrative officer be discontinued.

In accordance therewith, the Board delegated authority for the approval of initial appointments, changes of title for non-tenured employees, and salary adjustments for all employees (including faculty with tenure) to the U. T. System Administration or the chief administrative officer with the concurrence of the appropriate Executive Vice Chancellor or Vice Chancellor with such delegation effective immediately.

Since the Regents' Rules and Regulations require Regental approval of the initial award of tenure or any promotion within tenured ranks, these actions will continue to be reported in the Docket for approval. Primarily these will be "off-cycle" appointments and promotions since the majority of these actions are included in the Regental approval of each component's annual operating budget.

5. U. T. System: Approval of the System-wide Internal Audit Plan for Fiscal Year 1998-99.--Upon recommendation of the Business Affairs and Audit Committee, the Board approved The University of Texas System-wide Internal Audit Plan for Fiscal Year 1998-99. Development of the Internal Audit Plan is based on a System-wide risk assessment and implementation of the Plan will be coordinated with the institutional auditors.

The U. T. System Administration and component institution Audit Plans and the Summarized Audit Plans are on file in the Office of the Board of Regents.

6. U. T. System: Authorization to Amend the Policy on Utilization of Historically Underutilized Business (HUB) Firms.--In order to clarify statements of purpose, scope, and procedure and reflect changes in The University of Texas System Administration organizational structure, the Board amended the U. T. System Policy on Utilization of Historically Underutilized Business (HUB) Firms, which was adopted in November 1995, to read as set forth below:

POLICY ON UTILIZATION OF HISTORICALLY
UNDERUTILIZED BUSINESS (HUB) FIRMS

I. POLICY STATEMENT

A. Purpose

It is the policy of The University of Texas System to promote full and equal opportunity for all businesses to provide the goods and services needed to support mission, administrative, and logistical operations of U. T. System Administration and U. T. System component institutions. U. T. System Administration and component institutions commit to a good faith effort to increase purchases and contract awards with Historically Underutilized Business (HUB) firms consistent with the state's goals for HUB participation and overall economic development.

B. Scope

This policy applies to acquisition of commodities, professional and other services, and construction specified by object code by U. T. System Administration and component institutions, including auxiliary enterprises, regardless of funding source (treasury or non-treasury funds).

C. Definitions

1. "Historically Underutilized Business" means a business enterprise, which is defined as a Form of Historically Underutilized Business in C.3 below, formed for the purpose of making a

profit and which is owned by one or more persons who: (a) are members of certain Socially Disadvantaged Groups and who have suffered the effects of discriminatory practices or similar insidious circumstances over which they have no control, and (b) have a proportionate interest and demonstrate active participation in the control, operation, and management of the enterprise's affairs.

2. "Socially Disadvantaged Groups" mean and include:
 - (a) Black Americans - includes persons having origins in any of the Black racial groups of Africa;
 - (b) Hispanic Americans - includes persons of Mexican, Puerto Rican, Cuban, Central or South American, or other Spanish or Portuguese culture or origin, regardless of race;
 - (c) American Women - includes all women of any ethnicity except American Women specified in (a), (b), (d), and (e) of this subparagraph;
 - (d) Asian Pacific Americans - includes persons whose origins are in Japan, China, Taiwan, Korea, Vietnam, Laos, Cambodia, the Philippines, Samoa, Guam, the U. S. Trust Territories of the Pacific, the Northern Marianas, and Subcontinent Asian Americans which includes persons whose origins are from India, Pakistan, Bangladesh, Sri Lanka, Bhutan or Nepal; and
 - (e) Native Americans - includes persons who are American Indians, Eskimos, Aleuts, or Native Hawaiians.
3. "Forms of Historically Underutilized Business Enterprises" mean and include:
 - (a) A corporation in which at least 51% of all classes of the shares of stock or other equitable securities are owned by one or more persons described in C.2 above;

- (b) A sole proprietorship that is 100% owned by a person described in C.2 above;
 - (c) A partnership in which at least 51% of the assets and interests in the partnership are owned by one or more persons described in C.2 above;
 - (d) A joint venture in which each entity in the joint venture is an historically underutilized business;
 - (e) A supplier contract between an historically underutilized business and a prime contractor under which the historically underutilized business is directly involved in the manufacture or distribution of the supplies or materials or otherwise warehouses and ships the supplies; and
 - (f) A business, other than described in subparagraphs (a) through (e) above, which is a legally recognized business organization under the laws of the State of Texas, provided that at least 51% of the assets and interest and 51% of any classes of stock and equitable securities are owned by one or more persons described in C.2 above.
4. "Commodities" mean materials, supplies, or equipment.
 5. "Professional Services" mean services procured under provisions of the Professional Services Procurement Act (Subchapter A, Chapter 2254, Texas Government Code).
 6. "Other Services" mean all services, other than construction and professional services, including consulting services procured under provisions of Subchapter B, Chapter 2254, Texas Government Code.
 7. "Construction" means construction, improvement, maintenance, or repair of buildings, roads, highways, or grounds.

8. "Treasury Funds" are funds maintained in the state treasury and paid through the State Comptroller's Office for U. T. System Administration or a component institution.
9. "Non-Treasury Funds" are all funds paid by U. T. System Administration or a component institution that are not deposited in the state treasury.

II. U. T. SYSTEM ADMINISTRATION AND COMPONENT INSTITUTION RESPONSIBILITIES

A. U. T. System Administration

1. The Chancellor, with support from and delegation to the Executive Vice Chancellor for Health Affairs and the Vice Chancellor for Academic Affairs, exercises oversight responsibility for implementation of policies outlined herein by the U. T. System as a whole. The Chancellor is responsible for policy implementation in U. T. System Administration.
2. The Executive Vice Chancellor for Business Affairs provides functional staff expertise and support, and advises the Chancellor, the Executive Vice Chancellor for Health Affairs, and the Vice Chancellor for Academic Affairs regarding all phases of the HUB program.

B. U. T. System Component Administration

The Chief Administrative Officer (CAO) of each component institution is responsible for implementation of policies and procedures promulgated herein at his/her institution. CAOs shall develop strategic and action plans necessary for effective implementation of the HUB program.

III. PROCEDURES

- A. Specify an operating division structure (line and block diagram with necessary explanatory narrative/notes) for the purpose of defining responsibility and accountability for achieving HUB program goals and objectives. Include that structure in strategic and action plans required by Section II.B above.

- B. Establish a staff coordinating group (SCG), chaired by the Chief Business Officer, to provide functional staff expertise, advice, and counsel regarding implementation of all aspects of the HUB program. Organization of the SCG shall include the directors, or comparable supervisors, of budget, accounting, purchasing, information services, and physical plant functions, and HUB coordinators. Other staff representation may be added at the discretion of the Chief Administrative Officer.
- C. Establish an outreach program designed to contact and maintain continuous liaison with the local/regional HUB business community. Two major objectives of this program are (1) to become knowledgeable of HUB firms capable of supplying needed materials, supplies, equipment, and services, and (2) to inform the HUB business community of business opportunities with component institutions and of requisite business processes and procedures.
- D. Establish internal programs designed to educate and provide functional staff expertise to operating division heads, who exercise budget expenditure authority. All staff engaged in daily procurement operations must be knowledgeable of and vigorously implement HUB program goals, objectives, strategies, and action plans.
- E. Develop and maintain a HUB utilization reporting system. Compile monthly data by operating division; compile data sufficient to satisfy reporting requirements of the General Services Commission (GSC) and to provide internal program management information. Reports submitted to the GSC and to U. T. System Administration (sub-paragraph H below) shall be certified by the Chief Administrative Officer or the Chief Business Officer.
- F. Utilize and supplement, as appropriate, purchasing rules and regulations published by the GSC in support of HUB objectives.
- G. Establish a system to monitor individual buyer performance as it relates to institutional HUB program goals and objectives.
- H. Report progress toward HUB program objectives as requested by U. T. System Administration.

7. U. T. Austin - C. L. and Henriette F. Cline Senior Curator Endowment in British Literature in the Harry Ransom Humanities Research Center: Approval to Sell Property Located at 1401 Hardouin Avenue, Austin, Travis County, Texas, and Authorization for the Executive Vice Chancellor for Business Affairs or the Executive Director of Real Estate to Execute All Documents Related Thereto.--The Board authorized The University of Texas System Real Estate Office, on behalf of The University of Texas at Austin, to sell the single family residential property located at 1401 Hardouin Avenue in Austin, Travis County, Texas, with the understanding that the property will be marketed through a competitive offer process and sold with all remaining minerals for the best offer at or above its appraised value.

This property was received as a gift by deed dated December 21, 1984, from Dr. and Mrs. Clarence L. (Henriette) Cline who reserved a life estate in the property. The net sale proceeds from the sale of the property will be added to the C. L. and Henriette F. Cline Senior Curator Endowment in British Literature in the Harry Ransom Humanities Research Center at U. T. Austin.

Further, the Executive Vice Chancellor for Business Affairs or the Executive Director of Real Estate was authorized to execute all documents, instruments, and other agreements and to take all such further actions deemed necessary, advisable, or proper to carry out the purpose and intent of the sale.

8. U. T. Tyler - Longview Higher Education Center: Findings of Fact Regarding Acquisition of Site; Authorization to Acquire 66.83 Acres of Land in Longview, Gregg County, Texas (Quail Farm Tract), from the Longview Economic Development Corporation and a 51.72 Acre Tract of Land in Longview, Gregg County, Texas (Hinsley Park North Tract), Owned by the City of Longview; Authorization for the Executive Vice Chancellor for Business Affairs or the Executive Director of Real Estate to Execute All Documents Related Thereto; and Authorization to Submit the Acquisition of the 51.72 Acre Tract of Land to the Coordinating Board for Approval.--Following President Mabry's overview on the importance of the acquisition of a site for The University of Texas at Tyler - Longview Higher

Education Center, and upon recommendation of the Business Affairs and Audit Committee, the Board made factual determinations that:

- a. The necessity for acquisition of the proposed site for a new campus for the U. T. Tyler - Longview Higher Education Center is of paramount public importance
- b. The proposed project cannot be practically accomplished in any other way.

Further, the Board:

- a. Authorized the Executive Vice Chancellor for Business Affairs or the Executive Director of Real Estate to take all steps necessary to execute all documents required to acquire the two tracts of land listed below, following approval of the Office of General Counsel:
 - (1) A 66.83 acre tract of land in Longview, Gregg County, Texas, known as the Quail Farm Tract, from the Longview Economic Development Corporation, to be exchanged for the campus site
 - (2) A 51.72 acre tract of land in Longview, Gregg County, Texas, known as the Hinsley Park North Tract, to be the site of the campus of the U. T. Tyler - Longview Higher Education Center.
- b. Authorized U. T. Tyler to submit the acquisition of the 51.72 acre tract to the Texas Higher Education Coordinating Board for approval.

The 75th Session of the Texas Legislature authorized the construction of a branch campus of U. T. Tyler to be known as the Longview Higher Education Center. Following an extensive review of available sites, a 51.72 acre tract of park land in Longview, known as the Hinsley Park North Tract, was selected to be the location of the new campus. The City of Longview (the "City") owns the land. State law, as interpreted in Attorney General Opinion No. DM-441 (1997), does not permit the City to donate the site to the U. T. Board of Regents (the "Board").

In addition to indicating that the City may not make a gift of land to the Board, the Opinion also sets forth detailed criteria which must be followed if the City wishes to convey the land by other means to the Board. The Opinion stipulates that the Board, as a body with eminent domain authority, must make a finding "that the necessity to establish a U. T. campus in Longview is of paramount public importance and the campus cannot be practically accomplished in any other way." The City must make similar findings.

Because of the significant economic benefits anticipated from the University Center project, the Longview Economic Development Corporation (LEDCO) has offered, as an economic development incentive, to convey to the Board 66.83 acres of land, known as the Quail Farm Tract. In return, a formal economic development incentive agreement between LEDCO and the University will be part of the package. Once accepted by the Board, the Quail Farm Tract will be exchanged for the Hinsley Park property from the City. Discussions have been initiated with the Office of the Attorney General to verify that the Longview Economic Development Corporation has the authority to convey the land to the Board.

It is anticipated that the closings will occur and the land for the campus will be acquired on or about February 1, 1999.

See related item on Page 69.

INFORMATIONAL REPORTS

1. U. T. System: Annual Report on the Historically Underutilized Business (HUB) Program for Fiscal Year 1998.-- At the conclusion of the Business Affairs and Audit Committee meeting, Chairman Riter called on Mr. Lewis Wright, Associate Vice Chancellor for Business Affairs, to present the annual report on The University of Texas System Historically Underutilized Business (HUB) Program for Fiscal Year 1998.

Mr. Wright distributed to the members of the Board a report entitled "The University of Texas System Historically Underutilized Business (HUB) Program Review" dated November 12, 1998, a copy of which is on file in the Office of the Board of Regents. With the aid of slides,

Mr. Wright presented the following report on the U. T. System Historically Underutilized Business Program highlighting the experience in Fiscal Year 1998:

Report on The University of Texas System
Historically Underutilized Business Program

Mr. Chairman, members of the Board -- This report covers Historically Underutilized Business (HUB) Program operations in the U. T. System for FY 1998.

The report to you a year ago showed a decline in FY 1997 expenditures with HUB firms of \$28 million from FY 1996 levels. While payments of \$25.8 million to noncertified firms, which are not reflected in the General Services Commission (GSC) report, explained 92 percent of the variance, Chancellor Cunningham directed that a System-wide management review of the HUB program be conducted in order to strengthen program operations. The program review process which continued throughout FY 1998 developed both external and internal causes of declining or slow growth in expenditures with HUB firms and a task list. U. T. System Administration and each component are committed to implementation of a good faith effort program.

Total statewide expenditures on reportable goods and services for FY 1997 and FY 1998 increased \$605 million from \$5.677 billion in FY 1997 to \$6.282 billion in FY 1998. Total expenditures with HUB firms increased by \$48 million from \$784.4 million (13.8%) in FY 1997, representing awards to 4,474 (41%) HUB firms, to \$832.4 million (13.2%) in FY 1998, representing awards to 3,507 (49%) HUB firms. The goals for underutilized HUB participation were not met in FY 1998 in any category. The goals for overutilized HUB participation were met in FY 1998 in four of five categories.

U. T. System Administration, U. T. Medical Branch - Galveston, U. T. Austin, and U. T. M.D. Anderson Cancer Center are included among the

top ten spending agencies of the state. On the measure of underutilized HUB participation, they rank 2, 3, 5, and 6, respectively.

Only one System component is included in the listing of ten agencies spending more than \$5 million with the smallest underutilized HUB participation. U. T. Health Science Center - Houston has the highest participation rate among those agencies. As a consequence of their inclusion on this list for the semi-annual FY 1998

report, U. T. Health Science Center - Houston, U. T. Health Center - Tyler, and U. T. M.D.

Anderson Cancer Center provided information regarding their HUB programs and participated in hearings at the request of the Mexican-American Legislative Caucus in October 1998.

While total U. T. System-wide expenditures on reportable goods and services declined by \$64.1 million from \$1.0826 billion in FY 1997 to \$1.0185 billion in FY 1998, total expenditures with HUB firms increased by \$4.4 million from \$115.5 million in FY 1997 to \$119.9 million in FY 1998. Underutilized HUB participation goals were not met for any procurement category in FY 1998; however, U. T. System averages exceeded state averages in three (building construction, special trade construction, and professional services) of six procurement categories. The consolidated underutilized HUB participation rate of 8.8 percent in FY 1997 increased to 9.7 percent in FY 1998. The consolidated total HUB participation rate of 10.7 percent in FY 1997 increased to 11.7 percent in FY 1998.

The trend analysis shows increased purchases of \$3.4 million (2.9 percent) above the FY 1997 level. On a statewide basis, 5,108 HUB vendors, who were certified in FY 1997 but not certified in FY 1998, received payments that are not reflected in reported performance results. In the U. T. System, there were 696 such firms receiving payments totaling \$9,088,447. Taking these payments into account, U. T. System total payments to HUB firms is adjusted from

\$119.9 million (11.7 percent) to \$129,000,317 (12.7 percent). Further adjusting for HUB noncapacity (\$41,725,588) yields a participation rate of 13.2 percent.

Participation rate changes by amount and percentage of total statewide expenditures (\$6.282 billion) across program component ethnic/gender groups for FY 1997 to FY 1998 are shown in the table below:

<u>White Men</u>	<u>Black</u>	<u>Asian-Pacific</u>	<u>Hispanic</u>	<u>Native-American</u>	<u>White Women</u>
-0.35	+0.09	0.16	-0.19	+0.04	+0.24

Participation rate changes by amount and percentage of total System expenditures (\$1.018 million) across program component ethnic/gender groups for FY 1997 to FY 1998 are shown in the table below:

<u>White Men</u>	<u>Black</u>	<u>Asian-Pacific</u>	<u>Hispanic</u>	<u>Native-American</u>	<u>White Women</u>
-1.13	+.44	-0.24	+0.26	+0.07	+0.5

U. T. System FY 1998 performance against the specified 25 percent HUB participation goal is 11.2 percent with respect to contracts relating to items to be financed by revenue bond proceeds. With respect to costs related to the issuance of bonds, no bids to long-term bond offerings were received from HUB firms. Contracts for bond counsel, remarketing agent, paying agent, and bond rating services in connection with the short-term bond program, which have no Minority and Woman-Owned Business Enterprise participation, continued from the prior year.

The U. T. System Administration and component institutions will maintain good faith effort program operations and search for additional strategies that will make the HUB program more effective.

2. U. T. System: Presentation of the September 1998 Monthly Financial Report.--Mr. R. D. Burck, Executive Vice Chancellor for Business Affairs, reviewed the September 1998 Monthly Financial Report for The University of Texas System and emphasized that in this one-month period there were no variances from budget which did not have reasonable explanations.

A copy of The University of Texas System Monthly Financial Report as of September 1998 is on file in the Office of the Board of Regents.

REPORT AND RECOMMENDATIONS OF THE ACADEMIC AFFAIRS COMMITTEE
(Pages 50 - 55).--Committee Chairman Lebermann reported that the Academic Affairs Committee had met in open session to consider those matters on its agenda and to formulate recommendations for the U. T. Board of Regents. Unless otherwise indicated, the actions set forth in the Minute Orders which follow were recommended by the Academic Affairs Committee and approved in open session and without objection by the U. T. Board of Regents:

1. U. T. Austin: Authorization to Charge Nonresident Tuition Rates to Graduate Students Exceeding 99 Doctoral Hours for Students Enrolling Under the Fall 1999 or Subsequent Catalogs (Catalog Change).--Section 54.066 of the Texas Education Code, which was passed by the 75th Texas Legislature in 1997, authorizes the governing board of an institution of higher education to charge a resident doctoral student tuition at the rate charged a nonresident doctoral student if the resident student has more semester credit hours of doctoral work than allowed for purposes of state funding for the current state fiscal biennium. Section 61.059(1) of the Texas Education Code, also enacted in 1997, directs the Texas Higher Education Coordinating Board to withhold formula funding, with certain exceptions, for doctoral students who have a total of 100 or more semester credit hours of doctoral work at an institution of higher education.

Upon recommendation of the Academic Affairs Committee, the Board authorized The University of Texas at Austin to charge a tuition rate that is higher than the regular tuition rate but that does not exceed the statutory nonresident tuition rate to graduate students who accumulate in excess of 99 doctoral hours. Such tuition rates will apply only to graduate students who enroll under the Fall 1999 or subsequent catalogs.

This authorization to allow U. T. Austin to charge nonresident tuition rates for doctoral hours in excess of 99 will permit the institution to recover a portion of the lost formula funding.

It was noted that the next appropriate catalog published at U. T. Austin will be amended to reflect this action.

2. U. T. Austin: Establishment of The University of Texas at Austin Texas Memorial Museum Advisory Council.--Pursuant to the Regents' Rules and Regulations, Part One, Chapter VII, Section 3, regarding the advisory councils of a component institution, approval was given to establish The University of Texas at Austin Texas Memorial Museum Advisory Council.

The mission of this Advisory Council is to foster improvement in the quality of collection-based research, education, and outreach of the Texas Memorial Museum. The Advisory Council's objectives include assisting the Museum to achieve distinction as a premier research and exhibit museum; identify sources of private funding for exhibits, preservation of collections, and educational and research programs; and facilitate relationships with leaders in Texas and beyond to benefit the Museum.

The Council will be composed of no more than 30 regular members who will be appointed for one to three-year, staggered terms.

3. U. T. Austin: Authorization to Reopen the Tower (Observation Deck) of the Main Building.--President Faulkner reported that, in response to a request in April 1998 from a group of student leaders at The University of Texas at Austin, a special committee was appointed to consider reopening the Tower (Observation Deck) of the Main Building. Upon consideration of the issues of safety, access for visitors with disabilities, management, required renovations, and associated costs, the committee produced a plan for reopening the Tower (Observation Deck).

President Faulkner noted that the Tower is the most important symbol of academic aspiration and achievement in Texas, and it is the strongest image uniting members of the University community. He pointed out that, should this symbol of achievement remain closed to the public, the University community is left with only the history of unfortunate experiences associated with the Tower and few occasions to create positive experiences for new generations. Dr. Faulkner stated it was his recommendation that the Observation Deck of the Tower be reopened and the people of Texas be invited to view their campus and to renew their sense of ownership in the State's leading academic enterprise.

Dr. Faulkner then recognized Ms. Annie Holand, President of Student Government at U. T. Austin, who endorsed the recommendation to reopen the Tower to students and the general public. Ms. Holand noted that the Tower personifies U. T. Austin, and she believes students will look fondly on the past and gain hope for the future as they view this most visible and distinct symbol of the University.

In accordance with President Faulkner's request and upon recommendation of the Academic Affairs Committee, the Board approved reopening the Tower (Observation Deck) of the Main Building at U. T. Austin.

Costs associated with the proposal include capital costs in the range of \$450,000 to \$500,000 for installation of a physical barrier, modifications to provide wheelchair access, elevator control modifications, and refurbishment of various public areas. The annual operating cost associated with tour operations is estimated to be in the range of \$86,000. An admission fee charged to defray these costs is anticipated to be \$5 or \$6 for the general public, with a reduced cost for U. T. Austin students.

An individual with a national reputation in ironwork design and construction will be engaged to design, construct and install a physical barrier consistent with the historical context of the Main Building. It is anticipated that a final design and method for installation of the barrier will be presented to the U. T. Board of Regents at the February 1999 meeting.

It is projected that tours of the Observation Deck will begin on or near the date of Spring 1999 commencement. Certain portions of the operation may be scheduled for student tours and groups, with consideration to giving priority to graduating seniors.

Chairman Evans commended Ms. Holand for her extraordinary leadership at U. T. Austin and stated that the reopening of the Tower is another way of saying to the children of Texas that the University welcomes them. Mr. Evans noted that he was providing written comments, for the record, as set out on Page 53.

Comments by Chairman Evans

I am so pleased that this Board has been asked to approve the reopening of the Tower Observation Deck of the Main Building at The University of Texas at Austin.

Dr. Faulkner has recommended we reopen the Tower Observation Deck and invite the people of Texas to view THEIR campus and to renew THEIR sense of ownership in the University. And, it is my belief that the action the Board has just taken will have that effect. As many of you know, the Academic Room on the second floor of the Main Building includes quotations dealing with knowledge and education on its walls and the curve of its vaults. As we begin to use the Tower as a powerful and positive symbol of higher education and as visitors and members of the University community view the beautiful University of Texas campus and the surrounding Hill Country from the Observation Deck, it is appropriate that we remember the following quotation from former University President H. Y. Benedict included in the Main Building:

Public Confidence is the only real
endowment of a State University.

With that in mind, let us view the reopening of the Tower as a recommitment to academic excellence and to our stewardship of this extraordinary state asset, The University of Texas at Austin.

Later this morning when we adjourn this meeting, I will use a gavel made with timber from the original Main Building to further commemorate the action taken.

4. U. T. San Antonio: Establishment of a Master of Science Degree in Justice Policy and Authorization to Submit the Degree Program to the Coordinating Board for Approval (Catalog Change).--Authorization was granted to establish a Master of Science degree in Justice Policy at The University of Texas at San Antonio and to submit the proposal to the Texas Higher Education Coordinating Board

for approval. The degree program is consistent with U. T. San Antonio's Table of Programs as approved by the U. T. Board of Regents and with institutional plans for offering quality degree programs to meet student needs.

U. T. San Antonio proposes to offer a 36 semester credit hour Master of Science degree in Justice Policy with the intent to produce planners, program implementers, and managers for the criminal justice system who have an ability to establish policies and procedures based upon knowledge acquired through systematic research. The curriculum includes a 15 semester credit hour core and a six semester credit hour thesis option. A minimum of six semester credit hours in related social science disciplines is required. The program will be offered at the U. T. San Antonio Downtown Campus near San Antonio-based criminal justice system institutions.

U. T. San Antonio currently has seven full-time faculty members who teach in the undergraduate criminal justice program. All of these faculty have terminal degrees and appropriate scholarly experience. As the program grows, U. T. San Antonio intends to add four additional faculty and redistribute the undergraduate and graduate teaching load.

The faculty have developed a curriculum which is based upon the application of research and research methods in the development and implementation of policy. The curriculum includes required courses in research methods and in policy formulation and implementation.

At full implementation, the program is estimated to cost \$260,000 per year and to generate most of that income from formula funding.

Over a period of five years, the enrollment is expected to grow to approximately 25 full-time students and 35 part-time students and will require four additional faculty who will share in the responsibility for teaching in the undergraduate and graduate programs.

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

5. U. T. Austin: Authorization to Assure That Acquisition of the Suida-Manning Collection for the Benefit of the Jack S. Blanton Museum of Art Complies with Internal Revenue Service Procedure 82-26 Relating to Promissory Notes to be Issued by The University of Texas Fine Arts Foundation.--Committee Chairman Lebermann reported that one additional item of business related to an item on yesterday's (November 11) Executive Session agenda was before the Board. He noted that the Board passed a motion on November 11 authorizing The University of Texas at Austin to acquire the Suida-Manning Collection for the benefit of the Jack S. Blanton Museum of Art.

Mr. Lebermann noted that tax counsel involved in the arrangements related to the acquisition asked that the Board consider additional action to assure the transaction is in compliance with Internal Revenue Service Procedure 82-26 relating to Promissory Notes to be issued by The University of Texas Fine Arts Foundation on behalf of The University of Texas System.

Regent Lebermann then moved that the Board:

- a. Resolve, as required by Section 3.05.4 of Internal Revenue Service Procedure 82-26, that the U. T. System will accept title to the Suida-Manning Collection when the Promissory Notes issued by The University of Texas Fine Arts Foundation are discharged
- b. Approve, as required by Section 3.06 of Internal Revenue Service Procedure 82-26, the purposes and activities of The University of Texas Fine Arts Foundation and also approve Promissory Notes to be issued by The University of Texas Fine Arts Foundation.

The approval is conditioned upon the understanding that, by approving the Foundation's Promissory Note obligations, the U. T. Board of Regents, the U. T. System, and U. T. Austin assume no liability for such obligations.

Vice-Chairman Clements seconded the motion which prevailed without objection.

See Page 13 related to acquisition of the Suida-Manning Collection.

REPORT AND RECOMMENDATIONS OF THE HEALTH AFFAIRS COMMITTEE
(Pages 56 - 60).--Committee Chairman Loeffler reported that the Health Affairs Committee had met in open session to consider those matters on its agenda and to formulate recommendations for the U. T. Board of Regents. Unless otherwise indicated, the actions set forth in the Minute Orders which follow were recommended by the Health Affairs Committee and approved in open session and without objection by the U. T. Board of Regents:

1. U. T. Southwestern Medical Center - Dallas: Approval for Eric N. Olson, Ph.D., to Acquire Equity in and to Serve as a Member of the Scientific Advisory Board of Mantex Biotech, Inc., Dallas, Texas.--The Board, upon recommendation of the Health Affairs Committee, approved the acquisition of equity in and service as a member of the Scientific Advisory Board of Mantex Biotech, Inc., Dallas, Texas, by Eric N. Olson, Ph.D., Professor and Chairman of the Department of Molecular Biology and Oncology at The University of Texas Southwestern Medical Center at Dallas.

Dr. Olson, Dr. Jeffrey Molkenin, formerly a Postdoctoral Fellow in the Department of Molecular Biology and Oncology at U. T. Southwestern Medical Center - Dallas, and Dr. Steven Grant, Assistant Professor at the University of North Texas Health Science Center at Fort Worth, have created Invention(s) in the field of cardiovascular disease, specifically in the prevention of cardiac hypertrophy.

Under a patent license agreement, Mantex Biotech, Inc. is granted a royalty-bearing, exclusive worldwide license to make, have made, use, offer to sell, sell and import the Invention(s). As consideration for the exclusive license, Mantex Biotech, Inc. will pay the U. T. Board of Regents annual license fees, milestone payments and running royalties, and will reimburse patent expenses and support continued research in Dr. Olson's laboratory. Additionally, this license agreement includes sublicense provisions and standard language indemnifying the U. T. Board of Regents.

Within 30 days following execution of the patent license agreement, Mantex Biotech, Inc. shall issue common stock equal to 14.4% of the total number of issued, authorized

and outstanding shares of common stock of Mantex Biotech, Inc. to the U. T. Board of Regents, Dr. Olson, and Dr. Molkentin in the following ratios: 7.2% to the U. T. Board of Regents, 4.8% to Dr. Olson, and 2.4% to Dr. Molkentin.

U. T. Southwestern Medical Center - Dallas has developed the following measures to eliminate the likelihood that actual conflicts of interest will arise with regard to Dr. Olson. As required by Texas Education Code, Section 51.912(b), and the U. T. Board of Regents' Rules and Regulations, Part Two, Chapter XII, Sections 6.2 and 7.1, Dr. Olson has provided U. T. Southwestern Medical Center - Dallas with a disclosure of all potential conflicts of interest (both financial and arising through his role as a member of the Scientific Advisory Board) that might emanate from the terms of the patent license agreement.

In view of Dr. Olson's disclosure, U. T. Southwestern Medical Center - Dallas has determined that a license to a faculty-owned company is appropriate since the activities of Mantex Biotech, Inc. involve applied research and the potential discovery and manufacturing of diagnostic and/or pharmaceutical agents useful in the treatment of cardiac hypertrophy, whereas Dr. Olson's laboratory performs basic research. Specifically, under the terms and financial support of the sponsored research agreement derivative to this patent license agreement, Dr. Olson shall restrict his university-based research to further definition of the basic cellular and molecular mechanisms by which cardiac hypertrophy occurs.

2. U. T. Health Science Center - Houston: Approval to Designate Ferid Murad, M.D., Ph.D., as Regental Professor (Regents' Rules and Regulations, Part One, Chapter III, Section 1, Subsection 1.8, Subdivision 1.86).--On October 12, 1998, Ferid Murad, M.D., Ph.D., Chairman of the Department of Integrative Biology, Pharmacology and Physiology at The University of Texas Health Science Center at Houston, was awarded the Nobel Prize in Physiology or Medicine. In recognition of this prestigious achievement, the Board designated Dr. Murad as Regental Professor. As specified in the Regents' Rules and Regulations, Part One, Chapter III, Section 1, Subsection 1.8, Subdivision 1.86, this special academic recognition is reserved for those who have been awarded the Nobel Prize.

The Board also allocated \$500,000 from the Permanent University Fund (PUF) over the next five years to further the research efforts of this Nobel Laureate. Professor Murad will be granted \$100,000 annually from PUF funds, with \$50,000 to be used for general programmatic and research support and \$50,000 for equipment purchases.

In addition to the title of Regental Professor, the Board concurred in President Low's recommendation that Dr. Murad be awarded the John S. Dunn, Sr. Distinguished Chair in Integrative Biology, Pharmacology, and Physiology, which is being funded with \$500,000 from the Dunn Foundation and \$500,000 in matching funds from the U. T. Health Science Center - Houston for a total endowment of \$1 million.

Dr. Murad shares the 1998 Nobel Prize with Dr. Robert F. Furchgott, a pharmacologist at the State University of New York, and Dr. Louis J. Ignarro from the University of California - Los Angeles. Dr. Murad and his colleagues discovered new uses for nitric oxide, a colorless, odorless gas that signals blood vessels to relax and widen, which in turn lowers blood pressure. The discovery has a wide range of possible applications, including treating heart disease and shock.

Committee Chairman Loeffler noted it is clear that The University of Texas System medical institutions are world class medical research organizations based on the number -- now five -- of Nobel prizes awarded to its faculty and pointed out that the Board is extremely pleased to add Dr. Murad to the list of distinguished Nobel Laureates.

President Low reported that Dr. Murad was unable to attend today's meeting because of a long-standing commitment in Israel but wished to express appreciation to the Board for its support of and commitment to his research.

3. U. T. Health Center - Tyler: Appointment of George A. Hurst, M.D., as Director Emeritus Effective January 5, 1999.-- Following brief comments by Acting President Garvey and upon recommendation of the Health Affairs Committee, authorization was granted to appoint George A. Hurst, M.D., as Director Emeritus of The University of Texas Health Center at Tyler effective January 5, 1999.

Dr. Hurst retired from the position of Director of the U. T. Health Center - Tyler effective January 5, 1998, and has announced plans to fully retire from the institution on January 4, 1999.

When Dr. Hurst first arrived at the East Texas Chest Hospital in 1964, the institution consisted of a few physicians, 300 employees, a \$10 million budget, and a physical plant comprised of army barracks and hospital ward buildings. Today, the institution, which joined The University of Texas System in 1977 as the U. T. Health Center - Tyler, is the largest state employer in East Texas with facilities valued at more than \$100 million, and it has over 100 highly qualified physicians and scientists investigating some of the nation's most pressing health problems.

Regent Riter noted that Dr. Hurst's appointment as Director Emeritus is a fitting tribute to a man whose unwavering commitment to excellence in medical research, patient care, and health education brought the U. T. Health Center - Tyler to the forefront in many areas of academic medicine.

INFORMATIONAL REPORT

U. T. System Health Institutions: Presentation on Telemedicine.--At the request of Committee Chairman Loeffler, Mr. Lawrence Jones, Chair of The University of Texas System Telehealth Committee, introduced the presentation on clinical telemedicine services entitled "Telemedicine: The Promise and the Reality" and recognized the following presenters who focused on the topics as noted below:

- a. Real Time Application by Steve Viegas, M.D., Professor and Chief of Division of Hand Surgery, Department of Orthopedic Surgery, and Chairman of The University of Texas Medical Branch at Galveston Telemedicine Task Force (presented via videotape)
- b. Store and Forward Applications by Mitchell Morris, M.D., Professor, Department of Gynecologic Oncology, and Vice President for Information Services and Healthcare Systems at The University of Texas M.D. Anderson Cancer Center

- c. Legal and Financial Issues Affecting Telemedicine by T. Howard Stone, LL.M., Assistant Professor and Research Director, Institute for the Medical Humanities at U. T. Medical Branch - Galveston (summarized by Mr. Jones)
- d. Summary of U. T. System Health Institutions Telemedicine Activities by Mr. Lawrence Jones, Director of Telemedicine at U. T. M.D. Anderson Cancer Center.

Mr. Jones pointed out that the practice of telemedicine is becoming increasingly common in this country, and the telecommunications technology and its application in medicine are still evolving. He noted there is no doubt that expanding the spectrum of medical care to underserved patients can improve patient outcomes by providing services that were previously inconvenient or unavailable. With the developing technology and increased application of telemedicine also come practical issues and barriers that need to be resolved before patients can receive the full benefit of the services provided through telemedicine.

Mr. Jones reviewed some of the telemedicine activities and interests among the U. T. health components and pointed out that the benefits include patient/physician access, raising the standard of community care, and appropriate resource utilization and referral to specialist.

In closing, Mr. Jones highlighted barriers to the use of telemedicine, some of which are the result of unresolved issues because of the rapid advancement of the technology and the increased application as the result of positive studies. Barriers include state licensure issues, availability and affordability of technology and the proper use of that technology, use of computerized medical records, reimbursement practices, and legal issues.

At the conclusion of the presentation, Committee Chairman Loeffler thanked the presenters for their insightful and informative comments related to the use of this technology in the practice of medicine.

REPORT AND RECOMMENDATIONS OF THE FACILITIES PLANNING AND CONSTRUCTION COMMITTEE (Pages 61 - 83).--Committee Chairman Clements reported that the Facilities Planning and Construction Committee had met in open session to consider those matters on its agenda and to formulate recommendations for the U. T. Board of Regents. Unless otherwise indicated, the actions set forth in the Minute Orders which follow were recommended by the Facilities Planning and Construction Committee and approved in open session and without objection by the U. T. Board of Regents:

1. U. T. Austin - New Psychology & Child Development Building (Project No. 102-922): Request for Approval of Design Development Plans; Approval of Total Project Cost; Appropriation of Funds and Authorization of Expenditure; and Approval of Use of Revenue Financing System Parity Debt, Receipt of Parity Debt Certificate, and Finding of Fact with Regard to Financial Capacity (Withdrawn).--The item related to the proposed New Psychology & Child Development Building at The University of Texas at Austin was withdrawn from consideration.

2. U. T. Austin: Redesignation of Parking Garage No. 4B Project as Parking Garage 4B and Office Building and Approval of Preliminary Project Cost.--Upon recommendation of the Facilities Planning and Construction Committee, the Board:
 - a. Redesignated the Parking Garage No. 4B project at The University of Texas at Austin as Parking Garage 4B and Office Building

 - b. Approved a preliminary project cost of \$21,600,000, with funding of \$12,700,000 from Designated Tuition and \$8,900,000 from Revenue Financing System Bond Proceeds.

The Parking Garage No. 4B project at U. T. Austin is included in the FY 1998-2003 Capital Improvement Program and the FY 1998 and FY 1999 Capital Budget at a preliminary project cost of \$5,000,000. In January 1997, the architectural firm of Overland Partners was appointed to provide programming and basic design services for the project titled Office Building and Parking Garage No. 4A. At the request of U. T. Austin, Overland Partners also completed a space planning study for a four-building complex comprised of two office buildings and two parking

garages (Parking Garage 4A and Parking Garage 4B) to be placed on the north end of the U. T. Austin campus North Quadrangle area. This study was done to achieve a cohesive complex of buildings that functionally interface and complement one another.

Following the study, U. T. Austin decided to proceed with the design and construction of only one of the buildings, Parking Garage No. 4A. At its meeting in May 1998, the U. T. Board of Regents redesignated the Office Building and Parking Garage No. 4A project as Parking Garage No. 4A and approved design development plans and a total project cost of \$9,200,000 for the now singular building project.

U. T. Austin has now decided to proceed with completing the facility program, design, and construction of Parking Garage 4B and Office Building under one procurement.

Approval of this item amends the FY 1998-2003 Capital Improvement Program and the FY 1998 and FY 1999 Capital Budget to redesignate the U. T. Austin Parking Garage No. 4B project as Parking Garage 4B and Office Building at a preliminary project cost of \$21,600,000, with funding of \$12,700,000 from Designated Tuition and \$8,900,000 from Revenue Financing System Bond Proceeds.

3. U. T. Dallas - Waterview Park Apartments Phase VII: Authorization to Amend the FY 1998-2003 Capital Improvement Program and the FY 1998 and FY 1999 Capital Budget to Include Project; Approval of Design Development Plans; Approval of Total Project Cost; Appropriation of Funds and Authorization of Expenditure; and Approval of Use of Revenue Financing System Parity Debt, Receipt of Parity Debt Certificate, and Finding of Fact with Regard to Financial Capacity.--Following opening remarks by President Jenifer, the design development plans for the Waterview Park Apartments Phase VII project at The University of Texas at Dallas were presented to the Facilities Planning and Construction Committee by Mr. Greg McNicol of the Office of Facilities Planning and Construction.

Upon recommendation of the Facilities Planning and Construction Committee, the Board:

- a. Amended the FY 1998-2003 Capital Improvement Program and the FY 1998 and FY 1999 Capital Budget to include the Waterview Park Apartments Phase VII project at U. T. Dallas
- b. Approved design development plans for the project
- c. Approved a total project cost of \$4,300,000
- d. Appropriated funds and authorized expenditures of \$4,300,000, consisting of \$3,200,000 from previous Land Sale Proceeds and up to \$1,100,000 from future Land Sale Proceeds or Revenue Financing System Bond Proceeds for total project funding.

Following a presentation by Ms. Pam Clayton, Assistant Vice Chancellor for Finance for The University of Texas System, related to the qualifications of this project for the U. T. System Revenue Financing System and in compliance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System (the "Master Resolution"), adopted by the U. T. Board of Regents on February 14, 1991, and amended on October 8, 1993, and August 14, 1997, and upon delivery of the Certificate of an Authorized Representative as set out on Page 65, the Board resolved that:

- a. Parity Debt shall be issued to pay the project's cost including any costs 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 in the aggregate amount of \$1,100,000
- d. This resolution satisfies the official intent requirements set forth in Section 1.150-2 of the U. S. Treasury Regulations.

U. T. Dallas currently has 890 apartments with a capacity of approximately 2,680 beds. The Waterview Park Apartments Phase VII, which will be ready for occupancy in August 1999, will add approximately 300 beds thus addressing the demand for additional student housing for two to three years. The project will be constructed using a design/build contract pursuant to the alternate project delivery methods authorized by Senate Bill 583 enacted by the 75th Texas Legislature.

Approval of this item amends the FY 1998-2003 Capital Improvement Program and the FY 1998 and FY 1999 Capital Budget to include the Waterview Park Apartments Phase VII project at U. T. Dallas at a total project cost of \$4,300,000, with funding of \$3,200,000 from previous Land Sale Proceeds, and up to \$1,100,000 from future Land Sale Proceeds or Revenue Financing System Bond Proceeds.

PARITY DEBT CERTIFICATE OF U. T. SYSTEM REPRESENTATIVE

I, the undersigned Assistant Vice Chancellor for Finance of The University of Texas System, a U. T. System Representative under the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System, (the "Master Resolution"), adopted by the U. T. Board of Regents ("**Board**") on February 14, 1991, and amended on October 8, 1993, and August 14, 1997, do hereby execute this certificate for the benefit of the Board pursuant to Section S(a) (ii) of the Master Resolution in connection with the authorization by the Board to issue "Parity Debt" to finance the cost of the Waterview Park Apartments Phase VII at U. T. Dallas, and do certify that to the best of my knowledge, the Board is in compliance with and not in default of any terms, provisions, and conditions in the Master Resolution, the First Supplemental Resolution Establishing the Revenue Financing System Commercial Paper Program, ("First Supplemental"), the Second Supplemental Resolution, the Third Supplemental Resolution, the Fourth Supplemental Resolution, the Fifth Supplemental Resolution, the Sixth Supplemental Resolution, and the Seventh Supplemental Resolution.

EXECUTED this 7 y o f October, 1998

Pamela K. Clayton

Assistant Vice Chancellor for Finance

4. U. T. Permian Basin - Library/Lecture Center Stage of the Library/Lecture Center, Visual Arts Studios, and Information Resources Facilities Project (Project No. 501-966): Approval of Design Development Plans; Approval of Total Project Cost; Appropriation of Funds and Authorization of Expenditure; and Approval of Use of Revenue Financing System Parity Debt, Receipt of Parity Debt Certificate, and Finding of Fact with Regard to Financial Capacity.--Following a brief overview by President Sorber, the design development plans for the Library/Lecture Center Stage of the Library/Lecture Center, Visual Arts Studios, and Information Resources Facilities project at The University of Texas of the Permian Basin were presented to the Facilities Planning and Construction Committee by Mr. Dan Wigodsky, representing the Project Architect, Kell Muñoz Wigodsky, San Antonio, Texas.

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

- a. Approved design development plans for the Library/Lecture Center Stage of the Library/Lecture Center, Visual Arts Studios, and Information Resources Facilities project at U. T. Permian Basin
- b. Approved a total project cost for this stage of \$15,850,000
- c. Appropriated funds and authorized expenditure of \$15,850,000 from Tuition Revenue Bond Proceeds issued under the Revenue Financing System for total project funding.

Following a presentation by Ms. Pam Clayton, Assistant Vice Chancellor for Finance for The University of Texas System, related to the qualifications of this project for the U. T. System Revenue Financing System and in compliance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System (the "Master Resolution"), adopted by the U. T. Board of Regents on February 14, 1991, and amended on October 8, 1993, and

August 14, 1997, and upon delivery of the Certificate of an Authorized Representative as set out on Page 68, the Board resolved that:

- a. Parity Debt shall be issued to pay the project's cost including any costs 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. component institutions, which are "Members" as such term is used in the Master Resolution, possess the financial capacity to satisfy their 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 \$15,850,000
- d. This resolution satisfies the official intent requirements set forth in Section 1.150-2 of the U. S. Treasury Regulations.

The Library/Lecture Center Stage of the Library/Lecture Center, Visual Arts Studios, and Information Resources Facilities project is included in the FY 1998-2003 Capital Improvement Program and FY 1998 and FY 1999 Capital Budget at a total project cost of \$15,850,000 with funding from Tuition Revenue Bond Proceeds.

The Library/Lecture Center will be a new facility of approximately 79,000 gross square feet, constructed to replace the existing J. Conrad Dunagan Library in the original Mesa Building. The Center will also provide two new lecture halls with a total seating capacity of 300 to be shared by all academic departments.

Site development will include planned pedestrian areas, vehicular access and circulation, and parking for approximately 90 vehicles.

The 75th Session of the Texas Legislature authorized \$26,500,000 of Tuition Revenue Bonds to be issued for U. T. Permian Basin. The U. T. Board of Regents has previously approved \$10,650,000 of Tuition Revenue Bonds for U. T. Permian Basin.

5. U. T. San Antonio - Recreation/Wellness Center (Project No. 401-958): Request for Approval of Design Development Plans; Approval of Total Project Cost; Appropriation and Expenditure of Funds; and Approval of Use of Revenue Financing System Parity Debt, Receipt of Parity Debt Certificate, and Finding of Fact with Regard to Financial Capacity (Withdrawn).--The item related to the proposed Recreation/Wellness Center at The University of Texas at San Antonio was withdrawn from consideration.

6. U. T. Tyler - Longview Higher Education Center (Project No. 802-949): Approval of Design Development Plans; Approval of Total Project Cost; Appropriation of Funds and Authorization of Expenditure; and Approval of Use of Revenue Financing System Parity Debt, Receipt of Parity Debt Certificate, and Finding of Fact with Regard to Financial Capacity.--Following opening remarks by President Mabry, Mr. Philip Thacker, representing the Project Architect, Thacker Architects Incorporated, Longview, Texas, presented the design development plans for the Longview Higher Education Center at The University of Texas at Tyler to the Facilities Planning and Construction Committee.

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

- a. Approved design development plans for the U. T. Tyler - Longview Higher Education Center
- b. Approved a total project cost of \$5,000,000
- c. Appropriated funds and authorized expenditure of \$4,000,000 from Tuition Revenue Bond Proceeds issued under the Revenue Financing System and \$1,000,000 from Gifts and Grants for total project funding.

In compliance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System (the "Master Resolution"), adopted by the U. T. Board of Regents on February 14, 1991, and amended on October 8, 1993, and

August 14, 1997, and upon delivery of the Certificate of an Authorized Representative as set out on Page 72, the Board resolved that:

- a. Parity Debt shall be issued to pay the project's cost including any costs 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. component institutions, which are "Members" as such term is used in the Master Resolution, possess the financial capacity to satisfy their 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 aggregate amount of \$4,000,000
- d. This resolution satisfies the official intent requirements set forth in Section 1.150-2 of the U. S. Treasury Regulations.

The U. T. Tyler - Longview Higher Education Center is included in the FY 1998-2003 Capital Improvement Program and the FY 1998 and FY 1999 Capital Budget at a preliminary project cost of \$5,000,000. The Center will provide approximately 24,000 gross square feet of new construction in Longview, Texas, to house network-ready classrooms, a technology library, faculty and support staff offices, network file servers, and interactive video access. Site development will include planned pedestrian areas, vehicular access and circulation, parking for approximately 200 vehicles, and infrastructure development.

The 75th Session of the Texas Legislature authorized \$9,500,000 of Tuition Revenue Bonds to be issued for U. T. Tyler, and the Board has previously approved \$5,500,000 of the total \$9,500,000 for U. T. Tyler.

Committee Chairman Clements noted that part of the thrust of the Facilities Planning and Construction Committee is to have architectural integrity on all the U. T. System campuses and ensure consistency and conformity in campus development and noted that the Committee rejected the initial design development plans for the Longview Higher Education Center as it was determined that the architectural design was not appropriate to East Texas. The architect was asked to redesign the project, and the new design development plans as presented to and approved by the Board are in accordance with recommendations of the Facilities Planning and Construction Committee.

Chairman Evans and Regent Riter complimented the Facilities Planning and Construction Committee for its efforts to assure each component campus develops an expansion and architectural master plan which will ensure consistency and conformity in campus development.

See related item on Page 43.

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, (the "Master Resolution"), adopted by the U. T. Board of Regents ("Board") on February 14, 1991, and amended on October 8, 1993, and August 14, 1997, do hereby execute this certificate for the benefit of the Board pursuant to Section 5(a)(ii) of the Master Resolution in connection with the authorization by the Board to issue "Parity Debt" to finance the construction cost of the U. T. Tyler **Longview** Higher Education Center, and do certify that to the best of my knowledge, the Board is in compliance with and not in default of any terms, provisions, and conditions in the Master Resolution, the First Supplemental Resolution Establishing the Revenue Financing System Commercial Paper Program, ("First Supplemental"), the Second Supplemental Resolution, the Third Supplemental Resolution, the Fourth Supplemental Resolution, the Fifth Supplemental Resolution, the Sixth Supplemental Resolution, and the Seventh Supplemental Resolution.

EXECUTED this 7 day of October, 1998

Pamela K. Clayton
Assistant Vice Chancellor for Finance

7. U. T. Southwestern Medical Center - Dallas - North Campus Expansion - Phase III (The Seay Biomedical Building) (Project No. 303-859): Incorporation of the North Campus Expansion - Phase III Finish Out and Approval of Total Project Cost.--In order to expedite the interior finish out of two Cancer Center Clinic floors in The Seay Biomedical Building by January 2000 and upon recommendation of the Facilities Planning and Construction Committee, the Board:
- a. Incorporated the North Campus Expansion - Phase III Finish Out project into the North Campus Expansion - Phase III project (The Seay Biomedical Building) at The University of Texas Southwestern Medical Center at Dallas
 - b. Approved a total project cost of \$80,000,000.

In August 1998, the Board approved design development plans, a total project cost of \$28,000,000, and appropriation of funds of \$21,000,000 from Revenue Financing System Bond Proceeds and \$7,000,000 from Tuition Revenue Bonds for the North Campus Expansion - Phase III Finish Out project. The scope of the project work consists of interior construction of five floors of The Seay Biomedical Building, including two floors assigned to Cancer Center Clinics.

The U. T. Southwestern Medical Center - Dallas North Campus Expansion - Phase III project (The Seay Biomedical Building) is currently under construction and is expected to be completed in November 1999.

Combining the two projects will provide the flexibility to cover all work in one construction contract in order to complete construction of the two Cancer Center Clinic floors by January 2000.

The North Campus Expansion - Phase III project and the North Campus Expansion - Phase III Finish Out project at U. T. Southwestern Medical Center - Dallas are included in the FY 1998-2003 Capital Improvement Program and the FY 1998 and FY 1999 Capital Budget with project costs of \$52,000,000 and \$28,000,000, respectively.

Approval of this item amends the FY 1998-2003 Capital Improvement Program and the FY 1998 and FY 1999 Capital Budget to revise the total project cost of the North Campus Expansion - Phase III project to \$80,000,000, with funding of \$29,900,000 from Revenue Financing System Bond Proceeds, \$20,000,000 from Permanent University Fund Bond Proceeds, \$10,100,000 from Gifts and Grants, and \$20,000,000 from Tuition Revenue Bonds.

In addition, the FY 1998-2003 Capital Improvement Program and the FY 1998 and FY 1999 Capital Budget will be amended to delete the U. T. Southwestern Medical Center - Dallas North Campus Expansion - Phase III Finish Out project.

8. U. T. Southwestern Medical Center - Dallas: Approval to Amend the FY 1998-2003 Capital Improvement Program and FY 1998 and FY 1999 Capital Budget to Include Radiation Oncology Center Project.--The Board, upon recommendation of the Facilities Planning and Construction Committee, amended the FY 1998-2003 Capital Improvement Program and the FY 1998 and FY 1999 Capital Budget to include the Radiation Oncology Center project at The University of Texas Southwestern Medical Center at Dallas at a preliminary project cost of \$10,000,000, with funding from Hospital and Contract Revenues.

The North Campus Expansion - Phase III project (The Seay Biomedical Building) at U. T. Southwestern Medical Center - Dallas is currently under construction and is expected to be completed in November 1999. Included in this building is a Comprehensive Cancer Center. The administration of U. T. Southwestern Medical Center - Dallas determined the success of the Cancer Center was dependent upon the functional integration of radiation therapy facilities. Previous negotiations with a third party to construct and operate a Radiation Oncology Center (including proton therapy) near the North Campus have been unsuccessful. Therefore, the construction and operation of the facility will be accomplished without third party assistance as an addition to The Seay Biomedical Building.

The new Radiation Oncology Center will be added to the east end of The Seay Biomedical Building and integrated with other Cancer Center facilities. Design of The Seay Biomedical Building, approved at the August 8, 1996 meeting of the U. T. Board of Regents, includes provisions

for the possible addition of a radiation therapy facility. The radiation facility will include four treatment bays, appropriate support treatment and planning space, and offices for the Department of Radiation Oncology. The building is planned to incorporate approximately 30,000 gross square feet with a project cost of approximately \$10,000,000.

Approval of this item amends the FY 1998-2003 Capital Improvement Program and the FY 1998 and FY 1999 Capital Budget to include the Radiation Oncology Center at U. T. Southwestern Medical Center - Dallas at a preliminary project cost of \$10,000,000, with funding from Hospital and Contract Revenues.

9. U. T. Medical Branch - Galveston: Amendment of the FY 1998-2003 Capital Improvement Program and the FY 1998 and FY 1999 Capital Budget to Include BSL-4 Laboratory Facility.--During the past decade, The University of Texas Medical Branch at Galveston has developed a strong program in infectious disease research. Several faculty members have research interests in emerging and reemerging infectious diseases, including those caused by biosafety level 4 (BSL-4) agents. Consequently, the U. T. Medical Branch - Galveston is in the position of having an internationally recognized group of emerging infectious disease researchers at a time when this subject is of critical public health importance and interest.

In order to promote infectious disease research and training and to take full advantage of the many new funding opportunities in the area of emerging diseases, the Board, upon recommendation of the Facilities Planning and Construction Committee, amended the FY 1998-2003 Capital Improvement Program and the FY 1998 and FY 1999 Capital Budget to include the BSL-4 Laboratory Facility at U. T. Medical Branch - Galveston at a preliminary project cost of \$7,500,000 from Gifts and Grants.

This project will include construction of a three-story addition to the existing Keiller Building as well as some renovation work within the building to accommodate the addition. The combination of new work and renovation work will be less than 12,000 gross square feet. Funding of \$7,500,000 for this project has been secured from The Sealy & Smith Foundation.

Approval of this item amends the FY 1998-2003 Capital Improvement Program and the FY 1998 and FY 1999 Capital Budget to include the BSL-4 Laboratory Facility project at the U. T. Medical Branch - Galveston at a preliminary project cost of \$7,500,000, with funding from Gifts and Grants.

10. U. T. Health Science Center - Houston - Nursing and Biomedical Sciences Building (Project No. 701-967): Approval of Preliminary Project Cost and Appropriation of Funds.--The Facilities Planning and Construction Committee recommended and the Board:

- a. Approved a preliminary project cost for the Nursing and Biomedical Sciences Building at The University of Texas Health Science Center at Houston of \$63,700,000, with funding of \$10,000,000 from Gifts and Grants, \$17,500,000 from Tuition Revenue Bond Proceeds, \$32,500,000 from Revenue Financing System Bond Proceeds, and \$3,700,000 from Institutional Funds
- b. Appropriated \$3,700,000 from Institutional Funds and \$3,000,000 from Gifts and Grants.

The Nursing and Biomedical Sciences Building project at the U. T. Health Science Center - Houston is included in the FY 1998-2003 Capital Improvement Program and the FY 1998 and FY 1999 Capital Budget at a preliminary project cost of \$60,000,000. Included in this project cost is \$3,000,000 of funds allotted for renovation work to the Speech and Hearing Institute Building. Upon further review, it has been determined that this amount is sufficient to complete renovation of the infrastructure of the building but does not allow for renovation of the entire facility.

The Nursing and Biomedical Sciences Building project will be completed in two stages. The first stage will be the renovation of the Speech and Hearing Institute at an estimated project cost of \$6,700,000. Completion of the renovation of the Speech and Hearing Institute Building will accomplish two main objectives. First, it will enable the relocation of the Human Genetics Center out of the Graduate School of Biomedical Sciences, clearing the way for the demolition of that building and subsequent construction of the new Nursing and Biomedical Sciences

Building on that site. Second, completion of this renovation work will serve to accommodate the growth of the Medical School's funded research.

The second stage will be the new Nursing and Biomedical Sciences Building at an estimated project cost of \$57,000,000. Because of the interdependency of these two stages of work, both stages will be executed under one construction manager-at-risk contract.

Appropriation of \$6,700,000 is necessary at this time in order to complete the Stage 1 renovation work. The project schedule will require the Chancellor's approval of design development documents and authorization to expend funds prior to February 1999.

Approval of this item amends the FY 1998-2003 Capital Improvement Program and the FY 1998 and FY 1999 Capital Budget for the Nursing and Biomedical Sciences Building at U. T. Health Science Center - Houston at a preliminary project cost of \$63,700,000, with funding of \$10,000,000 from Gifts and Grants, \$17,500,000 from Tuition Revenue Bond Proceeds, \$32,500,000 from Revenue Financing System Bond Proceeds, and \$3,700,000 from Institutional Funds.

11. U. T. M.D. Anderson Cancer Center: Approval to Amend the FY 1998-2003 Capital Improvement Program and the FY 1998 and FY 1999 Capital Budget to Include Hospital Food Service Kitchen Renovation Project and Appropriation of Funds.--The existing kitchen at The University of Texas M.D. Anderson Cancer Center was constructed approximately 26 years ago and the design was based upon traditional hospital food service and inpatient populations for that time. The new concepts of food service now need to be incorporated into the kitchen design, along with general renovation and repair work.

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

- a. Amended the FY 1998-2003 Capital Improvement Program and the FY 1998 and FY 1999 Capital Budget to include the Hospital Food Service Kitchen Renovation at U. T. M.D. Anderson Cancer Center
- b. Appropriated funds of \$1,200,000 from Hospital Revenues for total project funding.

The Hospital Food Service Kitchen Renovation project will include installing new kitchen equipment and updating some existing equipment, installing gas service, installing new ceiling grid and tile, patching and recoating the epoxy floor, installing new sinks, and reworking the fire alarm and sprinkler system.

This renovation project will be managed by U. T. M.D. Anderson Cancer Center and will proceed as allowed by the Regents' Rules and Regulations, Part Two, Chapter VIII, Section 3, Subsection 3.1, relating to Minor Construction and Repair and Rehabilitation Projects.

Approval of this item amends the FY 1998-2003 Capital Improvement Program and the FY 1998 and FY 1999 Capital Budget to include the Hospital Food Service Kitchen Renovation at U. T. M.D. Anderson Cancer Center at a total project cost of \$1,200,000, with funding from Hospital Revenues.

12. U. T. M.D. Anderson Cancer Center - Mid-Campus Land Acquisitions: Authorization to (a) Amend the FY 1998-2003 Capital Improvement Program and the FY 1998 and FY 1999 Capital Budget to Include Project, (b) Appropriate Funds Therefor, (c) Acquire Certain Land Parcels, (d) Seek Legislative Action to Create a Real Estate Acquisition District, (e) Submit the Purchases to the Coordinating Board for Approval, and (f) Approval for the Executive Vice Chancellor for Business Affairs or the Executive Director of Real Estate to Execute All Documents Related Thereto.--At its meetings in December 1989, April 1990, and February 1995, the Board authorized the acquisition of various noncontiguous tracts of real property totaling 23.29 acres located between Braeswood Road and Old Spanish Trail in Houston, Harris County, Texas. This acreage was authorized for purchase to provide The University of Texas M.D. Anderson Cancer Center with a long-term expansion area and to create a transportation corridor to the 105 acres located south of Old Spanish Trail and owned by U. T. M.D. Anderson Cancer Center and The University of Texas Health Science Center at Houston. The Board concurred that U. T. M.D. Anderson Cancer Center's long-term acquisition plan should move south to block up additional parcels for future development. Of the 18.88 acres purchased to date, approximately .47 acres of noncontiguous tracts were determined to provide no long-term benefit and were subsequently sold.

In order to provide sizable building sites by assembling several key parcels adjacent to lands already owned by U. T. M.D. Anderson Cancer Center, the Facilities Planning and Construction Committee recommended and the Board:

- a. Amended the FY 1998-2003 Capital Improvement Program and the FY 1998 and FY 1999 Capital Budget to include a project entitled Mid-Campus Land Acquisitions for U. T. M.D. Anderson Cancer Center
- b. Appropriated \$6,500,000 from Institutional Funds of U. T. M.D. Anderson Cancer Center to fund the land acquisitions
- c. Authorized the acquisition of strategic land parcels (see Exhibit A on Pages 81 - 82) at fair market value, as determined by an independent fair market appraisal, when the parcels become available and offered for sale
- d. Granted approval to seek legislative action that will create a real estate acquisition district for U. T. M.D. Anderson Cancer Center
- e. Granted approval to submit the land acquisitions to the Texas Higher Education Coordinating Board for approval, if necessary
- f. Authorized the Executive Vice Chancellor for Business Affairs or the Executive Director of Real Estate to take all steps necessary to acquire the property, to execute all documents, instruments, and other agreements related to such acquisitions, and to take all such actions deemed necessary or desirable to carry out the purpose and intent of the foregoing actions.

This acquisition is included in the master plan for U. T. M.D. Anderson Cancer Center. Proposed uses for the assembled parcels are to provide clinical support facilities such as outpatient testing labs, experimental treatment facilities, and auxiliary operations.

The parcels also provide a potential route for a people-mover system which would connect remote parking areas and the south campus to the main campus. Such a system has been proposed as a more economical alternative to additional parking garages and would reduce increased traffic congestion in the main campus area.

Approval of this project amends the FY 1998-2003 Capital Improvement Program and the FY 1998 and FY 1999 Capital Budget to include the project, and Institutional Funds in the amount of \$6,500,000 will be used to fund the land acquisitions.

EXHIBIT A

The Board of Regents of The University of Texas System is hereby authorized to acquire by purchase, exchange, gift, or otherwise, for campus expansion and for other University purposes, all or any part of the land described below that is located in the City of Houston, Harris County, Texas, and that the Board of Regents has not already acquired:

1. All land in the P. W. Rose Survey, Abstract No. 645, Houston, Harris County, Texas, that is bounded by Fannin, Cecil, and Lehall Streets and Braeswood Boulevard, including, without limitation, all lots within Blocks 1 and 2, University Park Addition, according to the map or plat thereof recorded in Volume 450, Page 564 of the Deed Records of Harris County, Texas, and all adjacent strips, gores, streets, alleys, alleyways, thoroughfares, and real property, whether or not vacated, specifically including, but not limited to, Lyndon, Lehall, and Cecil Streets, SAVE AND EXCEPT all such real property previously acquired by the Board of Regents and SAVE AND EXCEPT Lots 1 through 6, inclusive, and Lots 27 and 28 in Block 2, University Park Addition.
2. All of Blocks 16, 17, 19, 20, 21, and 22, Institute Addition, according to the map or plat thereof recorded in Volume 3, Page 5 of the Map Records of Harris County, Texas, and all adjacent strips, gores, streets, alleys, alleyways, thoroughfares, and real property, whether or not vacated, specifically including, but not limited to, Cecil, Selma, St. Agnes, Eaton and Princeton Streets and Braeswood Boulevard, SAVE AND EXCEPT all such real property previously acquired by the Board of Regents.
3. Approximately 1.0447 acres, or 45,505 square feet, more or less, of land in the P. W. Rose Survey, Abstract No. 645, Houston, Harris County, Texas, said tract being more particularly described by metes and bounds in the Warranty Deed dated effective June 26, 1987, recorded in the Real Property Records of Harris County, Texas, under Clerk's File No. L195838, together with all adjacent strips or gores of real estate.
4. Approximately 39,540 square feet out of the P. W. Rose Survey, Abstract No. 645, Houston, Harris County, Texas, said tract being more particularly described by metes and bounds in the Special Warranty Deed dated May 22, 1987, recorded in the Real Property Records of Harris County,

Texas, under Clerk's File No. L184468, together with all adjacent strips or gores of real estate, and together with any right, title and interest in the land lying between the above described 39,540 square foot tract of land and the center line of Wyndale Drive.

5. All property located south of Old Spanish Trail, north of El Paseo Street, west of Cambridge Street and east of Fannin Street in Houston, Harris County, Texas, that is now owned by the United States of America and is described in the Judgment on Declaration of Taking dated July 14, 1947, recorded in Volume 1624, Page 627 of the Deed Records of Harris County, Texas, together with all adjacent strips or gores of real estate.
6. All of the land that is bounded on the south by Braeswood Boulevard, on the west by the property described in the deed to Homegate Hospitality, Inc., recorded in S376020 of the Deed Records of Harris County, Texas, and on the east by the property described in the deed to the Board of Regents recorded in M54663 of the Deed Records of Harris County, Texas. (NOTE: This property description will be revised upon receipt of a satisfactory legal description of the property.)
7. All of the land, if any, that is bounded on the north by Old Spanish Trail, on the east by the property described in the deed to Development Associates recorded in R419785 of the Deed Records of Harris County, Texas, and on the west by the property that is currently owned by the United States of America and that is described in the Judgment on Declaration of Taking dated July 14, 1947, recorded in Volume 1624, Page 627, Deed Records of Harris County, Texas. (NOTE: This property description will be revised upon receipt of a satisfactory legal description of the property.)
8. All of the land, if any, not previously acquired by the Board of Regents that is bounded on the north by Old Spanish Trail, on the west by the property described in the deed to the Board of Regents recorded in G816737 and G816738 of the Deed Records of Harris County, Texas, and on the east by the property that is currently owned by the United States of America and that is described in the Judgment on Declaration of Taking dated July 14, 1947, recorded in Volume 1624, Page 627, Deed Records of Harris County, Texas. (NOTE: This property description will be revised upon receipt of a satisfactory legal description of the property.)

* * * * *

At the conclusion of the Facilities Planning and Construction Committee meeting, Committee Chairman Clements reported that since the last regular meeting the Chancellor had approved three (3) general construction contracts totaling \$15,413,000 which included participation of 26.5% by Historically Underutilized Businesses, 21% by women-owned firms and 5.5% by minority-owned firms. In addition, three (3) architect/engineer contracts totaling \$2,823,000 have been awarded since the last meeting, with participation of 7.7% by Historically Underutilized Businesses, 5% by women-owned firms and 2.7% by minority-owned firms.

Chairman Evans expressed appreciation to all committee chairmen for the amount of time the committees devote to respective issues and noted that, without their leadership, the Board would not be as effective and efficient as it is.

RECONVENE.--At 11:10 a.m., the Board reconvened as a committee of the whole to consider those items remaining on the agenda.

ITEMS FOR THE RECORD

1. U. T. System: Report on Status of Degree Programs and Academic Organization Requests Approved by the U. T. Board of Regents and Submitted to the Texas Higher Education Coordinating Board for the Period September 1, 1997 Through August 31, 1998.--Following is a report for the record on the status of degree programs and academic organization requests within The University of Texas System which have been approved by the U. T. Board of Regents for submission to the Texas Higher Education Coordinating Board. Included are items which have been acted upon by the Coordinating Board since September 1, 1997, or were still pending before the Coordinating Board as of August 31, 1998. Four regular Coordinating Board meetings have occurred since the last report. Full approval has been given for 13 programs and administrative change requests, eight requests are now pending, and two have been withdrawn.

- a. Degree Programs and Academic Administrative Changes Approved by the Coordinating Board for Implementation

U. T. Arlington

Ph.D. in English
Ph.D. in History
Ph.D. in Linguistics

U. T. Dallas

M.S. in Applied Economics
M.S. in Geographic Information Sciences

U. T. Pan American

M.A. in Criminal Justice (Joint Program with U. T. Brownsville)
M.S.N. with a Major in Nursing and a Program in Family Nurse Practitioner

U. T. San Antonio

Ed.D. in Educational Leadership

U. T. Southwestern Medical Center - Dallas

Revised Allied Health Sciences School's Mission
Statement to include the M.S. in Physical Therapy
Ph.D. in Integrative Biology

U. T. Health Science Center - Houston

M.P.H. through satellite program at U. T.
Southwestern Medical Center - Dallas
M.S. in Health Informatics

U. T. Health Science Center - San Antonio

Master of Occupational Therapy (M.O.T.) with a
Major in Occupational Therapy

- b. Requests Approved by the U. T. Board of Regents and Pending
with the Coordinating Board

U. T. Brownsville

B.S. in Allied Health
M.A. in History

U. T. Dallas

M.A. and M.S. in Applied Sociology
M.S. in Medical Management
B.A. in Crime and Justice Studies

U. T. El Paso

Ph.D. in History

U. T. Pan American

Ed.D. in Educational Leadership (Step III)

U. T. San Antonio

Ph.D. in Culture, Literacy, and Language

- c. Items Approved by the U. T. Board of Regents,
Sent to the Coordinating Board, and Subsequently
Withdrawn by the Institution

U. T. Arlington

M.S. in Health Care Administration

U. T. Brownsville

B.S. in Health Promotion

2. U. T. System: Report on Status of Administratively Approved
Academic Program Changes for the Period September 1, 1997
Through August 31, 1998.--In accordance with Regentally
approved guidelines, the Executive Vice Chancellor for Health
Affairs and the Vice Chancellor
for Academic Affairs are authorized to forward certain
academic program changes to the Texas Higher Education
Coordinating Board for approval at the staff level, subject
to periodic reporting to the U. T. Board of Regents for the
record. These changes, considered to
be "nonsubstantive" according to the Coordinating Board's
terminology, must be consistent with institutional Tables of
Programs approved by the U. T. Board of Regents and the
Coordinating Board. Four regular Coordinating Board meetings
have occurred since the last report.

Full approval of 30 such nonsubstantive requests for
nine of The University of Texas System component institu-
tions has been granted by the staff of the Coordinating Board
during the period from September 1, 1997 through August 31,
1998, as follows:

U. T. Arlington (1 item)

1. Changed the name of the M.S. in Personnel and Human
Resource Management to the M.S. in Human Resource
Management

U. T. Austin (12 items)

2. Established a B.S. in Public Relations
3. Established Doctoral Portfolio Certificates in
Gerontology, Presidential Studies, and Women's Studies

4. Divided the Department of Speech into the Department of Speech Communication and the Department of Communication Sciences and Disorders
5. Moved B.S. in Interior Design from College of Natural Sciences to School of Architecture
6. Established the Department of American Studies
7. Changed the name of the M.S. in Engineering with Major in Environmental Health Engineering to a Major in Environmental and Water Resources Engineering
8. Changed degree designation of Bachelor in Science in Engineering degree with a Major in Geosystems Engineering and Hydrogeology to Bachelor of Science degree with a Major in Geosystems Engineering and Hydrogeology
9. Changed name of Department of Germanic Languages to Department of Germanic Studies
10. Changed name of M.A. in Post-Soviet and East European Studies to M.A. in Russian, East European and Eurasian Studies
11. Changed name of M.S. in Commercialization of Science and Technology to M.S. in Science and Technology Commercialization
12. Changed name of M.A. and Ph.D. in Slavic Languages to M.A. and Ph.D. in Slavic Languages and Literature
13. Combined Mental Health and Chemical Dependency Services and Children and Family Services concentrations to form M.S. in Social Work

U. T. Brownsville (1 item)

14. Changed name of Department of Office Occupations in the School of Business to Department of Business Technology

U. T. Dallas (3 items)

15. Established B.S. and M.S. in Telecommunications Engineering
16. Established Software Engineering Major within Computer Science M.S. (Note: Originally considered as a substantive proposal and reported on last year's report as such.)

17. Authorized Flextime Scheduling Option for International Management Studies, M.A. (MIMS)

U. T. Pan American (2 items)

18. Abandoned Associate Degree in Nursing program
19. Changed B.S. in Criminal Justice from "Broad Field without Minor" to "Major with Minor"

U. T. San Antonio (5 items)

20. Established Business in the United States, MBA Certificate
21. Established M.A. in Counseling
22. Established B.S. in Business Administration
23. Deleted Molecular Toxicology Program (Led to the M.S. Degree with Major in Biotechnology)
24. Deleted Quantitative Biology Program (Led to M.S. Degree with Major in Biotechnology)

U. T. Medical Branch - Galveston (4 items)

25. Established Department of Health Care and Information Administration
26. Established a receiving site at the Harris Methodist Hospital in Fort Worth to offer the Program in Neonatal Nurse Practitioner leading to the M.S. in Nursing Degree via distance education
27. Established the B.S. in Nursing Degree (BSN-RN) at Wilford Hall Medical Center, Lackland Air Force Base, San Antonio, to be offered via distance education
28. Changed the name of the Department of Medical Technology to the Department of Clinical Laboratory Sciences and changed the name of the Bachelor of Science in Medical Technology (BSMT) Degree with a Major in Medical Technology to a Bachelor of Science (B.S.) Degree with a Major in Clinical Laboratory Sciences

U. T. Health Science Center - Houston (1 item)

29. Established a Collaborative, Dual Degree Program leading to the M.S. in Nursing (MSN) Degree and the Master of Public Health (M.P.H.) Degree between the U. T. Health Science Center - Houston School of Public Health and the U. T. Health Science Center - San Antonio School of Nursing

U. T. Health Science Center - San Antonio (1 item)

30. Established a receiving site at Sul Ross State University Rio Grande Campus to offer via distance education a B.S. in Nursing (BSN) Degree Program

3. U. T. San Antonio: Appointment of Advisory Committee for the Selection of a Chief Administrative Officer (President).--The membership of the Advisory Committee for the Selection of a Chief Administrative Officer (President) for The University of Texas at San Antonio is herewith reported for the record. This Committee has been constituted pursuant to the Regents' Rules and Regulations, Part One, Chapter II, Section 13.

Advisory Committee for the Selection
of a Chief Administrative Officer
for
The University of Texas at San Antonio

System Administration Representatives

Chancellor William H. Cunningham
Vice Chancellor for Academic Affairs Edwin R. Sharpe
(Chairman)

Board of Regents

Regent Tom Loeffler
Regent A. R. (Tony) Sanchez, Jr.

Chief Administrative Officers

Dr. Juliet V. Garcia, President, The University of
Texas at Brownsville
Dr. Diana S. Natalicio, President, The University of
Texas at El Paso

Faculty Representatives

Dr. Jeanne Reesman, Professor of English, Office of Graduate Studies
Dr. Betty Travis, Associate Professor of Mathematics, Division of Mathematics and Statistics
Dr. Arturo Vega, Associate Professor of Political Science, Division of Social and Policy Sciences

Dean

Dr. Dwight F. Henderson, Dean, College of Social and Behavioral Sciences

Student Representatives

Mr. Eric Denton, Division of Accounting and Information Systems, Student Government President
Ms. Elizabeth Purkey, Division of Behavioral and Cultural Sciences

Alumni Association Representative

Ms. Ingrid Barth Faris, President, The University of Texas at San Antonio Alumni Association

Nonfaculty Employees

Ms. Evonn Hansen, Student Development Specialist, U. T. San Antonio Downtown Campus
Ms. Karen M. Whitney, Associate Vice President for Student Affairs, Office of Student Affairs

Community/External Representatives

Mr. Tom C. Frost
Mr. Heriberto "Berto" Guerra
Mrs. Aaronetta Pierce

4. U. T. Health Science Center - San Antonio: Biosciences Initiative - Report on Execution of Documents Relating to Full Release of Lien on Texas Research and Technology Foundation Property in the Texas Research Park.--In accordance with authority granted by the U. T. Board of Regents in February 1988, Chairman Evans reported that on October 19, 1998, he executed, on behalf of the Board, a Full Release of Lien that the Board holds on certain property in the Texas Research Park located in Bexar and Medina Counties, Texas.

This Lien was established through a Deed of Trust executed in April 1988 by Trustees of the Texas Research and Technology Trust to secure part of the financial commitment (\$6,000,000) of the Texas Research and Technology Foundation to the San Antonio Biosciences Initiative. The Foundation granted The University of Texas System a lien on approximately 712 acres of land in the Texas Research Park. A partial release of lien on 254 acres was approved by the U. T. Board of Regents in August 1993. The final monetary obligation of the Foundation has been fully satisfied in a timely fashion, and the Board's lien on the remaining 458 acres has now been released.

The San Antonio Biosciences Initiative resulted in the construction of the Hayden Head Building and the McDermott Clinical Science Building at The University of Texas Health Science Center at San Antonio for which Permanent University Fund Bond Proceeds were advanced with a commitment for repayment by the Texas Research and Technology Foundation.

REPORT OF BOARD FOR LEASE OF UNIVERSITY LANDS

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

Report

The Board for Lease of University Lands met on Wednesday, July 29, 1998, in the Regents' Meeting Room on the ninth floor of Ashbel Smith Hall in Austin, Texas, for a general business meeting and to award leases for Frontier Oil and Gas Lease Sale No. 93-A1. Bids were opened at the Center for Energy and Economic Diversification in Midland, Texas, on Tuesday, July 28, 1998.

Following is a report on the results of Frontier Oil and Gas Lease Sale No. 93-A1:

289,822.500 acres (414 tracts) of Permanent University Fund lands in Hudspeth County were leased, 705 total bids were received (414 high bids and 291 low bids), and bonuses in the amount of \$1,970,575 were paid.

Following is a report on the July 29, 1998, general business meeting:

- a. Approved the Minutes of the June 16, 1998, meeting of the Board for Lease
- b. Provided an update regarding Regular Oil and Gas Lease Sale No. 94 and Frontier Oil and Gas Lease Sale No. 94-A scheduled for Wednesday, November 18, 1998
- c. Discussed scheduling of working session of the Board for Lease regarding lease review.

The Board for Lease of University Lands met on Monday, September 28, 1998, on the ninth floor of Ashbel Smith Hall in Austin, Texas, for a general business meeting.

Following is a report on the September 28, 1998, general business meeting:

- a. Approved the Minutes of the July 29, 1998, meeting of the Board for Lease
- b. Approved change in bid basis for sour crude oil in the Oil Royalty In-Kind Program
- c. Approved new lease language describing when a reduced royalty rate is earned, adjusted periods for earning reduced royalty, and increased delay rentals to \$25/acre for years 4 and 5
- d. Discussed continuing the current semiannual lease sale schedule. No action necessary.

The next meeting of the Board for Lease of University Lands and lease awards for Regular Oil and Gas Lease Sale No. 94 and Frontier Oil and Gas Lease Sale No. 94-A is scheduled in the Regents' Meeting Room on the ninth floor of Ashbel Smith Hall in Austin, Texas, on Wednesday, November 18, 1998. Bids will be opened at the Center for Energy and Economic Diversification in Midland, Texas, on Tuesday, November 17, 1998.

OTHER BUSINESS

U. T. Board of Regents: Comments by Chairman Evans and Regent Sanchez Related to Lower Rio Grande Valley Regional Academic Health Center (RAHC).--Chairman Evans noted that this had been an historic meeting of the Board given the selection of the sites for the Lower Rio Grande Valley Regional Academic Health Center (RAHC). He stated that the decisions made yesterday (November 11) related to the RAHC constitute the beginning of a dramatic new era in health education, research, and other services in this critically important region of Texas. On behalf of the Board, Chairman Evans expressed appreciation to Regent Sanchez for his leadership role in carrying out the mission of gathering information and communicating with all relevant parties related to the RAHC. He noted that the long-term success of the RAHC is dependent on the continued growth of strong partnerships with communities throughout South Texas and the U. T. System is firmly committed to the development of these collaborative relationships for the benefit of all the people of the region.

Regent Sanchez expressed appreciation to Vice-Chairman Loeffler, Chancellor Cunningham, Executive Vice Chancellor Mullins, Vice Chancellor Guckian, and President Howe for their dedication and insightful contributions on how best to organize and locate the RAHC so that it is able to meet the needs of the people of the Lower Rio Grande Valley and noted that without their help, the RAHC would not have happened.

Chairman Evans also expressed appreciation to the U. T. System staff for their hard work and assistance in developing the excellent plan for the RAHC.

In closing, Chancellor Cunningham thanked Regent Sanchez for supporting the staff.

See Page 3 related to action on the Regional Academic Health Center.

SCHEDULED MEETING. --Chairman Evans announced that the next scheduled meeting of the U. T. Board of Regents would be held on February 10-11, 1999, at The University of Texas at Austin.

ADJOURNMENT. --There being no further business, the meeting was adjourned at 11:15 a.m.

Francie A. Frederick

Francie A. Frederick
Executive Secretary

November 20, 1998