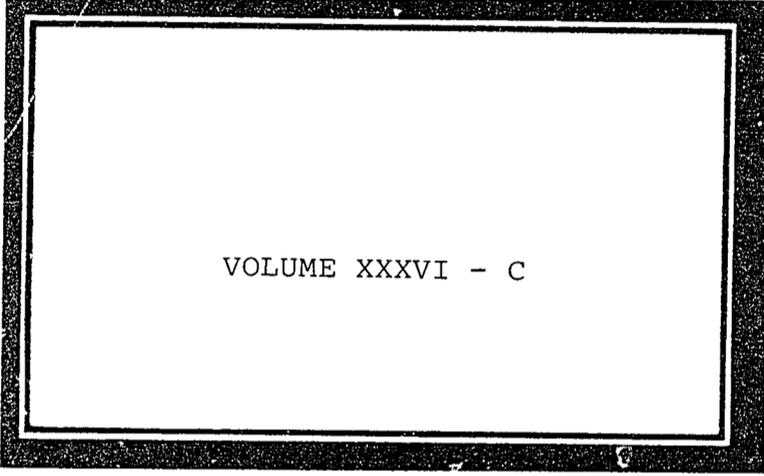


Meeting No. 838

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



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Austin, Texas

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 OF
 THE UNIVERSITY OF TEXAS SYSTEM
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MEETING NO. 838

THURSDAY, FEBRUARY 9, 1989.--The members of the Board of Regents of The University of Texas System convened in regular session at 11:05 a.m. on Thursday, February 9, 1989, in the Regents' Meeting Room on the ninth floor of Ashbel Smith Hall in Austin, Texas, with the following in attendance:

ATTENDANCE.--

<u>Present</u>	<u>Absent</u>
Chairman Blanton, presiding	
Vice-Chairman Ratliff	
Vice-Chairman Roden	
Regent Baldwin	
Regent Barshop	
Regent Beecherl	
Regent Hay	
Regent Moncrief	
Regent Yzaguirre	

Executive Secretary Dilly

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

Chairman Blanton announced a quorum present and called the meeting to order. He noted that the Board had invited as special guests to this meeting Governor Clements' appointees to the Board who were now in the confirmation process. Chairman Blanton welcomed Mr. Tom Loeffler and pointed out that Mr. Robert Cruikshank and Mario Ramirez, M.D., were unable to attend this meeting.

U. T. AUSTIN: APPEARANCE OF REPRESENTATIVES FROM THE WEST AUSTIN NEIGHBORHOOD GROUP AND OTHERS RELATED TO THE DEVELOPMENT PROPOSAL FOR THE BRACKENRIDGE TRACT.--Chairman Blanton reported that the Board had received a request from the West Austin Neighborhood Group and other concerned citizens to appear before the Board related to the development proposal for the Brackenridge Tract at The University of Texas at Austin which was on the agenda for consideration in Executive Session. He then recognized Dr. Stan Friedman, President of the West Austin Neighborhood Group, and asked him to be responsible for introducing the speakers representing that group.

Dr. Friedman expressed appreciation to the Board for the opportunity to present some additional information related to the Tract's development and recognized Mrs. Sally Shipman, Mayor Pro Tem of the City of Austin and a former member of the Austin Planning Commission, who is participating in the negotiations with the representatives of The University of Texas System.

It was noted that the U. T. Board of Regents had proposed that the City of Austin secure long-term control over the Lions Municipal Golf Course in return for a coterminous development agreement on other parts of the 450-acre Brackenridge Tract, most of which is on Lake Austin Boulevard west of Mopac. The proposed plan does not include specific development projects but sets procedures, limitations and standards that the University would follow as development occurred.

Dr. Friedman called on the following speakers to address the concerns of the neighborhood groups:

Mrs. Mary Arnold, Chairman of the Austin Planning Commission

Mrs. Daphne Vaughn, Vice President of the West Austin Neighborhood Group

Mr. Dudley Woodward Houghton, West Austin resident

Mrs. Sally Wittliff, former President of We Care Austin

Dr. Jonathan Markley, President of the Stratford Drive Community Association

Mr. Ken Manning, former member of the Austin Planning Commission and land specialist practicing law in Austin

Mr. Dick Kemp, President of the Austin Municipal Golfer's Association

The speakers summarized the same concerns that had been expressed to the Austin Planning Commission; namely, that the plan could:

1. Create unmanageable traffic problems
2. Allow a density of development incompatible with the neighborhood
3. Threaten the environment, especially the quality of water in Town Lake and Lake Austin, and
4. Diminish a quality of life for those residing in one of Austin's oldest and most established neighborhoods.

Mr. Dick Kemp addressed the importance of the Lions Municipal Golf Course and the ramifications of such a development plan on that piece of property.

Chairman Blanton introduced Harold Brumley, M.D., who discussed the existing lease for the West Austin Youth Association and noted that the Association deeply appreciated the Board's past cooperation and realized the Board could terminate that lease if the land was necessary to fulfill the Board's fiduciary obligations to increase the endowment income from that Tract.

Following these presentations, Chairman Blanton expressed gratitude to the speakers for setting the stage to reflect that this is not a City of Austin versus University of Texas situation and noted that the Board was pleased to have open communication with the group. He reemphasized that the Board does believe very heavily in being good stewards of its assets as well as a good neighbor.

Vice-Chairman Ratliff expressed appreciation for the dialogue and pointed out that the Board had never considered selling this property or turning over the development of the Tract to private enterprise without Board control. He reiterated that the current proposal is designed to give U. T. enough flexibility to develop the Tract over a long period of time and in the best interests of the University's academic programs. He pointed out that projects that damaged the environment would be inconsistent with those goals but failure to increase income from the Tract also would be inconsistent with the Board's duty to try to provide excellence for U. T. Austin. He stated that it was not in the U. T. System's best interests to pollute the environment or ravage the landscape or have a slipshod development that will destroy the residual value of the rest of the Tract. Vice-Chairman Ratliff noted that the Board was planning for a period of time far beyond any members of this Board and he could not imagine any Board taking the short-term view relating to the enduring value of the property.

Executive Vice Chancellor for Asset Management Patrick noted that the U. T. System would enter the current negotiations with a spirit of helpfulness and cooperation but that it was necessary, from the University's viewpoint, to have a development plan which would appropriately meet the Board's fiduciary responsibility to U. T. Austin. He emphasized that the continuation of the golf course lease was, indeed, in jeopardy and that the Board fully intended to have an agreement with the City of Austin approved in time for consideration at this session of the Legislature.

See Page 104 .

RECESS TO EXECUTIVE SESSION.--At 12:25 p.m., the Board recessed to convene in Executive Session pursuant to Vernon's Texas Civil Statutes, Article 6252-17, Sections 2(e), (f) and (g) to consider those matters set out in the Material Supporting the Agenda: litigation, land acquisition and personnel matters.

RECONVENE.--At 2:25 p.m., the Board reconvened in open session.

U. T. BOARD OF REGENTS: APPROVAL OF MINUTES OF REGULAR MEETING HELD ON DECEMBER 8, 1988.--Upon motion of Regent Barshop, seconded by Vice-Chairman Ratliff, the Minutes of the regular meeting of the Board of Regents of The University of Texas System held on December 8, 1988, in Austin, Texas, were approved as distributed by the Executive Secretary. The official copy of these Minutes is recorded in the Permanent Minutes, Volume XXXVI, Pages 722 - 1527.

SPECIAL ITEM

U. T. Board of Regents: Adoption of Resolution to Increase the Amount of General Revenue Subordinate Lien Notes--At the request of Chairman Blanton, Executive Vice Chancellor for Asset Management Patrick reviewed the recommendations related to the adoption of a resolution to increase the amount of the General Revenue Subordinate Lien Notes.

Based upon this presentation and upon motion of Regent Baldwin, seconded by Regent Beecherl, the Board approved an amendment to the Resolution dated August 13, 1987, wherein the amount of the General Revenue Subordinate Lien Notes was increased from \$20,000,000 to \$40,000,000.

Under the amended Resolution set out on Pages 5 - 7, the Board will continue to (a) authorize certain designated representatives to negotiate the terms of any Notes and (b) authorize the Chancellor or any Executive Vice Chancellor on behalf of the Board to execute and sell the Notes, provided that Note proceeds are used only to fund projects approved by the Board and that the aggregate principal amount of all Notes outstanding at any time shall not exceed \$40,000,000 (as amended).

The General Revenue Subordinate Lien Note program is designed to provide interim financing primarily for small non-PUF eligible projects such as parking, housing and student union facilities at component institutions of The University of Texas System. Notes are issued in \$1 million to \$5 million increments during the construction period at relatively low cost short-term interest rates. As Notes outstanding accumulate to an amount sufficient to generate economies of scale (\$30 million to \$50 million) or during periods of low interest rates, the Notes will be refinanced with a single fixed rate bond issue.

A RESOLUTION AMENDING A RESOLUTION ADOPTED BY THE BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM ON AUGUST 13, 1987 FOR THE PURPOSE, AMONG OTHERS, OF INCREASING TO \$40,000,000 THE AGGREGATE PRINCIPAL AMOUNT AT ANY ONE TIME OUTSTANDING OF OBLIGATIONS AUTHORIZED TO BE ISSUED TO PROVIDE INTERIM FINANCING TO PAY PROJECT COSTS FOR ELIGIBLE PROJECTS; AND AUTHORIZING INSTRUMENTS AND RESOLVING OTHER MATTERS INCIDENT TO SUCH AMENDMENT AND THE ISSUANCE, SALE, SECURITY AND DELIVERY OF OBLIGATIONS.

WHEREAS, on August 13, 1987, the Board of Regents of The University of Texas System (the "Board") adopted a resolution (the "1987 Resolution") approving and authorizing the issuance from time to time of its General Revenue Subordinate Lien Notes (the "Notes") in an aggregate principal amount at any one time outstanding of not to exceed \$20,000,000, to provide interim financing to pay certain costs and expenses incurred in relation to certain eligible projects to be acquired, purchased, constructed, improved, enlarged and/or equipped for and on behalf of any one or more of the institutions or branches thereof operated by or under the jurisdiction of the Board; and

WHEREAS, the Board heretofore has issued the following four series of Notes under the 1987 Resolution (the "Prior Notes"), which are currently outstanding in the following respective principal amounts:

<u>Series</u>	<u>Issuance Date</u>	<u>Amount Outstanding</u>
Series 1987A	August 24, 1987	\$1,025,000
Series 1988A	June 15, 1988	3,700,000
Series 1988B	October 11, 1988	5,000,000
Series 1989A	January 31, 1989	4,500,000

WHEREAS, Section 7.01 of the 1987 Resolution provides that the 1987 Resolution and the rights and obligations of the Board and of the holders of the Notes may be modified or amended for any purpose at any time by a supplemental resolution, with the prior written consent of the holders of the Notes; and

WHEREAS, the Board proposes to amend the 1987 Resolution for the purpose, among others, of increasing to \$40,000,000 the aggregate principal amount of Notes authorized to be outstanding at any one time; and

WHEREAS, the current registered owner of all the Prior Notes has been notified of, and has consented to, the proposed amendment of the 1987 Resolution, as required by Section 7.01 of the 1987 Resolution;

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

Section 1. Definitions. Except as expressly provided otherwise herein or unless the context shall indicate a contrary meaning or intent, the capitalized terms used in this Resolution shall have, for all purposes of this Resolution, the meanings assigned to such terms in the 1987 Resolution.

Section 2. General Authorization. Section 2.01 of the 1987 Resolution is hereby amended in its entirety to read as follows:

Section 2.01. General Authorization. Pursuant to authority conferred by and in accordance with the provisions of the Constitution and laws of the State of Texas, particularly the Acts, Notes shall be and are hereby authorized to be issued in an aggregate principal amount not to exceed FORTY MILLION DOLLARS (\$40,000,000) at any one time outstanding for the purpose of financing Project Costs of Eligible Projects and to refinance, renew, or refund Notes, including interest thereon, all in accordance with and subject to the terms, conditions, and limitations contained herein. For purposes of this Section 2.01, any portion of outstanding Notes to be paid from money on deposit in the Note Payment Fund or from the proceeds of Notes, Additional Notes, Priority Obligations or other obligations of the Board available for such purpose on the day of calculation shall not be considered outstanding.

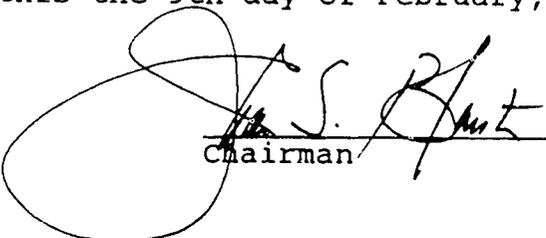
Section 3. Actions by Authorized Representatives. The Chairman of the Board, the Executive Secretary of the Board, any Assistant Secretary of the Board, the Authorized Representatives and the other officers of the Board hereby are authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all

documents they may deem necessary or advisable in order to carry out the intent and purpose of this Resolution in amending the 1987 Resolution, including but not limited to (i) giving any notices required by the 1987 Resolution, (ii) obtaining the written consent of the Holders of the Notes outstanding to the amendments made by this Resolution, and (iii) securing the approval of the Attorney General of the State of Texas to such amendments, if and as required by Section 7.01 of the 1987 Resolution and applicable law, and (iv) taking any such actions necessary to consummate the issuance, sale, and delivery of Notes as contemplated by the 1987 Resolution, as amended by this Resolution.

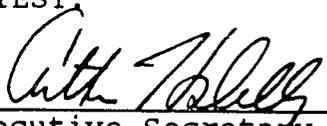
Section 4. Supplemental Resolutions; Ratification. Other than as permitted by Section 7.01 of the 1987 Resolution, the Board will not adopt any supplemental resolution pursuant to the 1987 Resolution, this Resolution or otherwise. The 1987 Resolution, as amended by this Resolution, is hereby ratified and reaffirmed, and shall remain in full force and effect, as so amended.

Section 5. Effective Date. The amendments to the 1987 Resolution made by this Resolution shall become valid and effective as of the date on which all conditions to changing, modifying or amending the 1987 Indenture, as set forth in Section 7.01 of the 1987 Resolution, are satisfied.

PASSED AND ADOPTED this the 9th day of February, 1989.


Chairman

ATTEST:


Executive Secretary

(Seal)

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RECESS FOR COMMITTEE MEETINGS AND COMMITTEE REPORTS TO THE BOARD.--At 2:30 p.m., the Board recessed for the meetings of the Standing Committees and Chairman Blanton 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 (Pages 9 - 57).--In compliance with Section 7.14 of Chapter I of Part One of the Regents' Rules and Regulations, Chairman Blanton reported to the Board for ratification and approval all actions taken by the Executive Committee since the last meeting. Unless otherwise indicated, the recommendations of the Executive Committee were in all things approved as set forth below:

1. U. T. Austin: Approval of Sponsored Research Agreement and Ancillary Equipment Loan Agreement with International Business Machines Corporation (IBM), Austin, Texas (Exec. Com. Letter 89-11).--Upon recommendation of the Executive Committee, approval was given to the sponsored research agreement and ancillary equipment loan agreement set out on Pages 10 - 28 by and between The University of Texas at Austin and International Business Machines Corporation (IBM), Austin, Texas.

Pursuant to this sponsored research agreement, IBM will provide \$50,000 to support research in the area of thermal modeling of infrared reflow.

This agreement requires the granting of an "irrevocable, nonexclusive, world-wide, royalty-free, fully paid up license" to utilize results of the IBM funded project. It is believed that anticipated benefits to be gained from the agreement with the royalty-free license outweigh potential negotiated royalties for possible intellectual property related to project results. Additionally, the research offers contributions to the graduate education/research mission that provide gains potentially greater than any which might accrue from intellectual property resulting from the IBM funded research.

September 28, 1988

Dr. T. Bergman
University of Texas
Austin, Texas

and

Dr. G. Masada
University of Texas
Austin, Texas

RE: AGREEMENT NUMBER 178

Dear Sirs:

This letter sets forth the Agreement with International Business Machines Corporation (IBM) whereby the University of Texas at Austin, referred to as U.T., will render services to the Advanced Engineering Systems Independent Business Unit of IBM in Austin, Texas, subject to the following terms and conditions.

1. SCOPE OF WORK

Upon completion of the contract U.T. will provide IBM technical information resulting from a study on the thermal modeling of the Infrared Reflow, hereinafter referred to as IR, card assembly process. This goal will be accomplished by a combined experimental and analytical modeling effort to be performed at U.T. facilities. A portion of the equipment and hardware necessary for this investigation will be purchased, fabricated and/or supplied by IBM accordance with the attached Equipment Loan Agreement (ELA). Measurement facilities will be provided by U.T. Results from this research will consist of a detailed lumped parameter model capable of initial predictions of component temperature during the IR process. The model will be used to determine the level of sophistication necessary to predict thermal responses of actual card assemblies. A detailed description of the scope of this research is set forth in Appendix A.

U.T.'s services may include collaboration with and assistance to IBM personnel or others employed or retained by IBM.

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As part of U.T.'s work product, U.T. will deliver to IBM the following Deliverables: *use its best effort to*

Quarterly progress reports, to include:
progress/results to date
goals for next quarter
explanation of expected/perceived problems (if any)
description of proposed solutions
Presentation at Lab Technical Exchange Meeting
six month presentations
final presentation
Final report documenting:
all experimental and numerical findings
final results
conclusions and recommendations
software listing for any developed programs pertinent to project.
~~any additional information.~~

2. TERM OF SERVICE

- a. The term of this Agreement shall be from January 1, 1989 through December 31, 1989.
- b. If for any reason beyond U.T.'s control, including termination or inability to perform, U.T. does not complete its Services, IBM shall pay U.T. a prorate share of the fee measured by days of service. Such payments shall constitute the parties' entire liability in the event of termination or expiration. In no event shall such payment exceed the payment amounts specified in Section 4.

3. COORDINATION

At IBM, all matters pertaining to this Agreement are to be directed to:

Lawrence Buller
Dept. 56D, Bldg. 045
Austin, Texas
(512) 838-6607

At U.T., all matters pertaining to this Agreement are to be directed to:

Dr. T. L. Bergman	or	Dr. G. Masada
Dept. of Mech. Engr.		Dept. of Mech. Engr.
The University of Texas at Austin		The University of Texas at Austin
Austin, Texas 78712-1063		Austin, Texas 78712-1063
(512) 471-3409		(512) 471-3061

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4. COMPENSATION

IBM shall pay U.T. a total of Fifty Thousand Dollars (\$50,000) in full payment for the work effort described in Section 1. Payment shall be made in full prior to December 15, 1988.

5. EXPENSE REIMBURSEMENT

In addition to the above-listed compensation, IBM shall reimburse U.T. for all reasonable travel and living expenses authorized in advance by IBM and incurred in connection with this Agreement. It is understood that reimbursements for travel and living expenses shall be in amounts which are consistent with those received by IBM employees performing comparable services on behalf of IBM.

6. INVOICES TO IBM

U.T. will submit invoices to IBM ^{monthly} ~~quarterly~~ for the ~~services furnished;~~ travel and living expenses incurred hereunder, ~~will be submitted~~ ^{monthly}. Invoices for travel and living expenses shall be accompanied by vouchers evidencing such expenses. IBM shall make payments to U.T. within thirty days (30) after receipt of an invoice.

All invoices will be addressed to the IBM Corporation, 11400 Burnet Road, Austin, Texas 78758, Attention: Lawrence Buller, Dept. 56D/Bldg 045.

7. CONFIDENTIAL INFORMATION

- a. "Confidential Information" shall mean that information: (1) disclosed to U.T. by IBM in connection with, and during the term of, this Agreement; (2) which relates to IBM's past, present, and future research, development, and business activities, and (3) which has been identified to U.T. at the time of disclosure as the Confidential Information of IBM.
- b. The term "Confidential Information" shall not mean any information which is previously known to U.T. without obligation of confidence or without breach of this Agreement, is publicly disclosed either prior or subsequent to U.T.'s receipt of such information, or is rightfully received by U.T. from a third party without obligation of confidence.

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- c. For a period of five years from the date of disclosure, U.T. agrees to hold all such Confidential Information in trust and confidence for IBM and not to use such Confidential Information other than for the benefit of IBM or in compliance with governmental requirements for disclosure. Except as may be authorized by IBM in writing, for such period of time, U.T. agrees not to disclose any such Confidential Information, by publication or otherwise, to any person other than those persons whose services U.T. requires who have a need to know such Confidential Information for purposes of carrying out the terms of this Agreement, and who agree in writing to be bound by and comply with the provisions of this Section.
- d. Upon termination or expiration of this Agreement, U.T. will return to IBM all written or descriptive matter, including but not limited to drawings, blueprints, descriptions, or other papers, documents, tapes, or any other media which contain any such Confidential Information, ~~with the exception of one archival copy of the Deliverables.~~ In the event of a loss of any item containing such Confidential Information, U.T. shall promptly notify IBM in writing.
- e. U.T. agrees not to make any copies of any writings, documents, or other media containing the Confidential Information provided to U.T. by IBM. If copies of such writings, documents, or other media are necessary for performing U.T.'s services under this Agreement, they will be provided by IBM upon request by U.T..
- f. U.T. agrees to secure all writings, documents, and other media that embody such Confidential Information in locked files at all times when not in use to prevent its loss or unauthorized disclosure, and to segregate such Confidential Information at all times from the material of others. IBM agrees to pay all reasonable costs incurred by U.T. in accomplishing the foregoing. All such costs must be agreed to, in writing, by IBM prior to any expenditure by U.T..

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- g. Except for any Inventions under Section 10 U.T. ^{represents to the best of} ~~warrants~~ that the information provided by U.T. to IBM is not confidential to U.T., nor is any information, including such Inventions, confidential or proprietary to any third party. With respect to such Inventions owned by U.T. and disclosed to IBM under Section 10, IBM will not disclose such Inventions outside of IBM and its subsidiaries for a period of six months from the time that U.T. notifies IBM as to where U.T. will seek patent protection. its knowledge

8. RIGHTS IN DATA

- a. With the exception of theses, ^{dissertations} and other publications, IBM shall have the exclusive rights to all Deliverables specified in Section 1 of this Agreement prepared for or submitted to IBM by U.T. under this Agreement, including the rights to reproduce, distribute, and prepare derivative works, and to incorporate into IBM publications or products ideas contained in the Deliverables. U.T. shall have the right to use for its own purposes any original material written or developed by U.T. which is included in the Deliverables specified in Section 1, above. U.T. may use the Deliverables internally for research, educational, and related purposes.
- b. Pre-existing materials which are included in the Deliverables must be owned or licensable by U.T.. U.T. shall identify any such materials upon delivery of the Deliverables to IBM, and U.T. hereby grants to IBM (1) an irrevocable, nonexclusive, worldwide, royalty-free, fully paid-up license to use, execute, reproduce, display, perform, and distribute (internally and externally) copies of, and prepare derivative works based upon, such materials, and (2) the right to authorize others to do any of the foregoing.

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- c. It is recognized that U.T. may wish to publish material based on the work done under this Agreement. With respect to any such material, U.T. agrees to provide IBM with a copy of the intended publication prior to its publication or submission to a publisher. IBM will have the right, within 60 days after its receipt, to require alterations or deletions in order to protect its confidential information and/or to protect IBM's ability to copyright or patent as provided in Sections 7, 8, 10, 11, and 12 of this Agreement, and/or to require that any reference to IBM be deleted from the intended publication. It is understood that IBM is granted an irrevocable, worldwide, nonexclusive, royalty-free, fully paid-up license to copy, republish, and translate any such published material to the extent any such right is permitted by the publisher.

9. WARRANTIES

- a. U.T. represents and warrants that it is under no obligation or restriction nor will it assume any such obligation or restriction which would in any way interfere or be inconsistent with, or present a conflict of interest concerning, the services to be furnished by U.T. under this Agreement.
To the best of its knowledge and belief
- b. U.T. represents and warrants to the best of its knowledge and belief the originality of the Deliverables recited in Section 1 and that no portion of the Deliverables, or their use or distribution, violates or is protected by any copyright or similar right of any third party.
- c. In providing its services under this Agreement, U.T. understands that IBM does not wish to receive from U.T. any information which may be considered confidential and/or proprietary to U.T. and/or to any third party. U.T. represents and warrants that any information disclosed by U.T. to IBM is not confidential and/or proprietary to U.T. and/or to any third party.

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10. INVENTIONS

"Invention" means any idea, design, concept, technique, invention, discovery or improvement, whether or not patentable, that is conceived or reduced to practice in U.T.'s performance of its services during the term of this Agreement. U.T. shall promptly apprise IBM in writing of each Invention and why U.T. believes it is new. U.T. shall own each Invention except ~~(1) Inventions U.T. makes with any of IBM's employees, which shall be jointly owned by U.T. and IBM, and (2) Inventions relating to an appearance design, which U.T. hereby assigns to IBM.~~

11. INVENTION RIGHTS

- a. Each Invention, other than an Invention made jointly by U.T. and/or U.T.'s employees with one or more employees of IBM, shall be U.T.'s property, subject to a license which U.T. hereby grants to IBM. U.T. shall notify IBM promptly as to each country in which U.T. elects to seek protection by obtaining patent rights, at U.T.'s expense, or that U.T. elects not to seek such protection.
- b. If U.T. elects not to seek such protection on said Invention in any country or to seek such protection only in certain countries, IBM shall have the right to seek such protection, at its expense, on said Invention in any and all nonelected countries. In the event that U.T. elects not to seek such protection in any country, IBM shall also have the right to publish such Invention.
- c. Title to all applications filed on said Invention and all patents issuing thereon shall vest in the party seeking such protection subject to a license under said applications and patents hereby granted to the other party by the party seeking such protection. The party filing such applications shall promptly provide the other party with a copy of each application so filed and, upon request, copies of all official papers relating thereto.

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- d. Inventions made jointly by U.T. and/or U.T.'s employees with one or more employees of IBM shall be jointly owned, title to all patents issued thereon shall be joint, all expenses incurred in obtaining and maintaining such patents shall be jointly shared (except as provided hereinafter), and each party shall have the right to license third parties thereunder without accounting. With respect to any joint Inventions, where one party elects not to seek or maintain such protection thereon in any particular country or not to share equally in the expenses thereof, the other party shall have the right to seek or maintain such protection at its own expense and shall have full control over the prosecution and maintenance thereof even though title to any patent issuing thereon shall be joint.
- e. All licenses granted to U.T. and to IBM under this Section 11 shall be worldwide, irrevocable, nonexclusive, nontransferable, and fully paid-up; shall include the right to make, have made, use, have used, lease, sell and/or otherwise transfer any product, and to practice and have practiced any method. All licenses granted to U.T. and to IBM in this Section 11 shall include the right of the grantee to grant revocable or irrevocable sublicenses to its Subsidiaries, such sublicenses to include the right of the sublicensed Subsidiaries correspondingly to sublicense other Subsidiaries.
- f. For purposes of this Agreement, the term "Subsidiary" shall mean a corporation, company, or other entity:
- (1) more than fifty percent (50%) of whose outstanding shares or securities (representing the right to vote for the election of directors or other managing authority) are; or
- (2) which does not have outstanding shares or securities, as may be the case in a partnership, joint venture, or unincorporated association, but more than fifty percent (50%) of the ownership interest representing the right to make the decisions for such corporation, company, or other entity is: ~~now or hereafter, owned or controlled, directly or indirectly, by a party hereto, but such corporation, company, or other entity shall be deemed to be a Subsidiary only so long as such ownership or control exists.~~
- Now or hereafter, owned or controlled, directly or indirectly, by a party hereto, but such corporation, company, or other entity shall be deemed to be a Subsidiary only so long as such ownership or control exists.

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~~The parties agree that the foregoing provisions in this paragraph apply only with respect to utility inventions and patents issuing on them. U.T. hereby assigns to IBM, its successors and assigns, any invention relating to appearance designs together with the right to seek protection by obtaining patent rights or similar protection therefor and to claim all rights of priority thereunder, and the same shall become and remain IBM's property whether or not such protection is sought. U.T. shall, upon IBM's request and at IBM's expense, cause patent applications to be filed thereon, through solicitors designated by IBM and forthwith assigns all such applications to IBM, its successors, and assigns.~~

- g. In connection with the obtaining of patent protection by a party hereto, each party agrees to give the other party all reasonable assistance in connection with the preparation and prosecution of any patent application filed by the other party and shall cause to be executed all assignments and other instruments and documents as the other party may consider necessary or appropriate to carry out the intent of this Section 11.
- h. Nothing contained in this Agreement shall be deemed to grant either directly or by implication, estoppel, or otherwise, any license under any patents or patent applications arising out of any other inventions of either party.
- i. In performing its services under this Agreement U.T. agrees to avoid knowingly designing and/or developing any item that infringes one or more patents of any third party. If U.T. becomes aware of any such patent during the course of performing its services, U.T. agrees to notify IBM promptly in writing.

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12. GENERAL PROVISIONS

- a. The rights and obligations of Sections 7, 8, 10, 11, 16, and 20 shall survive and continue after any expiration or termination of this Agreement and shall bind the parties and their legal representatives, successors, heirs, and assigns.
- b. U.T. agrees to comply, and do all things necessary for IBM to comply, with all applicable federal, state, and local laws, regulations, and ordinances, including but not limited to the Foreign Corrupt Practices Act and the Regulations of the United States Department of Commerce relating to the Export of Technical Data, insofar as they relate to the services to be performed under this Agreement. U.T. agrees to obtain the required government documents and approvals prior to export of any technical data disclosed to U.T. or the direct product related thereto.

~~13. UNIVERSITY'S AGREEMENT WITH OTHERS~~

~~U.T. will have an appropriate agreement with each of its employees, students, or others whose services it may require sufficient to enable it to comply with all the terms of this Agreement.~~

13. OBLIGATION OF U.T. EMPLOYEES

U.T. employees, being subject to the rules and regulations of U.T. and the U.T. System Board of Regents, are obligated to assist in enabling U.T. to comply with all the terms of this Agreement.

14. TERMINATION

This Agreement may be terminated at any time, in whole or in part, with or without cause, by either party upon thirty (30) days' written notice to the other party.

In the event of termination or expiration of any work issued pursuant to this Agreement, all work being performed hereunder in U.T.'s possession shall be forwarded to IBM.

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15. SOLE AGREEMENT

This Agreement shall supersede all prior agreements and understandings between the parties respecting the subject matter hereof. This Agreement may not be changed or terminated orally by or on behalf of either party.

16. IBM TRADEMARK

Notwithstanding any other provisions of this Agreement, U.T. shall have no right to use IBM's trademark, or trade name, or to refer to this Agreement or the services performed hereunder directly or indirectly, in connection with any product, promotion or publication without the prior written approval of IBM.

Notwithstanding any other provisions of this Agreement, neither party shall have the right to use the other's name, tradenames, or trademarks, or to refer to this Agreement or the services performed hereunder directly or indirectly, in connection with any product, promotion, or publication without the prior written approval of the other party.

17. TEXAS LAW

This Agreement shall be construed, and the legal relations between the parties hereto shall be determined, in accordance with the law of the State of Texas.

18. LIMITATION OF LIABILITY

~~U.T. AGREES TO INDEMNIFY AND SAVE IBM HARMLESS FROM AND AGAINST ANY AND ALL CLAIMS OF ANY KIND (ALONG WITH ATTORNEY'S FEES AND COSTS OF LITIGATION) INCLUDING, BUT NOT LIMITED TO, PERSONAL INJURY OR DEATH TO PERSONS OR DAMAGE TO PROPERTY, ARISING OUT OF, IN CONNECTION WITH, OR RESULTING FROM U.T.'S PERFORMANCE UNDER THIS AGREEMENT, TO THE EXTENT CAUSED IN WHOLE OR IN PART BY U.T., OR ANY OF U.T.'S SUBCONTRACTORS OR ANYONE DIRECTLY OR INDIRECTLY EMPLOYED BY U.T..~~

NEITHER PARTY SHALL BE LIABLE FOR ANY LOST REVENUE, LOST PROFITS, OR OTHER CONSEQUENTIAL DAMAGES UNDER ANY PART OF THIS AGREEMENT, EVEN IF ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

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U.T. SHALL, TO THE EXTENT AUTHORIZED UNDER THE CONSTITUTION AND LAWS OF THE STATE OF TEXAS, HOLD IBM HARMLESS FROM LIABILITY RESULTING FROM U.T.'S ACTS OR OMISSIONS WITHIN THE TERMS OF THIS AGREEMENT; PROVIDED, HOWEVER, U.T. SHALL NOT HOLD IBM HARMLESS FROM ANY CLAIMS, DEMANDS, OR CAUSES OF ACTION ARISING IN FAVOR OF ANY PERSON OR ENTITY, GROWING OUT OF, INCIDENT TO, OR RESULTING DIRECTLY OR INDIRECTLY FROM NEGLIGENCE (WHETHER SOLE, JOINT, CONCURRING OR OTHERWISE), OF IBM, ITS OFFICERS, AGENTS, OR REPRESENTATIVES, OR EMPLOYEES NOT SUBJECT TO U.T.'S SUPERVISION OR CONTROL.

19. VALIDITY

If any portion of this Agreement is held to be invalid by any court of law, the remaining portion shall continue in full force and effect.

20. ADVERTISING

U.T. shall not, without first obtaining the written consent of IBM, in any manner advertise or publish that U.T. has furnished or contracted to furnish to IBM, the material and/or services ordered hereunder. This paragraph shall not pertain to filing or disclosure required by statute, but shall apply only to voluntary public advertising.

21. EQUAL EMPLOYMENT OPPORTUNITY

There are incorporated in this Agreement the provisions of Executive Order 11246 (as amended) of the President of the United States on Equal Employment Opportunity and the rules and regulations issued pursuant thereto with which U.T. represents that U.T. will comply.

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22. LOAN OF EQUIPMENT

IBM may loan to U.T. certain equipment, such as computer hardware or software, which IBM determines is necessary for U.T. to accomplish its work. Any such equipment and/or software loaned shall be specified in an Equipment Loan Agreement (ELA) which shall be executed by both parties before delivery of such equipment. The executed ELA shall be attached to this Agreement and its terms and conditions shall be incorporated into this Agreement. In the event of any inconsistency between the terms and conditions of an appended ELA and this Agreement, the terms and conditions of this Agreement shall take precedence.

If provisions stated herein are understood and acceptable to U.T., please sign and date in the area provided below and return one copy to W. L. Mitchell, 558/808W, IBM Corporation, 11400 Burnet Road, Austin, Texas 78758.

THE UNIVERSITY OF TEXAS AT AUSTIN

INTERNATIONAL BUSINESS
MACHINES CORPORATION

BY: _____

BY: _____

TITLE: _____

TITLE: STD LOCATION MGR

DATE: _____

DATE: 12/1/88

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APPENDIX A

The work to be completed by U.T. will consist of three phases as described below:

The first year investigation (Jan. 1, 1989 through Dec. 31, 1989) will consist of three phases of investigation. These are described in the following paragraphs.

1. An experimental facility will be designed by U.T. with parts purchased and/or fabricated by IBM according to the attached Equipment Loan Agreement (ELA). The experimental facility will simulate, as closely as feasible, IBM's IR process oven used for assembly of components onto printed circuit boards. The prototype oven will have the capability to vary air flow and air temperature as well as the irradiation level on the card assembly. The prototype will be used with actual card assemblies provided by IBM as well as test hardware designed and constructed by either IBM or U.T.
2. Measurements of the transient thermal response of the card assembly will be made by using an infrared thermal camera supplied by U.T. to be available at the start date of the contract. The thermal camera is expected to measure both the emitted and reflected characteristics of the card assembly components and, hence, novel computational techniques may be required to convert the radiosity information into actual temperature information. Radiative properties of the individual cards and components, necessary to perform the requisite transformations to temperature profiles, are to be measured in the spectral range of the thermal camera by using the thermal camera in a separate experimental facility to be constructed at U. T. Since appropriate facilities are not available at U.T. to measure properties outside the spectral range of the camera, estimates of the spectral radiative properties outside of the camera wavelength range will be made using vendor product information or theoretical extrapolation techniques.
3. The experimental effort is to be coupled to a modeling effort to predict the thermal response of a simulated card assembly to variations in the air flow characteristics and the level of thermal irradiation. The simulated cards will consist of both single and multiple module assemblies. The resultant model will incorporate surface radiative exchange principles requiring evaluations of appropriate view factors and estimation of radiative properties. The model predictions will be compared to the experimental results in order to estimate the modeling sophistication and complexity necessary to accurately predict the thermal response of the actual card assembly.

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The above work will be done using programs and programming techniques compatible with IBM computing hardware such that the results are readily transferable. U.T.'s services are to include collaboration with IBM personnel on matters directly related to the above research description. IBM will provide U.T. with the known input conditions as they presently pertain to the IR assembly process. IBM personnel will also provide U.T. with discrete thermal profiles of the reflow process to assist in the simulation and measurement of the thermal response of actual card assemblies.

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INTERNATIONAL BUSINESS MACHINES CORPORATION

EQUIPMENT LOAN AGREEMENT

NUMBER 178

This Agreement is made between International Business Machines Corporation, hereinafter called IBM, and the University, of Texas at Austin, hereinafter called U.T., in order that U.T. may complete the work for IBM as stated in Agreement No. 178. IBM agrees to loan to U.T. the equipment specified below on the terms and conditions set forth in this Equipment Loan Agreement.

The equipment shall consist of parts and pieces, determined by U.T. personnel as necessary, to build and/or fabricate a prototype infrared reflow oven. This shall include 'machine shop' support for special fabrication if the need exists. All assembly of the prototype oven using parts provided by IBM will be done at U.T. facilities by U.T. personnel.

To accommodate the numerical analysis, IBM will provide to U.T. an IBM PC-RT along with a copy of AIX and FORTRAN software. This will be made available to U.T. prior to 3/1/89.

Both parties agree as follows:

1. U.T. acknowledges that the equipment and/or software listed above, together with all drawings and other documentation with respect hereto, are the property of IBM. U.T. shall not mortgage, pledge, or encumber the equipment and/or software in any way.
2. During the time the equipment, software, and documentation are in U.T.'s possession, U.T. shall:
 - a. Provide the necessary utilities and environmental conditions required for proper operation of any furnished equipment. This will include power, lighting, and temperature control.

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- b. Develop and maintain the expertise to operate the equipment independent of IBM and ensure that the equipment complies at all times with all federal, state, and local governmental safety and other requirements (including OSHA regulations). If U.T. determines that equipment received from IBM fails to comply with any such requirements, U.T. shall promptly notify IBM, and IBM shall either replace the equipment or instruct U.T. to modify the equipment so that it complies, at IBM's expense.
 - c. Replace or repair all items lost, damaged, or destroyed, except to the extent U.T. proves to IBM that such loss, damage, or destruction is caused by circumstances beyond U.T.'s control. All replacement equipment and documentation shall become IBM property and shall be subject to all the terms and conditions of this Agreement.
3. IBM will provide service for the equipment without charge to U.T. during the term of this Agreement.
4. U.T. shall, to the extent authorized under the Constitution and laws of the State of Texas, hold IBM harmless from liability resulting from U.T.'s acts or omissions within the terms of this Agreement; provided, however, U.T. shall not hold IBM harmless from any claims, demands, or causes of action arising in favor of any person or entity, growing out of, incident to, or resulting directly or indirectly from negligence (whether sole, joint, concurring or otherwise), of IBM, its officers, agents or representatives, or employees not subject to U.T.'s supervision or control.
5. ANY EQUIPMENT, PROGRAMS, SOFTWARE, DOCUMENTATION OR SERVICES PROVIDED BY IBM UNDER THIS AGREEMENT WILL BE PROVIDED ON AN "AS IS" BASIS, WITHOUT ANY WARRANTIES OF ANY KIND EITHER EXPRESSED OR IMPLIED. THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE ARE EXPRESSLY DISCLAIMED.
6. IBM shall not be liable for any delays, losses, or other damages, including lost revenue, lost profits, or other consequential damages, even if advised of the possibility of such damages, which may result from the furnishing of, or the possession or use of, any IBM supplied equipment by U.T.
7. IBM reserves the right to inspect the equipment, software, and documentation at all reasonable times. U.T. shall not move the equipment, software, or documentation to another location without the prior written approval of IBM.

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8. U.T. may add on features to the equipment which are purchased by U.T., but shall not alter any equipment, software, or documentation in any other manner whatsoever without the prior written approval of IBM. Further, U.T. shall not purchase, design, or fabricate any additional or replacement equipment for IBM ownership without the prior written approval of IBM.
9. The equipment, documentation, and any IBM licensed programs (including any licensed optional materials) provided by IBM shall be used by U.T. solely for the purpose stated in Agreement Number 178. Any deviation or use of the equipment, documentation, or software for other than this purpose must have the prior written approval of IBM.
10. U.T. agrees to ensure that all users of the software understand and abide by the Licensed Program Agreements and their associated terms and conditions which provide for the handling and use of such software.
11. U.T. agrees to ensure that software or documentation is not copied to avoid payment of applicable royalties. Copies of software or documentation may be made only as allowed by the applicable license agreement.
12. The right to use the equipment, software, and documentation furnished by IBM under this Agreement may be terminated by IBM on ten (10) days' notice. Within one (1) week after termination of such right, U.T. shall return all equipment, software, and documentation to IBM without cost, except that transportation charges shall be billed collect. In such cases, IBM will pay for reasonable special packing charges where appropriate. If for any reason U.T. shall fail to comply promptly with such a request, IBM shall have the right to enter U.T.'s premises to remove the equipment, software, and documentation and U.T. expressly waives any rights or remedies U.T. has with regard to the IBM equipment, software, and documentation, including but not limited to any right U.T. has to notice and a hearing or to a bond, undertaking, or surety before a writ of replevin, order of seizure, or similar writ or order will issue or become enforceable.
13. If for any reason U.T. is unable to continue using the equipment, software, and documentation, U.T. shall notify IBM immediately and shall return to IBM such equipment, software, and documentation without cost except that transportation charges shall be billed collect. In such cases, IBM will pay for reasonable special packing charges where appropriate.
14. Upon the expiration of Agreement Number 178, IBM will reevaluate the loan of the hardware, software, and documentation and may elect one of the following options.

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- a. IBM may reclaim the hardware, software, and documentation as specified in Paragraph 12.
 - b. IBM may offer to extend the loan agreement for an additional period to be specified by IBM at that time.
 - c. IBM may elect some other option as it deems appropriate.
15. The terms and conditions of this ELA shall be subject to the terms and conditions of Agreement No. 178, to which it is appended. In the event of any inconsistency between the terms and conditions of this ELA and the Agreement attached, the terms and conditions of that Agreement shall take precedence.

THE UNIVERSITY OF TEXAS AT AUSTIN

INTERNATIONAL BUSINESS
MACHINES CORPORATION

BY _____
TITLE _____
DATE _____

BY *[Signature]*
TITLE *Signature*
DATE *12/1/88*

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2. U. T. Austin: Approval of Sponsored Research Agreement with SEMATECH, Inc. and The Semiconductor Research Corporation (SRC), Both of Austin, Texas (Exec. Com. Letter 89-11).--The Board approved the sponsored research agreement set out on Pages 30 - 46 among The University of Texas at Austin, SEMATECH, Inc. and The Semiconductor Research Corporation (SRC), both of Austin, Texas, wherein SEMATECH, Inc. will provide \$890,609 to establish a SEMATECH University Center of Excellence in Texas.

This agreement requires the granting of a "world-wide, unrestricted, royalty-free nonexclusive license" to utilize results of the SEMATECH, Inc. funded project. The anticipated benefits to be gained from the agreement with the royalty-free license outweigh potential negotiated royalties for possible intellectual property related to project results. Additionally, the research offers contributions to the graduate education/research mission that provide gains potentially greater than any which might accrue from intellectual property resulting from the SEMATECH, Inc. funded research and will further enhance the University's position of excellence in semiconductor manufacturing technology.

SEMATECH, INC.
UNIVERSITY CENTER OF EXCELLENCE
CONTRACT FOR RESEARCH SERVICES
WITH
THE UNIVERSITY OF TEXAS AT AUSTIN

This Contract is entered into as of _____, 1988, by SEMATECH, INC. ("SEMATECH"), THE SEMICONDUCTOR RESEARCH CORPORATION ("SRC") and THE UNIVERSITY OF TEXAS AT AUSTIN ("University").

RECITALS:

A. SEMATECH has determined that University can provide valuable research which will serve to increase knowledge and understanding in the field of semiconductor manufacturing technology.

B. University is qualified, staffed and equipped to perform such research.

C. SRC has expertise and experience in managing such research and is qualified and staffed to manage the research on behalf of SEMATECH.

THEREFORE, THE PARTIES AGREE:

1. Scope of Work.

1.1 University, as an independent contractor, shall perform the research services described in University's Proposal, dated August 12, 1988 attached as Exhibit A* University shall furnish all necessary personnel, materials, equipment, facilities, etc. as may be required to perform the research services.

* Not on file in the Office of the Board of Regents

2. Period of Performance.

2.1 The term of this Contract shall commence on September 1, 1988 and extend through August 31, 1989. The term may be extended by mutual written agreement between SEMATECH, SRC and University.

3. Approved Budget and Payment.

3.1 University is authorized to incur and expend \$890,609.00 under this contract as more fully described in the University's Budget, attached as Exhibit B*("Approved Budget"). The University will use its best efforts to perform all work and all obligations under this Contract within the Approved Budget.

3.2 The University will submit vouchers or invoices once each month for costs incurred under this Contract within the immediately preceding month to the SRC at the following address:

Finance Office
c/o Semiconductor Research Corporation
P. O. Box 12053
Research Triangle Park, NC 27709

3.3 Payments for Direct costs incurred under this Contract will be in accordance with the University's Budget, Exhibit B*.

3.4 Payments for Indirect Costs incurred under this Contract will be subject to negotiation between the University and the SRC and must be within the Approved Budget, but in no case will exceed the University's rates approved by its cognizant Government audit agency. University's Cognizant Government Audit Agency is: Department of Health & Human Services.

* Not on file in the Office of the Board of Regents

3.5 Prior written approval of the SRC must be obtained for incurrence of costs other than those contained in the Approved Budget.

4. Reports.

4.1 During the term of this Contract and any extensions thereof, University shall submit periodic written progress reports to SEMATECH and SRC on a recurring four (4) months basis. Each such report shall summarize, in detail, the research services performed, significant research findings, actual accomplishments as compared with proposed goals for the previous four (4) months (the "Reporting Period"), any current problems, any non-expendable equipment acquired or assembled by University falling within the intent of Paragraph 7 of this Contract, and the research services to be performed during the succeeding four (4) months. Further, each such report shall be submitted to SEMATECH and SRC within two (2) calendar weeks of the completion of the Reporting Period to which it pertains.

4.2 In the event the term of this Contract is extended pursuant to Paragraph 18, University shall submit to SEMATECH and SRC during the extension period an annual written progress report to SRC within ninety (90) days of an anniversary date of this Contract, setting forth a detailed description of the research services performed and the research findings obtained during the preceding year of the Contract.

4.3 Within ninety (90) days of completion of this Contract, University shall submit to SEMATECH and SRC a final written report, detailing the research services performed and the research findings of all major tasks during the term of this Contract.

4.4 Special written reports detailing the research findings of individual major tasks may be submitted by University at the conclusion of each such major task, in lieu of including such findings in the annual report, but details shall be included in the final report.

4.5 University shall be available to discuss with SEMATECH and SRC any reports submitted pursuant to this paragraph and provide additional information which it has on hand to supplement such reports, upon the written request of SEMATECH and/or SRC.

4.6 Any of the reports submitted pursuant to this paragraph may be made available by SEMATECH to any of its Members, as hereafter defined in Paragraph 12.1(c), who may use the contents thereof for any purpose.

4.7 University shall provide twelve (12) additional unbound, camera-ready copies of each of the reports submitted pursuant to this Paragraph 4, at the following addresses:

SEMATECH, INC. (6 Copies)
2706 Montopolis Drive
Austin, Texas 78741
Attention: Director of External Resources

SRC Publications Office (6 Copies)
Semiconductor Research Corporation
P. O. Box 12053
Research Triangle Park, NC 27709

5. Site Visits.

5.1 SEMATECH and each its Members and SRC, shall have the right, during the normal business hours of University and at

reasonable intervals, to make site visits to University's site to review research findings and accomplishments, and the like, and to provide such assistance to University as may be appropriate. Site visits by SEMATECH Members will be coordinated by the Contract Monitors of SRC and University and will be made so as not to unreasonably interfere with University's research and other activities.

6. Contract Monitor.

6.1 Dr. Turner Hasty is designated as the SEMATECH Contract Monitor for this Contract. Dr. William Holton is designated as the SRC Contract Monitor. Dr. Willis Adcock is designated as University's Contract Monitor. Each Contract Monitor will represent its respective principals in all matters relating to the performance of this Contract, including providing the technical advice and general supervision of the research services performed. The Contract Monitors are not authorized to extend the term or amend or to authorize deviations from provisions of this Contract.

7. Property.

7.1 In the event nonexpendable (capital) equipment with a value of One Thousand Dollars (\$1000) or more is acquired or assembled by University with funds received under this Contract, University shall annually advise SRC in writing regarding the status and condition of all such equipment and further agrees not to dispose of any such equipment without the prior approval of SRC. Title to any such equipment shall reside in University. University shall be

responsible for the maintenance of any such equipment. Upon the completion or other termination of the Contract, SRC will provide disposition instructions to University.

8. Publications.

8.1 It is anticipated that University may publish papers or otherwise disseminate information regarding technical developments and/or research findings made by University under this Contract. A copy of each such paper or a resume of the proposed dissemination of information shall be submitted to SEMATECH and SRC, at the addresses given in Paragraph 4.7, for review and comment, not less than ninety (90) days prior to the date of the proposed publication or dissemination. SEMATECH and/or SRC may request reasonable changes and/or deletions be made in any proposed publication or dissemination. If SEMATECH/and or SRC believes that any subject matter to be published or disseminated warrants patent protection, SRC will identify the subject matter requiring protection and notify University pursuant to this Paragraph 8.1. To allow for the filing of patent applications, publication or dissemination of such subject matter shall be delayed until such time that University has completed the filing of a United States patent application relating to the identified subject matter, pursuant to Paragraph 12.4(b).

8.2 University shall use all reasonable efforts to file appropriate patent applications relating to subject matter identified as warranting patent protection prior to any actual publication or dissemination of such subject matter.

9. Personnel.

9.1 Key Personnel. The personnel listed below are to be assigned by University to perform the research services under this Contract. If, for any reason, any of such personnel, other than the Principal Investigator, is unable to continue to work on the Contract, University shall provide a successor of similar skills and qualifications. Any successor to the Principal Investigator shall be subject to the acceptance of SRC. If the parties are unable to agree on a successor Principal Investigator, the Contract may be terminated by SEMATECH and/or SRC, as provided in Paragraph 15.1.

Dr. Willis A. Adcock
Department of Electrical and Computer Engineering
The University of Texas at Austin

9.2 Graduate Students. SEMATECH and its Members recognize the importance of qualified graduate students to the semiconductor industry. University agrees to provide biographical information to SRC on all graduate students supported in full or in part by this Contract using the format attached as Exhibit C.* Such information shall be provided by October 15th of each calendar year. Also, University will inform SRC when support with respect to any graduate student is terminated.

9.3 Restriction. The University shall not assign persons to research supported by the SEMATECH who are employees of or on leaves of absence from commercial entities which are not eligible for membership in SEMATECH, as eligibility for membership in SEMATECH is defined in Section 2.2(a) of SEMATECH Bylaws, attached as Exhibit D.* This paragraph shall not be applicable, nor in any way interpreted to prevent any graduate or undergraduate student at University's institution from participating in SEMATECH-supported research.

* Not on file in the Office of the Board of Regents

10. Standards of Work.

10.1 University agrees that performance of research services pursuant to this Contract shall conform to the highest professional standards.

11. Subcontracts.

11.1 No part of the research services to be performed under this Contract may be accomplished by subcontract, except with the prior written approval of SRC's Contract Monitor.

12. Patents and Copyrightable Material.

12.1 The following definitions are used herein:

(a) "Invention" means any idea, design, concept, technique, invention, discovery or improvement, whether patentable or not, which is conceived and/or actually reduced to practice by one or more employees (hereafter "employee") of University, in the performance of research services pursuant to this Contract.

(b) "Copyrightable Material" means all works of authorship, including but not limited to, computer software including computer programs, data bases, and documentation, and mask rights protectable under the Semiconductor Chip Protection Act which result from the performance of research pursuant to this Contract.

(c) "Member" means a company or organization which is a member in good standing in accordance with Section 2.2(a) of SEMATECH'S Bylaws. A list of SEMATECH Members will be furnished by SRC to University upon request during the term of this Contract.

(d) "Joint Invention" means any Invention made by one or more employees of University and one or more employees of SEMATECH or any of its Members in the performance of research services pursuant to this Contract.

(e) "Derivative Work" shall have the meaning as set forth in 17 USC 101 and specifically means a revision, modification, translation, abridgment, condensation or expansion of the Copyrightable Material, or any other form in which such Copyrightable Material may be recast, transformed or adapted and which, if prepared without the authorization of the copyright owner, would constitute infringement.

12.2 Ownership of Inventions and Copyrightable Material shall be determined, as follows:

(a) Ownership of Inventions made by employees of University and resulting from the performance of research services pursuant to this Contract shall vest in University.

(b) Ownership of copyrights in Copyrightable Material resulting from the performance of research services pursuant to this Contract shall vest in University and/or any Member employing the author or authors, each to act without accounting to the other.

(c) Ownership in Joint Inventions shall vest jointly in the University and SEMATECH and/or any of its Members whose employee(s) is named as one of the joint inventors, each to act without accounting to the other.

(d) An invention made solely by one or more employees of SEMATECH or any of its Members shall belong exclusively to SEMATECH or such Member, without license to University. As herein intended, an "invention" is commensurate with definition of Invention given in Paragraph 12.1(a), except that no employee of University is named as an inventor.

12.3 University represents and warrants that it has or shall obtain suitable written agreements with its employees and all graduate students and other persons, other than employees of SEMATECH Members, who are assigned to perform research services under this Contract, whereby ownership of any Invention or Joint Invention made and of any copyrights in Copyrightable Material authored by any such employee, graduate student or other person in the performance of such research services shall vest in University, in complete compliance with Section 12.2.

12.4 Patent applications shall be processed as follows:

(a) University will disclose in writing each Invention or Joint Invention to SRC promptly after disclosure by the inventor(s) to University.

(b) University may elect, or SRC may require University, to effect the filing of a United States patent application relating to any Invention or Joint Invention. Any such filing shall be completed within ninety (90) days of disclosure by University to SRC. University shall provide SRC a copy of such United States patent application promptly upon filing thereof, along with filing particulars (e.g. serial number, filing date, etc.). Also, University may elect, or SRC may require University, to file corresponding patent applications in selected foreign countries, which filings shall be completed within one (1) year of the filing of the United States patent application. University will advise SRC of the filing particulars of each patent application filed in any such foreign country. Also, upon request by SRC, University will advise SRC of the status of each of the filed patent applications. Upon submission of appropriate invoices, accompanied by appropriate documentation, SRC

will reimburse University for actual third-party costs incurred by University in connection with any such filing, prosecution, and maintenance of any such patent application and the maintenance of any resulting patent, the filing of which was required by SRC. Any such reimbursement shall be made within thirty (30) days of receipt of each such invoice. Also, University will, at SRC's cost and expense, bring any necessary action to enforce any resulting patent, and if required by SRC, allow SRC or its designee to control such action.

(c) If SRC does not require University to file a patent application relating to any Invention or Joint Invention in a particular country, then University shall have the right to: (1) file a patent application in any such particular country and maintain any resulting patent, at no expense to SRC, or (2) place such Invention or Joint Invention in the public domain by publication or other dissemination of the subject matter thereof. If University elects not to pursue either (1) or (2), SRC and/or SEMATECH shall have the right to effect such publication or dissemination.

13. Licenses.

13.1 To the extent that University has the right, SEMATECH is hereby granted an irrevocable, nonexclusive, royalty-free, worldwide license under any copyrights or mask works in the Copyrightable Material to (i) use, execute, reproduce, display, perform, distribute (internally or externally) copies of, and prepare Derivative Works based upon such Copyrightable Material, in any form and in any language, and (ii) authorize SEMATECH Members to do any, some or all of the foregoing, all without accounting obligation.

13.2 To the extent that University has the right, SEMATECH is hereby granted an irrevocable, nonexclusive, royalty-free,

worldwide, unrestricted license under any Invention and any Joint Invention, with the right to sublicense SRC Members, without accounting obligation. SEMATECH may elect, in its sole discretion, to take an exclusive, irrevocable, worldwide, royalty-bearing license under any Invention or under University's interest in any Joint Invention, including the right to sublicense SEMATECH Members. SEMATECH or SRC shall advise University within ninety (90) days of filing of the United States patent application relating to any Invention or Joint Invention by University whether or not SRC elects to take an exclusive license, the terms and conditions of such exclusive license, including the length of exclusivity, royalty rates and diligence, shall be negotiated in good faith by SEMATECH and University.

13.3 University shall establish appropriate procedures to insure that its employees appropriately document the progress of the research services performed under this Contract, by way of engineering notebooks or the like, and report to University any Inventions or Joint Inventions made in the performance of research services under this Contract. Upon request of SRC, any such documentation shall be made available by University to SRC, who may make copies of any portion thereof for any purpose.

13.4 If an Invention or Joint Invention is subject to both a government funding agreement and SEMATECH funding agreement, and if title thereto is conveyed to an agency of the U.S. Government, SEMATECH and/or University may each petition the U.S. Government for a license.

13.5 If an Invention or Joint Invention may be subject to both third party non-government and SEMATECH funding, University shall

advise SEMATECH immediately upon so determining, and University shall cooperate in arranging an equitable allocation of rights.

14. Accounting and Final Adjustment.

14.1 University shall maintain accounting records for this Contract in accordance with its regular policies and sound accounting principles. SRC shall have the right to examine University's accounting records for up to one (1) year following the expiration or termination of this Contract. A final accounting of all funds received and expended under this Contract shall be submitted to SRC at the address set forth in Paragraph 3.2 within one hundred twenty (120) days following the expiration or termination of this Contract together with a check, if appropriate, for the excess of funds received over those expended.

14.2 The SEMATECH Director of External Resources, the President of the SRC, and, if required by law or contract, the Director of the National Science Foundation (NSF) and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access to any pertinent books, documents papers, and records of University to make audits, examinations, excerpts and transcripts. Further, any negotiated subcontract in excess of \$10,000 made by University shall include a provision to the effect that SEMATECH, SRC, and, if required by law or contract, NSF, the Comptroller General, or any of their duly authorized representatives, shall have access to pertinent records for similar purposes.

15. Termination.

15.1 If, in the opinion of SEMATECH, SRC or University, continuation of this Contract would not produce results commensurate

with the expenditure of further funds required, or for any other reason, any party may elect to terminate the Contract upon sixty (60) days written notice to the other party.

15.2 If, in the opinion of SEMATECH, SRC or University, the other party has been deficient in performing any of its obligations under this Contract, written notice shall be given stating the nature of the deficiency and advising that failure to correct the deficiency may result in termination of the Contract. Such other party shall respond in writing within thirty (30) days, describing the action taken or the plan designed to correct such deficiency. If the response is not satisfactory to the notifying party, the Contract may then be terminated by such party.

15.3 If this Contract is terminated pursuant to this Paragraph 15, direct costs incurred by University prior to the date of termination shall be paid by SEMATECH to the extent such costs would have been allowable had this Contract not been so terminated.

15.4 In the event of termination of this Contract, SEMATECH shall continue to have all license rights granted pursuant to Section 13.

16. Excusable Delays.

16.1 University shall not be in default by any reason of any failure in performance of this Contract (including any failure by University to make progress in prosecution of research hereunder which endangers such performance) if such failure arises out of causes beyond the control and without the fault or negligence of University.

17. Insurance.

17.1 University shall procure and maintain such insurance as is required by laws of the state in which it is located. As a

minimum, University shall procure and maintain the following types and amount of insurance:

- (a) Worker's Compensation and occupational health insurance in amounts sufficient to satisfy state law;
- (b) Employer's liability insurance, where available;
- (c) Public liability insurance, on the comprehensive form of policy, in the amount of Two Hundred Thousand Dollars (\$200,000) per claimant and Five Hundred Thousand Dollars (\$500,000) per occurrence.

With respect to any insurance policy, all or part of the premium of which University proposes to treat as a direct cost under this Contract, and with respect to any proposed qualified program of self-insurance, the written approval of SRC must be obtained prior to any claim payment therefor. University shall be reimbursed for the portion allocable to this Contract.

18. Amendments to Contract.

18.1 The term and also any of the provisions of this Contract may be amended, from time to time, by written agreement between the parties hereto.

19. Notification of Co-Sponsors.

19.1 SEMATECH does not intend to preclude University from entering into other contracts or agreements with other parties. University will advise SRC of any of key personnel's other research which is related to the work to be performed under this Contract or involving similar technology ("Related Sponsored Research"). All current and pending Related Sponsored Research in progress at the time of this Contract, if any, is listed on the Exhibit E* attached hereto, with a description of the research project and of its sponsors.

* Not on file in the Office of the Board of Regents.

University will also advise SEMATECH of any Related Sponsored Research which commences during the term of this Contract (i.e., keeping Exhibit E*up to date), so that SEMATECH rights established in Paragraphs 13.4 and 13.5 are protected.

20. Compliance With Laws and Regulations.

20.1 This Agreement is subject to all applicable laws, rules, regulations, licenses and approvals of any duly constituted governmental authority having jurisdiction. Each party to this Agreement shall obtain, in a timely manner, all such licenses and approvals and shall comply with all applicable laws, rules and regulations, including, but not limited to, the Regulations of the United States Department of Commerce relating to the Export of Technical Data or the direct product related thereto.

21. Miscellaneous.

21.1 SEMATECH, SRC and University shall not use the name of the other in connection with any products, publicity, promotion, or advertising without prior written permission.

21.2 Any technical paper, article, publication, or announcement of technical advances generated in connection with work done under this Contract, during the period of performance of the Contract or in the future, shall give credit to SEMATECH as the sponsor of the work.

21.3 If any provision of this Contract shall be held to be invalid, illegal, or unenforceable, the validity, legality and enforceability of the remaining provisions of this Agreement shall in no way be affected or impaired thereby.

* Not on file in the Office of the Board of Regents

22. Applicable Laws.

22.1 This Contract shall be construed and interpreted solely in accordance with the laws of the State of Texas as if the Contract were to be wholly performed within the State of Texas by residents of the State of Texas.

SEMATECH, INC.

By _____

Robert N. Noyce

Title: President & Chief Executive Officer

SEMICONDUCTOR RESEARCH CORPORATION

UNIVERSITY OF TEXAS AT AUSTIN

By _____

Larry W. Sumney

Title: President

By _____

STEPHEN A. MONTI
VICE PROVOST

Title: _____

3.10 (September 21, 1988)

3. U. T. Austin: Approval of Special Use Allowance Agreement with the U. S. Department of the Navy; Authorization for the Executive Vice Chancellor for Academic Affairs to Execute Agreement and Approval of Funding for Facility Construction and Renovation (Exec. Com. Letter 89-11).---
In order to accommodate an expanded research program at the Applied Research Laboratory at the Balcones Research Center of The University of Texas at Austin, the Executive Committee recommended and the Board:
- a. Approved a Special Use Allowance Agreement with the U. S. Department of the Navy in consideration for certain federally sponsored research projects to be conducted in facilities to be provided by U. T. Austin
 - b. Authorized the Executive Vice Chancellor for Academic Affairs to execute, on behalf of the U. T. Board of Regents, the agreement set out on Pages 48 - 50, or a substantially equivalent agreement, after its approval by the Office of General Counsel and its execution by the federal government
 - c. Concurred in U. T. Austin's use of up to \$3.5 million in Permanent University Fund (PUF) Bond Proceeds allocated under the U. T. System Capital Improvement Program for campus repair/rehabilitation projects to provide advance construction funds for new facilities at the Applied Research Laboratory at the Balcones Research Center, with the understanding that Navy payments under the Special Use Agreement will be used to replace advanced PUF bond proceeds and/or to finance U. T. Austin projects deferred as a result of this advance and that resultant construction project(s) are subject to normal administrative and Board approval requirements.

AGREEMENT FOR SPECIAL USE ALLOWANCE

This agreement entered into as of 1 October 1988 by and between the UNITED STATES OF AMERICA (hereinafter called "the Government") represented by the Commander, Space and Naval Warfare Systems Command, Department of the Navy, or his authorized representative executing this agreement, and the UNIVERSITY OF TEXAS, a non-profit educational institution of higher learning of the State of Texas (hereinafter sometimes referred to as the "Contractor") represented by an official authorized to execute this agreement;

WITNESSETH:

WHEREAS the Contractor in furtherance of its educational purposes is performing research and development contracts for the DEPARTMENT OF THE NAVY and other agencies of the Government; and

WHEREAS certain research facilities described in this agreement are required in the performance of such contracts, but it is not practical or desirable for the Government to provide the same as Government-owned facilities; and

WHEREAS the Contractor is willing to construct such facilities at its own expense provided that a special use allowance is permitted in accordance with the authority stated in Subpart 35.015(70) of the DOD FAR Supplement;

NOW, THEREFORE, the parties hereto agree as follows:

1. The Applied Research Laboratories of the University of Texas at Austin, located on the Balcones Research Center, will construct a research facility, hereinafter called "the Research Facility". The Government agrees to recognize amounts for a special use allowance for the purpose of amortizing that portion of the acquisition cost of the Research Facility that is allocable to the performance of said contracts. Such special use allowance shall be in addition to those costs specified as allowable in the Schedule of the clause of the General Provisions thereof entitled "Allowable Costs, Fixed Fee, and Payments" or equivalent applicable clause.
2. The amounts agreed upon to be recognized for special use charge shall be computed on the basis of charging the aforesaid Government contracts with the portion allocable thereto of one-tenth (1/10) per annum of the total acquisition cost of the Research Facility during the Amortization Period. It is recognized that a premise of this agreement is the expectation that Government funding for research and development work by the Contractor will remain at a level such that amounts chargeable for the special use allowance will not be reasonably large in relation to the extent of Government funding. If during any consecutive period of six months during the Amortization Period the Contractor's level of research and development effort under all Government contracts with the contractor, measured in terms of the Contractor's direct cost for personnel, including fringe benefits, shall total less than \$3,500,000.00, then, if requested by the Contracting Officer, there shall be negotiated an equitable reduced special use allowance for application in lieu of the allowance otherwise provided until during six consecutive months the total of the Contractor's level of effort shall have equalled or exceeded \$3,500,000.00.

3. The Amortization Period shall be the period of ten (10) years from the date on which the Research Facility, following substantial completion thereof, is occupied and used for the performance of research and development work under any Government contract with the Contractor.
4. The amount of the special use allowance applicable to any given period shall be equitably apportioned to all contracts and work utilizing the Research Facility which is performed by the Contractor during the period. Accordingly, if concurrent use is made of the Research Facility for the Government and for parties other than the Government, the portion of the special use allowance which is allocable to such other work shall not be charged to the Government. The special use allowance provided shall not be applicable during periods when there is not in existence any Government contract with the Contractor.
5. It is understood and agreed that the special use allowance provided, covering the acquisition and construction costs of research facilities to be financed by the University of Texas, relates to buildings, structures and real property (other than land) comprised of a new research building. In computing the total acquisition cost of the Research Facility there shall not be included any of the following:
 - (i) costs for operation of the Research Facility;
 - (ii) any amount for costs of land or for interest charges on capital, used or borrowed, for the acquisition of the Research Facility, it being understood by the Contractor that no payment for any of the costs and charges is to be made under any Government contract;
 - (iii) any costs for acquisition of the Research Facility exceeding \$3,000,000.00.

The Contractor agrees that, prior to the solicitation for bids for the construction contract, the final plans and specifications for such construction, and any subsequent changes thereto, shall be submitted by the Contractor to the Contracting Officer of the Space and Naval Warfare Systems Command, or his duly authorized representative, for review and approval. The Contracting Officer reserves the right to take such action and issue such instruction to the Contractor in connection with such construction as are deemed necessary to protect the interest of the Government.

6. Additional Terms and Limitations

The Special Use Allowance Agreement shall be incorporated in each applicable contract.

Since the Special Use Allowance is based on the total acquisition cost, no normal use allowance or other use or depreciation charge for the use of the Research will apply during the special allowance period nor after the University has recovered the total acquisition cost.

During the period of Special Use Allowance, the research facility shall be available for Government research use on a priority basis.

When more than one Government contract is being performed, the special use allowance

will be allocated to all contracts on an equitable basis.

If any substantial use is made of the research facility for parties other than the Government, only an allocable share of the Special Use Allowance shall be charged to the Government.

The Special Use Allowance shall not include any maintenance, utilities, or other operational costs.

The amount of the Special Use Allowance shall be based on the comparative need for the research facility by the Government and the University. The University will not be paid more than the acquisition cost.

In establishing the annual Special Use Allowance, consideration shall be given to rental costs for similar space in the Northwest Austin, Texas area, and

Information copies of the Special Use Allowance Agreement shall be furnished to the Commander, Navy Space and Warfare Systems Command, Deputy Under Secretary (Research and Advanced Technology, and Office of the Under Secretary of Defense for Research and Engineering.

IN WITNESS THEREOF, the parties have executed this supplemental agreement as of the date written above.

UNITED STATES OF AMERICA
Department of the Navy

THE UNIVERSITY OF TEXAS

By _____

By _____

Title _____

Title _____

4. U. T. Austin - Energy Conservation Projects: Authorization for Project; Approval for Submission to Coordinating Board; Completion of Final Plans, Advertisement for Bids and Award of Contracts by U. T. Austin Administration; and Appropriation Therefor (Exec. Com. Letter 89-11).--- Under the current Appropriation Bill (Article III, Special Provisions Relating to State Agencies of Higher Education, Section 27), authorization is given, upon approval by the Governor, to use unexpended balances from the fiscal year 1988 utilities line item for energy saving projects. Through engineering surveys conducted for the Texas Energy Cost Containment Program, as administered by the Energy Conservation Division of the Public Utility Commission of Texas, The University of Texas at Austin identified approximately 40 items in 16 buildings where modifications can result in significant savings in utility costs.

In accordance with this statutory requirement, the Board, upon recommendation of the Executive Committee:

- a. Authorized an energy conservation project to include approximately 40 items in 16 buildings on the U. T. Austin campus at an estimated combined total project cost of \$3,985,954
- b. Authorized submission of the project to the Texas Higher Education Coordinating Board
- c. Authorized completion of final plans and specifications and, subject to approval of the Coordinating Board, advertisement for bids, award of construction contracts and completion of the project by U. T. Austin Administration with its own forces or through contract services, as required, in consultation with the Office of Facilities Planning and Construction
- d. Appropriated \$3,522,547 from the unexpended balance of U. T. Austin fiscal year 1988 utility appropriations and \$463,407 from U. S. Department of Energy grant funds.

This project was approved by the Texas Higher Education Coordinating Board at its January 1989 meeting, subsequent to the preparation of the recommendations for the Material Supporting the Agenda.

5. U. T. Austin - Balcones Research Center - Microelectronics and Engineering Research Building (Project No. 102-660): Approval of Revised Total Project Cost and Appropriation of Additional Funds Therefor; Award of Construction Contract to Clearwater Constructors, Inc., Austin, Texas; and Approval of Plaque Inscription (Exec. Com. Letter 89-13).--Upon recommendation of the Executive Committee, the Board:

- a. Approved an increase in the total project cost from \$20,000,000 to \$22,500,000 for the Microelectronics and Engineering Research Building at the Balcones Research Center at The University of Texas at Austin
- b. Appropriated an additional \$2,500,000 for the project from the following sources:
 - (1) U. T. Austin General Fee Balances - \$1,100,000.
 - (2) Permanent University Fund Bond Proceeds - transfer of \$1,400,000 previously authorized for U. T. Austin Project No. 102-568, Nuclear Engineering Teaching Laboratory.

Thus, funding for the project will be:

\$11,100,000 U. T. Austin General
Fee Balances

11,400,000 Permanent University
Fund Bond Proceeds

\$22,500,000 Total

Previous appropriations by the U. T. Board of Regents had been \$10,000,000 from U. T. Austin General Fee Balances and \$10,000,000 from Permanent University Fund Bond Proceeds

- c. Appropriated \$1,400,000 from U. T. Austin General Fee Balances to U. T. Austin Project No. 102-568, Nuclear Engineering Teaching Laboratory to replace the Permanent University Fund Bond Proceeds transferred from that project in Item b. above
- d. Awarded a construction contract for the Microelectronics and Engineering Research Building at the U. T. Austin Balcones Research Center to the lowest responsive bidder, Clearwater Constructors, Inc., Austin, Texas, for the Base Bid amount of \$19,587,000, within the revised \$22,500,000 total project cost
- e. Approved the inscription set forth on Page 53 for a plaque to be placed on the Microelectronics and Engineering Research Building. The inscription follows the standard pattern approved by the U. T. Board of Regents in June 1979. The plaque is included in the construction contract award amount.

MICROELECTRONICS
AND
ENGINEERING RESEARCH BUILDING
1989

BOARD OF REGENTS

Jack S. Blanton, Chairman	Hans Mark
Shannon H. Ratliff, Vice-Chairman	Chancellor, The
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Robert B. Baldwin III	William H. Cunningham
Sam Barshop	President, The University
Louis A. Beecherl, Jr.	of Texas at Austin
Jess Hay	
W. A. "Tex" Moncrief, Jr.	Graeber, Simmons & Cowan
Mario Yzaguirre	Project Architect
	Anderson DeBartolo Pan, Inc.
	Consulting Architect and Engineer
	Clearwater Constructors, Inc.
	Contractor

It was reported that the bids for the Microelectronics and Engineering Research Building were received and opened on December 6, 1988, and all bids exceeded the estimated \$15,900,000 (containing \$15,500,000 for the base bid work only) construction cost reported to the U. T. Board of Regents at the October 1988 meeting. The lowest responsive base bid exceeded the corresponding \$15,500,000 estimate by \$4,087,000 due to unexpected recent surges in the cost of special high purity materials used in clean room construction, cost inflation anticipated by the bidders for construction work extending beyond 1989 and errors in the final cost estimate.

The Project Architect and The University of Texas System Office of Facilities Planning and Construction anticipate that it will be possible during construction to process change orders which will reduce the contract award amount of \$19,587,000 by not less than \$2,250,000 without sacrificing project intent. The savings from these change orders will be retained in the project and allocated to permit the inclusion of applicable project alternates and other items essential to the project within the revised total project cost.

The \$22,500,000 total project cost at the time of award is composed of the following elements:

Construction Cost	\$19,587,000
Fees and Administrative Expenses	1,553,444
Furniture	202,110
Miscellaneous Expenses	417,446
Project Contingency	<u>250,000</u>
Subtotal	\$22,010,000
Separate Contract	<u>490,000*</u>
Total Project Cost	\$22,500,000

* Related campus utilities improvement project currently under construction by Keddico Construction Co., Inc. as approved by the U. T. Board of Regents in Executive Committee Letter No. 89-7.

It was noted that the bids of Pepper-Lawson Construction, Inc. and Spaw-Glass Construction Services, Inc., the two apparent low bidders, were rejected for being non-responsive to the requirements for prior experience called for in the bid documents.

6. U. T. El Paso: Authorization to Accept Invitation for Football Team to Participate in a Post-Season Bowl Game (Exec. Com. Letter 89-9).--Recognizing that The University of Texas at El Paso football team might have the opportunity to participate in a post-season bowl game for the first time in 21 years, the Board ratified the earlier authorization of the Executive Committee for U. T. El Paso to accept such an invitation with the understanding that:
- a. All participation expenses will be reimbursed via bowl income
 - b. A bowl budget must be submitted to and approved by the Executive Vice Chancellor for Academic Affairs
 - c. A final fiscal report will be submitted via the U. T. El Paso Docket as soon as accounting records are complete
 - d. In general, previously approved Board guidelines for bowl participation will prevail.
7. U. T. San Antonio - Engineering Building - Phase I (Project No. 401-616): Award of Construction Contract to Spaw-Glass Construction Services, Inc., San Antonio, Texas (Exec. Com. Letter 89-11).--The Board, upon recommendation of the Executive Committee, awarded a construction contract for the Engineering Building - Phase I at The University of Texas at San Antonio to the lowest responsible bidder, Spaw-Glass Construction Services, Inc., San Antonio, Texas, for the Base Bid and Alternate Bid Item No. 3 and Alternate Bid Item No. 4-C in the amount of \$8,335,500.

In awarding this contract, the Board indicated that in the course of construction approximately \$500,000 in equipment and approximately \$334,000 to \$584,000 in construction change orders would be negotiated to reduce the final cost of the construction contract.

The contract award to Spaw-Glass Construction Services, Inc., San Antonio, Texas, can be made within the total project cost of \$12,900,000 for this project which was approved in October 1938.

The \$12,900,000 total project cost is composed of the following elements:

Construction Cost	\$ 8,335,500
Fees and Administrative Expenses	917,319
Furniture and Equipment	2,754,179
Miscellaneous Expenses	253,002
Project Contingency	<u>250,000</u>
Subtotal	\$12,510,000
Separate Contract	<u>390,000*</u>
Total Project Cost	\$12,900,000

* Related campus site improvement project currently under construction by Kunz Construction Company, Inc., San Antonio, Texas, as approved by the U. T. Board of Regents in Executive Committee Letter No. 89-4.

The \$12,900,000 total project cost for the Engineering Building - Phase I, including its related site improvement work, is within the scope of the Capital Improvement Program approved by the U. T. Board of Regents in January 1987.

This project was approved by the Texas Higher Education Coordinating Board in July 1988.

8. U. T. Southwestern Medical Center - Dallas - Floodplain Reclamation (Project No. 303-679): Award of Construction Contract to Henry Building & Engineering, Inc., Lancaster, Texas, and Authorization for the Executive Vice Chancellor for Health Affairs to Approve and Execute an Agreement with the John D. and Catherine T. MacArthur Foundation, Chicago, Illinois, to Accept Payment from the Foundation for That Part of the Project on Foundation Property (Exec. Com. Letter 89-9).--At its October 1987 meeting, the U. T. Board of Regents approved a Letter of Understanding with the John D. and Catherine T. MacArthur Foundation, Chicago, Illinois, and accepted a gift of approximately 29 acres of land for future expansion of The University of Texas Southwestern Medical Center at Dallas.

Upon recommendation of the Executive Committee, the Board awarded a construction contract for Floodplain Reclamation on the property granted by the John D. and Catherine T. MacArthur Foundation at the U. T. Southwestern Medical Center - Dallas to the lowest responsible bidder, Henry Building & Engineering, Inc., Lancaster, Texas, for the aggregate base bid amount of \$2,275,000. Of this amount, approximately \$1,689,108.31 is the cost of work to the U. T. Southwestern Medical Center - Dallas on University-owned land and approximately \$585,891.69 is the cost of work on MacArthur Foundation property which is to be paid for by the Foundation.

Further, the Board authorized the Executive Vice Chancellor for Health Affairs to approve and execute an agreement with the John D. and Catherine T. MacArthur Foundation, Chicago, Illinois, for its participation in and payment for the project.

This project was approved by the Texas Higher Education Coordinating Board in December 1987, and has received the required approval of the City of Dallas and the U. S. Army Corp of Engineers.

The MacArthur Foundation has requested that The University of Texas System Office of Facilities Planning and Construction provide design and construction administration services for the Foundation's work. The Foundation will, therefore, pay its share of construction, engineering fees and administrative expenses.

9. U. T. Medical Branch - Galveston - Maurice Ewing Hall Renovation (Project No. 601-673): Award of Construction Contract to A-Tec Engineers and Contractors, Inc., Houston, Texas (Exec. Com. Letter 89-12).--The Executive Committee recommended and the Board awarded a construction contract for the Maurice Ewing Hall Renovation at The University of Texas Medical Branch at Galveston to the lowest responsible bidder, A-Tec Engineers and Contractors, Inc., Houston, Texas, for the Base Bid and Alternate Bid Nos. 1, 2, 3 and 4 in the amount of \$3,767,367.
10. U. T. Medical Branch - Galveston - Remodeling of John Sealy Hospital (Old Building) - Cardiac Catheterization Unit (Project No. 601-677): Award of Construction Contract to Miner-Dederick Constructors, Inc., Houston, Texas (Exec. Com. Letter 89-12).--The Board, upon recommendation of the Executive Committee, awarded a construction contract for the Remodeling of John Sealy Hospital (Old Building) - Cardiac Catheterization Unit at The University of Texas Medical Branch at Galveston to the lowest responsible bidder, Miner-Dederick Constructors, Inc., Houston, Texas, for the Base Bid and Alternate Bid Nos. 1 and 2 in the amount of \$3,801,000.
11. U. T. Medical Branch - Galveston - Remodeling of John Sealy Hospital (Old Building) - Remodeling of Sixth, Seventh and Eighth Floors (Project No. 601-655): Award of Construction Contract to Miner-Dederick Constructors, Inc., Houston, Texas (Exec. Com. Letter 89-9).--Approval was given to award a construction contract for the Remodeling of John Sealy Hospital (Old Building) - Remodeling of Sixth, Seventh and Eighth Floors at The University of Texas Medical Branch at Galveston to the lowest responsible bidder, Miner-Dederick Constructors, Inc., Houston, Texas, for the Base Bid in the amount of \$7,315,000.

Combined bids were received on July 26, 1988, for two phases of remodeling of John Sealy Hospital (Old Building): (a) Remodeling Sixth, Seventh and Eighth Floors, including a two-level addition to the John Sealy Hospital North Addition (Project No. 601-655) and (b) Lithotripter Facility and Additional Surgical Operating Rooms (Project No. 601-676). All bids exceeded the combined authorized total project costs and all bids were rejected. The two projects were separated; the two-level addition was eliminated from the bid documents and new bids for the Remodeling of the Sixth, Seventh and Eighth Floors only were received on October 20, 1988. The Lithotripter Facility and Additional Surgical Operating Rooms will be bid at a later date.

12. U. T. M.D. Anderson Cancer Center: Transfer of Funds Requiring Advance Regental Approval Under Budget Rules and Procedures No. 2 (Exec. Com. Letter 89-10).--Upon recommendation of the Executive Committee, the Board approved the following transfer of funds at The University of Texas M.D. Anderson Cancer Center:

Educational and General Funds

Amount of Transfer - \$18,500,000

From: Unappropriated Balance (via Estimated Income) - 1987-88 - \$6,950,000
Estimated Income 1988-89 - \$11,550,000

To: Pharmacy	\$ 7,000,000
Molecular Probe Laboratory	1,500,000
Patient Care Services	3,050,000
Provision for Information Systems	2,250,000
Provision for Upgrade of Computer	1,000,000
Provision for Telephone Equipment	2,000,000
Provision for Special Research Equipment	\$ 600,000
Provision for Environmental Improvements	500,000
Provision for Facility Support and Deferred Maintenance	500,000
Provision for Computer Aided Design Equipment	100,000
	<hr/>
Total	<u>\$18,500,000</u>

(RBC #17)

REPORT AND RECOMMENDATIONS OF THE FINANCE AND AUDIT COMMITTEE (Page 58).--Committee Chairman Roden reported that the Finance 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 action set forth in the Minute Order which follows was recommended by the Finance 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. 44 (Catalog Change).--Upon recommendation of the Finance and Audit Committee, the Board approved Chancellor's Docket No. 44 in the form distributed by the Executive Secretary. It is attached following Page 108 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.

Regents Hay and Ratliff abstained from voting on items within the Docket related to Exxon Corporation due to a possible conflict of interest. Regent Ratliff also abstained from matters related to Southwest Texas Electric Cooperative for the same reason.

REPORT AND RECOMMENDATIONS OF THE ACADEMIC AFFAIRS COMMITTEE (Pages 59 - 67).--Committee Chairman Baldwin reported that the Academic Affairs Committee had met in open session to consider those matters on its agenda and to formulate recommendations for the U. T. Board of Regents. Unless otherwise indicated, the actions set forth in the Minute Orders which follow were recommended by the Academic Affairs Committee and approved in open session and without objection by the U. T. Board of Regents:

1. U. T. System: Approval to Standardize Institutional Procedures Related to Forfeited General Property Deposits Through Establishment of Student Deposit Endowment Fund and Adoption of Institutional Policies for the Administration of a Student Deposit Endowment Fund.--Section 54.5021 of the Texas Education Code provides that any student's general property deposit unclaimed for four years after the last date of attendance is forfeited and may be used as directed by the governing board to award scholarships to needy and deserving students, support a general student union program or establish an institutional loan program except that the funds may be used at The University of Texas at Austin for scholarship purposes only.

In accordance with this statutory requirement and upon recommendation of the Health Affairs and Academic Affairs Committees, the Board:

- a. Standardized procedures related to the handling and use of forfeited general property deposits at all component institutions of The University of Texas System through the formal establishment of an endowment for each component institution to be entitled the "(Institution name) Student Deposit Endowment Fund"
- b. Approved the following general policy guidelines, consistent with long-standing institutional practices at U. T. Austin and The University of Texas at El Paso, for the administration of the institutional Student Deposit Endowment Fund:

Policy for Student Deposit Endowment Fund

- (1) A Student Deposit Endowment Fund, to be managed in a manner consistent with U. T. System endowment policies, is to be established on behalf of each U. T. System component institution with forfeited student general property deposits.
- (2) That portion of the current balance of each student deposit fund consisting of the aggregated sums of unexpended student general property deposits forfeited under Section 54.5021 of the Texas Education Code are to be transferred into the Student Deposit Endowment Fund, effective with establishment of the endowment.

- (3) All future general property deposits forfeited pursuant to Section 54.5021 of the Texas Education Code are to be added to the corpus of the Student Deposit Endowment Fund as soon as practicable after forfeiture.
 - (4) Income from investment of the Student Deposit Endowment Fund is to be used to award scholarships to needy and deserving students, to establish an institutional loan program for students, or to support a general student union or activity program in accordance with and to the extent authorized by Subsection (b) of Section 54.5021, Texas Education Code.
- c. Directed each component institution to develop an institutional policy related to administration of the Student Deposit Endowment Fund, consistent with U. T. Board of Regents' general policy guidelines, for prior administrative approval and inclusion in the institutional Handbook of Operating Procedures.

Formal recognition and uniform administration of these funds are expected to achieve the dual goals of promoting growth of the funds through investment and ensuring the long-term availability of these funds as a predictable source of student support.

General property deposit charges are approved by the U. T. Board of Regents annually via the U. T. System Docket.

2. U. T. Austin: Approval to Name Room 2.108 in the Engineering Teaching Center Building in the College of Engineering the Todd D. Harris Memorial Classroom (Regents' Rules and Regulations, Part One, Chapter VIII, Section 1, Subsection 1.2, Naming of Facilities Other Than Buildings).--In accordance with the Regents' Rules and Regulations, Part One, Chapter VIII, Section 1, Subsection 1.2, relating to the naming of facilities other than buildings, approval was given to name Room 2.108 in the Engineering Teaching Center Building in the College of Engineering at The University of Texas at Austin the Todd D. Harris Memorial Classroom.

The naming of this classroom is in recognition of gifts accepted to honor the late Mr. Todd D. Harris who received his B.S.M.E. from U. T. Austin in 1987.

See Page 92 related to the establishment of the Todd D. Harris Memorial Classroom Endowment.

3. U. T. Austin: Approval of Voluntary Student Services Fees Effective with the Fall Semester 1989 (Catalog Change).--The Board, upon recommendation of the Academic Affairs Committee, approved the Voluntary Student Services Fees at The University of Texas at Austin to be effective with the Fall Semester 1989 as set out below:

	1989-90 Fee	
	Academic Year	Spring Semester
Athletics	\$52.00	\$26.00
Athletics Dependent	64.00	32.00
Drama Department	12.00	6.00
Performing Arts	25.00	12.50
TSP Package*	32.50	28.25
Cactus Yearbook	28.50	28.50
Utmost Magazine	8.50	4.30
Official Directory	2.00	(not to be offered)
Peregrinus Yearbook	15.00	15.00
Analecta Literary Journal	3.50	3.50
Polis Magazine	4.00	2.00
Locker/Basket and Shower	8.00	4.00

*TSP Package represents a reduced cost for purchase of Cactus, Utmost and the Official Directory.

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

4. U. T. Austin: Recommendation to Approve Increases in Tuition Rates for the Graduate School of Business Effective with the Fall Semester 1989 (Deferred).--Committee Chairman Baldwin reported that the item related to a proposed increase in tuition rates for students in the Graduate School of Business at The University of Texas at Austin was deferred for consideration at a future meeting.
5. U. T. Dallas: Establishment of The Bruton Center for Development Studies in the School of Social Sciences.--Upon recommendation of the Academic Affairs Committee, the Board established The Bruton Center for Development Studies in the School of Social Sciences at The University of Texas at Dallas to provide research in the areas of social science that affect the local metropolitan and urban areas including population, transportation, economic stability and leadership.

The Center will be funded by a \$300,000 grant from the Trustees of The David Bruton, Jr. Charitable Trust, Founded by David Bruton, Jr. The grant will be matched by U. T. Dallas for a total of \$600,000.

See Page 97 for acceptance of related grant.

6. U. T. San Antonio: Approval of Teaming Agreement with Rothe Development, Inc., a Texas Corporation, San Antonio, Texas.--Approval was given to the Teaming Agreement set forth on Pages 62 - 67 by and between The University of Texas at San Antonio and Rothe Development, Inc., a Texas corporation, San Antonio, Texas.

Upon approval by all parties, this agreement will establish a working team relationship to prepare proposals for submission to the U. S. government and to obtain contract awards for projects involving research, development and services. Rothe Development, Inc. will be the prime contractor and U. T. San Antonio will act as a subcontractor. In effect, U. T. San Antonio will participate in the preparation of research proposals by Rothe and then bid on subcontract research work with Rothe. The U. T. San Antonio bid will cover all costs related to salaries, wages, supplies, materials, equipment and overhead. Among other things, U. T. San Antonio will furnish Rothe with technical, analytic and engineering services in support of awarded projects.

TEAMING AGREEMENT

THIS AGREEMENT is effective this _____ day of _____, 19____, between:

ROTHE DEVELOPMENT, INC. (hereinafter (called "ROTHE"), a corporation organized and existing under the laws of the State of Texas, with Offices in San Antonio,

and

THE UNIVERSITY OF TEXAS AT SAN ANTONIO (hereinafter referred to as "UTSA"), a state supported institution of higher education located in Bexar County, Texas.

1. The intent and purpose of this Agreement, which constitutes the entire agreement between the parties and supercedes any previous understandings, commitments, or agreements, oral or written, which includes all phases of the project (hereinafter called "Project"), is to establish a working team relationship between the parties to join their skills to prepare proposals for submission to the U.S. Government and to obtain the award of contract for the Project. This is a teaming agreement as contemplated by and subject to limitations in FAR 9.6.

2. ROTHE is and will be preparing a proposal(s) in response to the requirements of the Project. It is understood that each party will, in its sole judgment, exert reasonable effort to prepare a proposal(s) which will result in selection by the Government of ROTHE as prime contractor and of UTSA as the subcontractor for the Project. Each party agrees to continue to exert such reasonable effort, in its sole judgment, toward this objective throughout any briefings, presentations, and negotiations concerning a proposed contract which may follow the submission of the proposal(s).

It is therefore agreed that UTSA will team with ROTHE in all proposal efforts for the Project, and will assist and cooperate with ROTHE in its effort to bring about an award of the contract to the team (prime and subcontract).

3. It is agreed that ROTHE will have responsibility for the preparation of the proposal(s) to the Government as the prime contractor and with UTSA as the subcontractor. During the term of this Agreement, ROTHE shall endeavor to secure the prime contract for the Project, and UTSA shall use its efforts to assist ROTHE in achieving this result.
4. UTSA also agrees to furnish reasonable information, data, and support which the parties agree will assist ROTHE in integrating the work to be performed by UTSA into the proposal for each phase of the Project.
5. UTSA will furnish ROTHE with a proposal for the technical, analytic, and engineering services to be provided in support of performance of the Project. This shall include technical data, program management, and pricing information as may be required by the Government Solicitation, in sufficient detail to permit accurate costing of a prime contract and negotiation of the subcontract. It is understood that ROTHE in coordination with UTSA will decide on the exact form and content of the final document to be submitted to the Government.

6. During proposal preparation and contract negotiations, or prior to award for the Project, ROTHE may require additions, deletions, or modifications to the ROTHE or UTSA portion. UTSA will be notified by ROTHE of the additions, deletions, or modifications desired to the UTSA effort and subject to agreement thereon by the parties, UTSA will participate in the revisions thereto, including price revisions.
7. In the event of an award to ROTHE of a contract for the Project, ROTHE will offer and UTSA will accept a subcontract to perform work and render services required by the prime contractor in accordance with the description of UTSA's responsibilities as were defined by mutual agreement prior to proposal submission. The subcontract will be a basic agreement, embodying provisions consistent with the prime contract and those provisions mutually agreed upon. ROTHE will then issue specific work requirements to UTSA in the form of task assignments, as they may arise, against the basic subcontract and contain Statement of Work, Price, and Schedule.
8. All news releases, public announcements, advertising or publicity released related to this Project by either ROTHE or UTSA shall be done in accordance with the terms and approval procedures to the ensuing prime contract with the U.S. Government.
9. This Agreement is not intended to constitute, create, give effect to, or otherwise recognize a joint venture, partnership, or formal business entity of any kind and the rights and obligations of the parties shall be limited to those expressly set forth herein. Nothing herein shall be construed as providing for the sharing of profits or losses arising out of the efforts of either or both parties.

Neither ROTHE nor UTSA will be liable to the other for any of the costs, expenses, risks, or liabilities arising out of the other company's effort in connection with preparation of its portion of the proposal, or for the expenses incurred in any precontract presentations required by the Government. Each party shall act as an independent contractor and not as an agent of the other for any purpose whatsoever, and neither party shall have any authority to bind the other except as specifically set forth herein.

10. This Agreement may not be assigned or otherwise transferred by either party in whole or in part without the expressed prior written consent of the other party.
11. Except as otherwise stated, this agreement will terminate upon the occurrence of any of the following events:
 - (a) If the Government notifies ROTHE that it has been eliminated from consideration for award as prime contractor on any phase of the Project; or
 - (b) If ROTHE does not receive award of a contract within two years of the proposal for any phase; or
 - (c) If a prime contract for the Project shall be awarded to any company other than ROTHE; or
 - (d) Cancellation or withdrawal by the Government of the requirements of the project; or
 - (e) If either UTSA or ROTHE becomes insolvent or makes a general assignment for the benefit of creditors or if either UTSA or ROTHE is adjudged bankrupt, under the bankruptcy Act.
12. UTSA and ROTHE agree that as to all inventions which are or may be patentable, made in the performance of any phase of the Project, by one or more employees of one of the parties, the

respective employer shall have, subject to any rights of the employee and subject to the rights of the Government, exclusive right to file for a patent thereon, and no rights whatsoever under any resulting issued patent shall accrue to the other party. Rights as to inventions jointly conceived by employees of UTSA and ROTHE shall be as mutually agreed upon. No license whatsoever, expressed or implied, under any inventions or patents, shall pass hereunder between the parties.

13. Any notice expressly provided for under the Agreement shall be in writing, shall be given either manually or by mail, telegram, radiogram, or cable, and shall be deemed sufficiently given if and when received by the party to be notified at its address set forth below or if and when mailed by registered or certified mail, postage paid, addressed to such party at such address. Either party may, by notice to the other, change its address for receiving such notice.

If to ROTHE: Rothe Development, Inc.
 4614 Sinclair Road
 San Antonio, Texas 78222
 Attn: Mr. Arnott Moore

If to UTSA: The University of Texas at San Antonio
 Office of Sponsored Projects
 San Antonio, Texas 78285
 Attn: Carol Hollingsworth

14. This Agreement and any contracts executed pursuant to the provisions contained herein are subject to the laws of the State of Texas and The Rules and Regulations of the Board of Regents of The University of Texas System.

15. This Agreement shall become effective upon the approval and execution by the Board of Regents of The University of Texas System and an appropriate officer of Rothe Development, Inc. who has been delegated the authority to approve such agreements on behalf of the corporation. If so executed, this Agreement shall continue in effect for an initial term of five (5) years after the date and year first above written, and after such initial term shall continue in effect from year to year unless one party shall have given one hundred and eighty (180) days' prior written notice to the other party of intention to terminate this Agreement. This Agreement and any specific project or grant contracts executed pursuant thereto shall terminate for all purposes one hundred and eighty (180) days after such notice is given.

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

THE UNIVERSITY OF TEXAS AT
SAN ANTONIO

ATTEST: _____

BY: _____

TITLE: _____

ROTHE DEVELOPMENT, INC.

ATTEST: _____

BY: _____

TITLE: _____

BOARD OF REGENTS OF THE UNIVERSITY
OF TEXAS SYSTEM

BY: _____

CERTIFICATE OF APPROVAL

I hereby certify that the foregoing Agreement was approved by the Board of Regents of The University of Texas System on the ____ day of _____, 19__, and that the person whose signature appears above is authorized to execute such agreement on behalf of the Board.

Executive Secretary, Board of Regents
The University of Texas System

REPORT AND RECOMMENDATIONS OF THE HEALTH AFFAIRS COMMITTEE (Pages 68 - 75).--Committee Chairman Yzaguirre reported that the Health Affairs Committee had met in open session to consider those items on its agenda and to formulate recommendations for the U. T. Board of Regents. Unless otherwise indicated, 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. System: Approval to Increase Premium Rates for Professional Medical Liability Self-Insurance Plan Effective September 1, 1989.--Approval was given to increase the institutional premium rates for The University of Texas System Professional Medical Liability Self-Insurance Plan effective September 1, 1989, as follows:

<u>Risk Class</u>	<u>Premium Rates</u>	
	<u>Effective September 1, 1989</u>	
	<u>Staff</u>	<u>Resident</u>
1	\$ 2,280	\$ 1,524
2	3,816	2,532
3	6,504	4,332
4	10,572	7,032
5	17,556	11,676

This 8% increase in Self-Insurance Plan premiums will still result in rates being lower than those charged by commercial carriers and other self-insurance plans.

2. U. T. Southwestern Medical Center - Dallas: Kern Wildenthal, M.D., Appointed Initial Holder of the Unnamed Chair Designated for the President Effective Immediately (No Publicity).--Upon recommendation of the Health Affairs Committee, the Board appointed Kern Wildenthal, M.D., President of The University of Texas Southwestern Medical Center at Dallas, as initial holder of the unnamed chair designated for the President of this institution effective immediately.

This chair, which was established upon acceptance of a \$500,000 challenge gift from an anonymous donor, will be named at a later date by the donor who has agreed to provide the \$500,000 in matching funds.

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

3. U. T. Southwestern Medical Center - Dallas: Appointment of Initial Holders - (a) Daniel W. Foster, M.D., to the Donald W. Seldin Distinguished Chair in Internal Medicine, (b) Bruce C. Carr, M.D., to the Paul C. MacDonald Professorship in Obstetrics and Gynecology, (c) Jere H. Mitchell, M.D., to the S. Roger and Carolyn P. Horchow Professorship in Cardiac Research in Honor of Jere H. Mitchell, M.D., and (d) W. Steves Ring, M.D., to the Frank M. Ryburn, Jr., Distinguished Chair in Cardiothoracic Surgery and Transplantation Effective Immediately.--
The Board approved the following initial appointments to endowed academic positions at The University of Texas Southwestern Medical Center at Dallas effective immediately:

- a. Daniel W. Foster, M.D., Professor and Chairman of the Department of Internal Medicine, to the Donald W. Seldin Distinguished Chair in Internal Medicine
- b. Bruce C. Carr, M.D., Professor of Obstetrics and Gynecology, to the Paul C. MacDonald Professorship in Obstetrics and Gynecology
- c. Jere H. Mitchell, M.D., Professor of Medicine and Physiology, to the S. Roger and Carolyn P. Horchow Professorship in Cardiac Research in Honor of Jere H. Mitchell, M.D.
- d. W. Steves Ring, M.D., Professor of Surgery and Chairman of the Division of Cardiothoracic Surgery, to the Frank M. Ryburn, Jr., Distinguished Chair in Cardiothoracic Surgery and Transplantation.

4. U. T. Health Science Center - San Antonio: Permission for Michael P. Stern, M.D., to Serve on the Texas Diabetes Council, Austin, Texas [Regents' Rules and Regulations, Part One, Chapter III, Section 13, Subsections 13.(10) and 13.(11)].--Permission was granted for Michael P. Stern, M.D., Professor of Medicine at The University of Texas Health Science Center at San Antonio, to serve on the Texas Diabetes Council, Austin, Texas. Dr. Stern's service in this capacity will be without remuneration.

Governor Clements' appointment of Dr. Stern to this Council is of benefit to the State of Texas, creates no conflict with his regular duties and is in accordance with approval requirements for positions of honor, trust or profit provided in Article 6252-9a of Vernon's Texas Civil Statutes and Part One, Chapter III, Section 13, Subsections 13.(10) and 13.(11) of the Regents' Rules and Regulations.

5. U. T. M.D. Anderson Cancer Center: Approval of Affiliation Agreement with Comunidad de Madrid, Madrid, Spain, and Authorization for the Executive Vice Chancellor for Health Affairs to Execute the Agreement.--Approval was given to the affiliation agreement substantially in the form set forth on Pages 70 - 75 by and between The University of Texas M.D. Anderson Cancer Center and Comunidad de Madrid, Madrid, Spain, and the Executive Vice Chancellor for Health Affairs was authorized to execute the agreement on behalf of the U. T. Board of Regents.

Upon approval by all parties, this agreement will establish an international program of mutual collaboration and information exchange for physicians and other researchers in the area of oncology research, prevention, diagnosis, treatment and rehabilitation of cancer patients and will also develop mechanisms of liaison to expedite the admission of patients from Madrid who would be referred to the U. T. M.D. Anderson Cancer Center.

DRAFT

AGREEMENT OF AFFILIATION

THIS AGREEMENT of AFFILIATION made the _____ day of _____, 1988, by and between THE UNIVERSITY OF TEXAS M. D. ANDERSON CANCER CENTER of Houston, Texas, United States of America (hereinafter "CANCER CENTER"), a component institution of THE UNIVERSITY OF TEXAS SYSTEM of Austin, Texas, (hereinafter "SYSTEM"), and the COMUNIDAD de MADRID (hereinafter "MADRID") in Madrid, Spain.

RECITALS

WHEREAS, CANCER CENTER now operates patient care, teaching and research facilities located at 1515 Holcombe Boulevard in the City of Houston, State of Texas, U.S.A., and therein provides health care services for patients with cancer and other neoplastic diseases; and

WHEREAS, MADRID, through its Department of Health Affairs, is interested in furthering its knowledge of cancer through the direct application of the latest advances in science for the benefit of its citizens; and

WHEREAS, it is agreed by the parties that the purpose of this Agreement is to establish an international program of mutual collaboration and information exchange in the area of oncology for the physicians and other researchers in the areas of research, prevention, diagnosis, treatment and rehabilitation of cancer; and

WHEREAS, it is further agreed by the parties that they have a mutual desire to develop mechanisms of liaison to expedite the admission of patients from MADRID who would be referred to CANCER CENTER for specialized diagnosis, consultation and treatment;

AGREEMENT

NOW, THEREFORE, it is mutually agreed by CANCER CENTER and MADRID as follows:

Section 1. Objectives and Activities

A. Trainees

The parties agree that it is to their mutual interest and advantage for trainees selected by MADRID to be given the opportunity to utilize the facilities of CANCER CENTER to learn ways to achieve the following objectives and activities:

- (1) to reduce the morbidity and mortality by cancer in Spain, attempting to provide complete care to the affected patient where possible;
- (2) to contribute to the decrease of the incidence of those types of cancer with identifiable and preventable risk factors;
- (3) to contribute to the decrease of mortality from those types of cancer with possibilities of early screening and opportune treatment;
- (4) to amplify and intensify the means of prevention;
- (5) to promote activities oriented towards basic prevention through health education tending to modify unhealthy lifestyles and to encourage the adoption of habits beneficial to health, especially stressing self-care;
- (6) to encourage the screening of those types of cancer whose development permits one to study the beginning of precancerous stages;
- (7) to encourage the development of an early detection;
- (8) to identify those diagnostic procedures which are most appropriate and have a high margin of specificity;
- (9) to select therapeutic methods known to be effective in trial investigations on the use of new drugs;
- (10) to rehabilitate the patient in the early phase of treatment and according to the treatment utilized; and
- (11) to employ simple, adequate palliative treatments to mitigate pain in the care of the terminal patient in collaboration with the family and community.

B. The parties also agree that a later phase of their collaboration may include the participation of selected CANCER CENTER physicians, researchers and staff in the establishment or development of specialized activities in MADRID including, but not limited to, the following areas:

- (1) clinical pharmacy;
- (2) blood banking services;
- (3) informational services;
- (4) clinical research protocol services; and
- (5) other research activities of mutual interest.

- C. The parties agree that certain patients from Spain, who are to be selected by a specified committee of physicians in MADRID, will be referred to CANCER CENTER for specialized diagnosis, consultation and treatment. CANCER CENTER will develop appropriate mechanisms for expedited admission of these patients and for timely communication with and return of these patients to the care of the referring physicians, as deemed appropriate.
- D. The parties agree that it may be to their mutual benefit to develop other programs in the future based upon interest and availability of resources and personnel and agree to refer such matters to a Joint Affiliation Committee to discuss, to obtain approval for plans, and to develop written agreements embodying the objectives and responsibilities of the respective parties. The Joint Affiliation Committee shall be composed of at least two representatives of each party and shall meet at least annually to carry out its responsibilities hereinafter described in Section 4.

Section 2. Responsibilities of MADRID with regard to Trainees and Physicians/Researchers

MADRID agrees to:

- (1) designate at least two (2) representatives, to serve as MADRID's members of the Joint Affiliation Committee and to serve as Coordinators responsible for the program's progress, who will maintain appropriate communication with the CANCER CENTER during the training period;
- (2) recommend trainees who shall be placed at the CANCER CENTER, subject to the approval of the CANCER CENTER and who have fluency in English and who have passed the EFMG examination;
- (3) provide information, upon request, regarding the background, experience and educational needs of each trainee to the CANCER CENTER prior to the trainee's placement;
- (4) respect the mission of the CANCER CENTER, and both expect and require trainees to accept patients, staff, and administrators, regardless of race, ethnic origin, sex, age, religion or political belief;
- (5) withdraw, upon written request to the CANCER CENTER designated supervisor, any trainee whose performance is unsatisfactory or whose conduct is unacceptable to the CANCER CENTER; and
- (6) select physicians/researchers to participate in specialized, short-term training programs in such areas as bone marrow transplantation, tumor marker laboratories and scanning electron microscopy.

Section 3. Responsibilities of the CANCER CENTER

The CANCER CENTER agrees to:

- (1) accept trainees nominated by MADRID to participate in overall CANCER CENTER programs and activities as appropriate;
- (2) accept trainees or other physicians/researchers without regard to race, ethnic origin, sex, age, religion, or political belief;
- (3) provide appropriate instruction by a qualified CANCER CENTER representatives;
- (4) inform MADRID of changes in CANCER CENTER policy, procedures, and staffing that affect these programs; and
- (5) accept the withdrawal of any trainee by MADRID when the placement is found not to be in the best interest of the trainee, CANCER CENTER or MADRID.

Section 4. Responsibilities of Joint Affiliation Committee

The Joint Affiliation Committee shall:

- (1) be a working committee comprised of at least two (2) representatives from each of the parties;
- (2) meet at least annually in ordinary session and in extraordinary session if requested to do so by either party;
- (3) plan, document and coordinate all activities to be jointly undertaken under the terms of this Agreement;
- (4) prepare annual reports and submit written proposals or suggested changes to this Agreement to the governing bodies of the respective institutions for any necessary approval; and
- (5) develop written financial guidelines to be utilized in the referral of patients from MADRID to CANCER CENTER.

Section 5. Guidelines

It is agreed and understood by MADRID and CANCER CENTER that, prior to the exchange of trainees or physicians or researchers, written guidelines will be set up with the approval of both parties. These guidelines may be attached to this Agreement as Exhibit A.

Section 6. No Employment

It is understood and agreed that, by the terms of this Agreement, no agent or employee of MADRID shall, for any purpose, be deemed an agent or employee of CANCER CENTER.

Section 7. Financial Matters of MADRID Trainees, Physicians and Researchers

It is understood and agreed that MADRID shall be responsible for all travel expenses, housing expenses, insurance (including medical, dental and professional responsibility insurance), salary and fringe benefits of its trainees, physicians and researchers while they are at CANCER CENTER.

Section 8. Financial Matters of Patients

It is understood and agreed that CANCER CENTER clinic, hospital and physician charges are the responsibility of MADRID, and/or other Spanish resources and/or the patient. Written financial guidelines are to be developed by the Joint Affiliation Committee or their respective designees and approved in advance of any patient referral.

Section 9. Separate Jurisdictions

It is understood that the autonomy of each party to this Agreement remains intact. Neither party shall be liable for any claims, actions or demands made which are as a result of the negligence of the other party. Nothing contained herein shall be construed as establishing or constituting a partnership or joint venture between the parties.

Section 10. Intellectual Property

The parties agree that inventions, concepts, methods, techniques, processes, adaptations and ideas solely developed by MADRID or by CANCER CENTER during the term of this Agreement and relating to the activities involved therein shall remain the sole property of that respective party.

The parties acknowledge that the exchange of information and collaboration which is called for in this Agreement may result in the joint development of new proprietary and secret inventions, concepts, methods, techniques, processes, adaptations and ideas which shall be considered as jointly owned by MADRID and CANCER CENTER. The parties further agree that each party will inform its Joint Affiliation Committee representatives in writing within ninety (90) days of such a development so that appropriate agreements can be prepared, where necessary, between the parties and any third parties to protect the development and to maximize its potential benefit to MADRID and CANCER CENTER.

Section 11. Amendments

It is understood and agreed that the parties to this Agreement may revise or modify this Agreement only by written amendment hereto, provided such revision or modification is mutually agreed upon and signed by the authorized representatives of MADRID and CANCER CENTER and approved by the Office of the Chancellor of The University of Texas System.

Section 12. Term and Termination

This AGREEMENT shall not become effective unless and until approved by the Board of Regents of SYSTEM. If so approved, this Agreement shall become effective on the date of such approval, and shall continue in effect for an initial term ending one (1) year after the date and year of execution by CANCER CENTER and MADRID. After such initial term, the Agreement shall continue in effect from year to year unless one party shall have given one hundred eighty (180) days' prior written notice to the other party of its intention to terminate this Agreement. If such notice is given, this Agreement shall terminate: (a) 180 days after notice is given; or (b), when the trainee enrolled in the Program at the end of the term of this Agreement have completed his/her respective courses of study under this Program, whichever event last occurs. Notice of intention to terminate may be withdrawn if mutually agreed to by the parties.

EXECUTION

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

ATTEST: COMUNIDAD de MADRID
MADRID, SPAIN

BY: _____

BY: _____

TITLE: _____

ATTEST: THE UNIVERSITY OF TEXAS
M. D. ANDERSON CANCER CENTER

BY: _____
James M. Bowen, Ph.D.
Vice President for
Academic Affairs

BY: _____
Charles A. LeMaistre, M.D.
President

FORM APPROVED:

BY: _____
John L. Darrouzet,
Attorney, Office of General Counsel
The University of Texas System

APPROVED:

BY: _____
Charles B. Mullins, M.D.
Executive Vice Chancellor for
The University of Texas System
Health Affairs

CERTIFICATE OF APPROVAL

I hereby certify that the foregoing Agreement was approved by the Board of Regents of The University of Texas System on the ____ day of _____, 1988, and that the person whose signature appears above is authorized to execute such agreements on behalf of the Board.

Executive Secretary, Board of Regents
The University of Texas System

REPORT AND RECOMMENDATIONS OF THE BUILDINGS AND GROUNDS COMMITTEE (Pages 76 - 87).--Committee Chairman Hay reported that the Buildings and Grounds Committee had met in open session to consider those items on its agenda and to formulate recommendations for the U. T. Board of Regents. Unless otherwise indicated, all actions set forth in the Minute Orders which follow were recommended by the Buildings and Grounds Committee and approved in open session and without objection by the U. T. Board of Regents:

1. U. T. System: Recommendation for Extension of the Capital Improvement Program Through Fiscal Years 1993 and 1994 with Capital Improvement Project Authorizations for Fiscal Years 1990 and 1991 (Deferred).--Committee Chairman Hay reported that the item regarding extension of the Capital Improvement Program for The University of Texas System through fiscal years 1993 and 1994 with capital improvement project authorizations for fiscal years 1990 and 1991 was deferred for consideration at a future meeting.

2. U. T. Arlington - Maverick Stadium - Replacement of Artificial Turf: Authorization for Project; Completion of Final Plans, Advertisement for Bids and Award of Contract by U. T. Arlington Administration; and Appropriation Therefor.--The Board, upon recommendation of the Finance and Audit, Academic Affairs and Buildings and Grounds Committees:
 - a. Authorized replacement of the artificial turf at Maverick Stadium on the campus of The University of Texas at Arlington at an estimated total project cost of \$400,000
 - b. Authorized completion of final plans and specifications, advertisement for bids, award of construction contract and completion of project by U. T. Arlington Administration with its own forces or through contract services, as required, in consultation with the Office of Facilities Planning and Construction
 - c. Appropriated \$400,000 from U. T. Arlington unappropriated auxiliary cash balances for total project funding.

The artificial turf at Maverick Stadium is now nine years old and in need of replacement. U. T. Arlington has entered into a long-term agreement with the Arlington Independent School District for the use of the stadium and one of the provisions of the contract is the replacement of the artificial turf at least once every ten years. Funds appropriated for this project from unappropriated auxiliary cash balances will be repaid from payments received from the Arlington Independent School District in accordance with the lease agreement.

Replacement of the artificial turf is considered to be "equipment replacement" and does not need to be submitted to the Texas Higher Education Coordinating Board for consideration.

The turf replacement is an unanticipated project and was not listed in the last U. T. Board of Regents approved Capital Improvement Program.

3. U. T. Austin - Andrews Dormitory and Kinsolving Dormitory - Phased Remodeling of Food Service Facilities - Phase I - Andrews Dormitory: Approval of Final Plans; Authorization for the Office of the Vice President for Business Affairs to Advertise for Bids and Award Contracts; and Appropriation Therefor.--Upon recommendation of the Buildings and Grounds Committee, the Board:
- a. Approved final plans and specifications for the Remodeling of Food Service Facilities - Phase I - Andrews Dormitory at The University of Texas at Austin at an estimated total project cost of \$1,324,000
 - b. Authorized the Office of the Vice President for Business Affairs at U. T. Austin to advertise for bids and award all contracts associated with the Phase I project within the authorized total project cost
 - c. Appropriated \$1,200,000 from U. T. Austin Housing and Food Reserve Funds for total Phase I project funding. Previous appropriations had been \$124,000 from the same source.

This project was approved by the Texas Higher Education Coordinating Board in October 1988.

4. U. T. Austin - Memorial Stadium - Replacement of Artificial Turf and Synthetic Track Surface: Authorization for Project; Appointment of Lamb & Barger Consulting Engineers, Houston, Texas, as Project Engineer to Prepare Final Plans; Authorization to Advertise for Bids and for the Chancellor or His Designee to Award Contracts; and Appropriation Therefor.--The Board, upon recommendation of the Academic Affairs, Finance and Audit and Buildings and Grounds Committees:
- a. Authorized a project for the replacement of the artificial turf and the synthetic track at Memorial Stadium on the campus of The University of Texas at Austin at an estimated total project cost of \$1,025,000
 - b. Appointed the firm of Lamb & Barger Consulting Engineers, Houston, Texas, as Project Engineer to prepare final plans and specifications
 - c. Authorized the Office of Facilities Planning and Construction to advertise for bids and, due to the critical time schedule, authorized the Chancellor or his designee in consultation with the Office of General Counsel to award all contracts associated with this project within the authorized total project cost

- d. Appropriated \$875,000 from reserve funds of the Men's Intercollegiate Athletics Department at U. T. Austin and \$150,000 from U. T. Austin's unappropriated auxiliary enterprise fund balances for total project funding.

The replacement of the artificial turf on the playing field and track surfaces is considered to be "equipment replacement" and does not require submission to the Texas Higher Education Coordinating Board.

The turf replacement is an unanticipated project and was not listed in the last U. T. Board of Regents approved Capital Improvement Program.

5. U. T. Austin - Recreational Sports Facility - Phase I (Project No. 102-596): Approval of Plaque Inscription.-- Approval was given to the inscription set out below for a plaque to be placed on the Recreational Sports Facility under construction at The University of Texas at Austin. The inscription follows the standard pattern approved by the U. T. Board of Regents in June 1979.

RECREATIONAL SPORTS BUILDING
1988

BOARD OF REGENTS

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Sam Barshop
Louis A. Beecherl, Jr.
Jess Hay
W. A. "Tex" Moncrief, Jr.
Mario Yzaguirre

Hans Mark
Chancellor, The
University of Texas System
William H. Cunningham
President, The University
of Texas at Austin

F&S Partners Inc.
Project Architect
Pepper-Lawson Construction, Inc.
Contractor

6. U. T. Austin: Approval to Rename T. U. Taylor Hall of Engineering as T. U. Taylor Hall.-- Upon recommendation of the Academic Affairs and Buildings and Grounds Committees, the Board authorized changing the name of T. U. Taylor Hall of Engineering at The University of Texas at Austin to T. U. Taylor Hall.

Removing the words "of Engineering" will allow Dean T. U. Taylor to be honored but will remove the perception that the building is an engineering facility since the building is now assigned to the College of Natural Sciences and is currently occupied by the Department of Computer Sciences.

7. U. T. Dallas: Student Apartment Project with Worthing Central Corporation, Dallas, Texas - Approval of Temporary Administrative Extension of Deadline to Commence Construction; Authorization to Extend Deadline to Commence Construction and Waive Right to Declare Default; Authorization for the Office of Asset Management and the Office of General Counsel to Evaluate Prospective Joint Venture Partners and to Conclude Negotiation on Amendments to Ground Lease and Related Documents; and Authorization for the Chairman to Execute Amendments to Ground Lease and Related Documents for the Assignment of Worthing's Leasehold Interest, Rights and Obligations to a Joint Venture Entity.--On October 1, 1987, the U. T. Board of Regents executed a Ground Lease and a Property Operating Agreement with Worthing Central Corporation, Dallas, Texas, to accomplish the private financing, construction and operation of a student apartment project on a 9.8745 acre tract leased out of The University of Texas at Dallas campus. Under the Ground Lease, the U. T. Board of Regents leased the tract to Worthing for 35 years with a one-time option to extend the lease for 15 years. Worthing agreed to finance, construct, manage and maintain 11 two and three story student apartment buildings, a clubhouse and parking facilities which will revert to the U. T. Board of Regents at no cost at the expiration of the lease.

At the time the Ground Lease was executed, it was anticipated that the U. T. Dallas student apartment project would be completed before the beginning of the Summer Session 1988. The Ground Lease provided that the U. T. Board of Regents may declare an Event of Default if construction on the apartments was not commenced on or before December 31, 1988.

Adverse changes in the real estate, construction and financial markets made it difficult for Worthing to obtain acceptable financing for this project, consistent with the mutual goal of providing quality campus housing at a rental rate affordable to students, thereby delaying commencement of construction. In December 1988, Worthing obtained tentative commitments from a lender to finance the project and from prospective equity partners to participate in the project. Worthing proposed to join with these partners to create a new joint venture by assigning to the joint venture its interest in the Ground Lease and all contractual rights and duties in connection with the project.

Time required for Worthing to complete these arrangements and to obtain approval of the proposed assignment of interest and the amendments requested by the prospective joint venturers and financial institutions prohibited Worthing from commencing construction before the December 31, 1988, deadline provided in the Ground Lease.

The Board, upon recommendation of the Academic Affairs and Buildings and Grounds Committees:

- a. Concurred in the action of the Executive Vice Chancellor for Academic Affairs related to the temporary administrative extension of the December 31, 1988, construction commencement

deadline set in the existing Ground Lease between the U. T. Board of Regents, for and on behalf of U. T. Dallas, and Worthing Central Corporation, Dallas, Texas, to February 9, 1989

- b. Extended the construction commencement deadline and waived the right to declare an Event of Default for failure to commence construction until April 13, 1989, pending the negotiation and approval of acceptable amendments to the Ground Lease and related documents
 - c. Authorized the Office of Asset Management and the Office of General Counsel to evaluate prospective Worthing Central Corporation joint venture partners on the basis of financial strength and managerial ability and authorized U. T. Dallas, the Office of Academic Affairs and the Office of General Counsel to conclude negotiations on amendments to the Ground Lease and related documents necessary to accommodate the reasonable requirements of a Worthing Central Corporation prospective joint venture
 - d. Authorized the Chairman of the Board on behalf of the Executive Committee to execute all amendments to the Ground Lease and related documents necessary to accommodate the reasonable requirements of a Worthing Central Corporation prospective joint venture
 - e. Authorized the Chairman of the Board on behalf of the Executive Committee to execute documents necessary to approve the assignment and transfer of Worthing Central Corporation's leasehold interest, rights and obligations under the Ground Lease and related documents to a joint venture entity comprised of Worthing Central Corporation and other joint venturers.
8. U. T. El Paso - Former Main Library Building - Remodeling for Department of Geological Sciences (Project No. 201-671): Approval of Final Plans; Authorization to Advertise for Bids and for Executive Committee to Award Contracts; Additional Appropriation Therefor, and Approval of Redesignation of Facility as the Geological Sciences Building.--The Buildings and Grounds Committee recommended and the Board:
- a. Approved final plans and specifications for the remodeling of the Former Main Library Building for the Department of Geological Sciences at The University of Texas at El Paso at an estimated total project cost of \$6,800,000
 - b. Authorized the Office of Facilities Planning and Construction to advertise for bids
 - c. Subject to approval by the Coordinating Board, authorized the Executive Committee to award all contracts associated with this project within the authorized total project cost

d. Appropriated \$6,500,000 in Permanent University Fund Bond Proceeds for total project funding, with the understanding that \$2.1 million is an advance commitment from the next update of the Capital Improvement Program. Previous appropriations had been \$300,000 from the same source.

e. Redesignated the facility as the Geological Sciences Building.

This project also includes repair of the exterior of the building and addition of one elevator and staircase to meet code requirements.

Since final action on the biennial update of the Capital Improvement Program was deferred to April 1989, the advance additional allocation of \$2.1 million was needed now to permit proceeding on schedule with bidding and construction of an integrated project for the renovation of this facility rather than its division into two segments or using bid alternates, either of which is likely to increase project costs and/or result in a less than satisfactory project result.

This project was approved by the Texas Higher Education Coordinating Board in January 1989, subsequent to the preparation of the recommendations for the Material Supporting the Agenda.

9. U. T. San Antonio - Engineering Building - Phase I (Project No. 401-616A): Approval of Plaque Inscription.--Upon recommendation of the Buildings and Grounds Committee, the Board approved the inscription set out below for a plaque to be placed on the Engineering Building - Phase I at The University of Texas at San Antonio. The inscription follows the standard pattern approved by the U. T. Board of Regents in June 1979.

ENGINEERING BUILDING
1988

BOARD OF REGENTS

Jack S. Blanton, Chairman
Shannon H. Ratliff, Vice-Chairman
Bill Roden, Vice-Chairman
Robert B. Baldwin III
Sam Barshop
Louis A. Beecherl, Jr.
Jess Hay
W. A. "Tex" Moncrief, Jr.
Mario Yzaguirre

Hans Mark
Chancellor, The
University of Texas System
James W. Wagener
President, The University
of Texas at San Antonio

JonesKell Architects
Project Architect
Spaw-Glass Construction
Services, Inc.
Contractor

10. U. T. Medical Branch - Galveston - Medical Research Building (Project No. 601-665): Award of Construction Contract to Robert E. McKee, Inc., Dallas, Texas.--The Board, upon recommendation of the Buildings and Grounds Committee, awarded a construction contract for the Medical Research Building at The University of Texas Medical Branch at Galveston to the lowest responsible bidder, Robert E. McKee, Inc., Dallas, Texas, for the Base Bid and Alternate Bid Nos. A1, A2, E1, E3 and E4 in the amount of \$21,626,850.

This project is within the scope of the current Capital Improvement Program and was approved by the Texas Higher Education Coordinating Board in October 1988.

11. U. T. Medical Branch - Galveston - Moody State School - New Facility (Project No. 601-575): Approval to Cancel Project and Associated Grant.--Upon reevaluation by The University of Texas Medical Branch at Galveston Administration, the Board cancelled the project for construction of a New Facility for Moody State School at the U. T. Medical Branch - Galveston and the associated grant from The Sealy & Smith Foundation for the John Sealy Hospital, Galveston, Texas, which would have partially funded the construction.

The pledged grant from The Sealy & Smith Foundation was not received since the project was cancelled.

This change in program design was implemented by reorganizing space within the hospital for the Adult & Pediatric Rehabilitation Services and including the Moody State School clients.

12. U. T. Medical Branch - Galveston - John Sealy Hospital - New Emergency Department and Trauma Center Facility (Project No. 601-658): Report on Rejection of All Bids; Approval of Increased Total Project Cost; Appropriation of Additional Grant Funds; and Authorization to Rebid the Project and for Executive Committee to Award Contracts.--Following opening remarks by President James and a detailed discussion, the Board:

- a. Received the report of the bid opening for the New Emergency Department and Trauma Center Facility at The University of Texas Medical Branch at Galveston including the rejection of all bids received
- b. Approved an increase in the total project cost from \$18,071,400 to \$28,071,400 and appropriated an additional grant in the amount of \$10,000,000 from The Sealy & Smith Foundation for the John Sealy Hospital, Galveston, Texas.

See Page 100 related to acceptance of grant.

- c. Subject to any additional approval required from the Texas Higher Education Coordinating Board, authorized the Office of Facilities Planning and Construction to rebid the project
- d. Authorized the Executive Committee to award all future contracts associated with this project within the revised authorized total project cost.

It was reported that all of the base bids received on this project exceeded the authorized total project cost of \$18,071,400, and were, therefore, rejected.

Following the bidding of the project, a detailed evaluation was conducted by U. T. Medical Branch - Galveston Administration, the Office of Facilities Planning and Construction, the Project Architect, Pierce Goodwin Alexander, Houston, Texas, and all consulting engineers to access the reasons for the high bids.

The salient points of this in-depth evaluation are as follows:

- a. The project was complicated in its phasing, restricting the contractor's access to the work. All work had to follow critical and restrictive time schedules to avoid disruptions of ongoing John Sealy Hospital and Texas Department of Corrections Hospital operations.
- b. The time frame for completion of the project spanned three years. Uncertainty about future interest rates and inflation resulted in high contingency factors.
- c. Economic conditions over the past several years have limited the number of general contractors and major subcontractors that can bond this size project and resulted in limited competition on this project.
- d. To some extent, contractors can once again choose to bid on less complicated new construction projects in Houston.
- e. There is limited skilled labor available in Galveston requiring a premium to cover travel to and from the site. Likewise, delivery of materials is more costly.
- f. Asbestos abatement work related to demolition of older facilities carried a high contingency cost in the contractors bids.

While most of the above factors were recognized prior to receipt of bids, the aggregate impact was far underestimated by the Architect's original cost estimate consultant.

13. U. T. Health Science Center - San Antonio - Exhaust and Intake Air Flow System (Project No. 402-675): Authorization for Project; Appointment of Chumney and Associates, San Antonio, Texas, as Project Architect to Prepare Final Plans; Submission to the Coordinating Board; Authorization to Advertise for Bids and for Executive Committee to Award Contracts; and Appropriation Therefor.--The Board, upon recommendation of the Finance and Audit, Health Affairs and Buildings and Grounds Committees:
 - a. Authorized a project for the correction of the exhaust and intake air flow system at The University of Texas Health Science Center at San Antonio at an estimated total project cost of \$3,710,695

- b. Appointed the firm of Chumney and Associates, San Antonio, Texas, as Project Architect, to prepare final plans and specifications
- c. Authorized submission of the project to the Texas Higher Education Coordinating Board
- d. Subject to approval by the Coordinating Board, authorized the Office of Facilities Planning and Construction to advertise for bids and the Executive Committee to award all contracts related to this project within the authorized total project cost
- e. Due to the emergency nature of this project, appropriated \$3,710,695 from Permanent University Fund Bond Proceeds for total project funding with the understanding that this amount is an advance commitment from the next update of the Capital Improvement Program. Previous appropriations had been \$75,000 from U. T. Health Science Center - San Antonio Unexpended Plant Funds which will be reimbursed from the funds appropriated herein.

In consultation with the Office of Facilities Planning and Construction, a wind tunnel study, using a scale model of all campus buildings as well as the Medical Center Hospital, has been completed to determine the extent to which such air crossover problems could be prevented under various conditions of wind speeds and directions.

In conjunction with the formal project analysis authorized by the U. T. Board of Regents in October 1987, a consultative committee consisting of faculty and staff representatives from several campuses with appropriate credentials in certain engineering and biological areas assisted in the review of the project.

This project will be included in the updated Capital Improvement Program.

14. U. T. M.D. Anderson Cancer Center - U. T. M.D. Anderson Hospital - Modifications and Renovations - Phase III (Project No. 703-695): Authorization to Increase Project Scope; Authorization for Submission to the Coordinating Board; Approval of Preliminary Plans for First Segment (Phase III-A); Authorization to Prepare Final Plans for First Segment and Preliminary Plans for Second Segment (Phase III-B); and Additional Appropriation Therefor.--Following a brief overview by President LeMaistre, Mr. Bill Frye, representing the Project Architect, Page Southerland Page, Houston, Texas, presented the preliminary plans for the third phase of modifications and renovations to the U. T. M.D. Anderson Hospital at The University of Texas M.D. Anderson Cancer Center to the Buildings and Grounds Committee.

Based upon this presentation, the Board, upon recommendation of the Finance and Audit, Health Affairs and Buildings and Grounds Committees:

- a. Authorized an increase in the project cost for the third phase of modifications and renovations to the U. T. M.D. Anderson Hospital

at the U. T. M.D. Anderson Cancer Center from \$4,500,000 to \$6,900,000 with construction to be accomplished in two segments (Phase III-A and Phase III-B)

- b. Authorized submission of the project to the Texas Higher Education Coordinating Board
- c. Approved preliminary plans for Phase III-A for remodeling approximately 30,000 square feet on the first floor of the Center Core of U. T. M.D. Anderson Hospital at an estimated project cost of \$4,700,000
- d. Authorized the Project Architect to complete final plans and specifications for Phase III-A to be presented to the U. T. Board of Regents for consideration at a future meeting
- e. Authorized the Project Architect to prepare preliminary plans and a detailed cost estimate for Phase III-B to be presented to the U. T. Board of Regents for consideration at a future meeting
- f. Appropriated \$5,000,000 from Permanent University Fund Bond Proceeds and \$1,700,000 from U. T. M.D. Anderson Cancer Center Institutional Reserves for total project funding. Previous appropriations had been \$200,000 from U. T. M.D. Anderson Cancer Center Institutional Reserves.

It is anticipated that this entire third phase of modifications/renovations will be accomplished in two stages. The first, Phase III-A, will include 30,000 square feet of space on the first floor of the Center Core and the second stage, Phase III-B, will finish the first floor of the Center Core (approximately 6,000 square feet) and areas on the first floor of the Bates-Freeman Wing and the Clark Clinic (approximately 15,600 square feet).

By increasing the scope of the original project, the Project Architect will have the opportunity to design the entire space more efficiently so that provisions can be made for these additional functions and services.

Phase III was approved in principle for funding from Permanent University Fund Bond Proceeds in the amount of \$5 million as part of the Capital Improvement Program approved by the U. T. Board of Regents in October 1985. It was confirmed as a project approved in principle in the January 1987 Capital Improvement Program update. This project was authorized by the U. T. Board of Regents in August 1988 with an appropriation of \$200,000 from Institutional Reserves for appointment of a project architect to prepare preliminary plans. The funding source was erroneously reported as educational and general funds in the Capital Improvement Program Current Status Report given to the U. T. Board of Regents in December 1988.

15. U. T. M.D. Anderson Cancer Center - U. T. M.D. Anderson Hospital - Upgrading of Mechanical Systems - Phase II (Project No. 703-689): Approval of Final Plans of First Segment; Authorization to Advertise for Bids and for Executive Committee to Award Contracts; and Additional Appropriation Therefor.--The Buildings and Grounds Committee recommended and the Board:

- a. Approved final plans and specifications for the first segment of the Upgrading of Mechanical Systems - Phase II in the U. T. M.D. Anderson Hospital of The University of Texas M.D. Anderson Cancer Center at an estimated project cost of \$2,400,000 within an estimated total project cost of \$4,700,000 for Phase II
- b. Authorized the Office of Facilities Planning and Construction to advertise for bids upon completion of final review
- c. Authorized the Executive Committee to award all contracts associated with this project within the authorized total project cost
- d. Appropriated \$2,050,000 from U. T. M.D. Anderson Cancer Center institutional reserve funds for total funding of the first segment of the project. Previous appropriations had been \$350,000 from U. T. M.D. Anderson Cancer Center Account No. 101717 Provision for Remodeling and Upgrading of Facilities.

Final plans for the second segment will be submitted to the U. T. Board of Regents for consideration at a future meeting.

This project was approved by the Texas Higher Education Coordinating Board in July 1988.

16. U. T. M.D. Anderson Cancer Center - Entrance Fountain: Authorization for Project; Appropriation of Gift Funds; Approval to Name the Fountain the "LeRoy Melcher, Jr. Memorial Fountain" (Regents' Rules and Regulations, Part One, Chapter VIII, Section 1.2, Naming of Facilities Other Than Buildings); Authorization for Submission to the Coordinating Board; Authorization for Completion of Final Plans, Advertisement for Bids and for the Executive Committee to Award Construction Contract.--In accordance with the donor's request and upon recommendation of the Health Affairs and Buildings and Grounds Committees, the Board:

- a. Authorized a project for construction of a fountain at the entrance to The University of Texas M.D. Anderson Cancer Center at an estimated total project cost of \$876,000
- b. Appropriated \$876,000 from gift funds for total project funding.

See Page 102 related to acceptance of gift from Mr. LeRoy Melcher, Sr.

- c. Approved naming the fountain the "LeRoy Melcher, Jr. Memorial Fountain" in accordance with the Regents' Rules and Regulations, Part One, Chapter VIII, Section 1.2, Naming of Facilities Other Than Buildings
- d. Authorized submission of the project to the Texas Higher Education Coordinating Board
- e. Authorized the Office of Facilities Planning and Construction to prepare final plans and specifications with their own forces or through contract services as required
- f. Authorized the advertisement for bids, following Coordinating Board approval, and award of a construction contract by the Executive Committee within the authorized total project cost.

Mr. LeRoy Melcher, Sr. has agreed to a conceptual design provided by the Office of Facilities Planning and Construction which will not only greatly enhance the entrance to the U. T. M.D. Anderson Cancer Center but will also provide a place where patients, visitors and staff may relax in a pleasant environment.

REPORT AND RECOMMENDATIONS OF THE LAND AND INVESTMENT COMMITTEE (Pages 88 - 103).--Committee Chairman Ratliff reported that the Land and Investment Committee had met in open session to consider those matters on its agenda and to formulate recommendations for the U. T. Board of Regents. Unless otherwise indicated, all actions set forth in the Minute Orders which follow were recommended by the Land and Investment Committee and approved in open session and without objection by the U. T. Board of Regents.

The execution of documents authorized in this report will be in accordance with the Regents' Rules and Regulations, Part Two, Chapter IX, Section 1.3 as set forth below:

- 1.3 Authority to Execute Instruments Relating to Land and Mineral Interests.--The Chairman of the Board, the Vice-Chairmen, the Chancellor, or his or her delegate, and the Executive Vice Chancellor for Asset Management are each authorized to execute conveyances, deeds, surface and/or mineral leases, easements, rights-of-way, oil and gas division orders, and transfer orders, geophysical and material source permits, water contracts, pooling and unitization agreements, and any other instruments as may be necessary or appropriate from time to time, relating to the handling, management, control, and disposition of any real estate or mineral interest held or controlled by the Board as a part of the PUF or as a part of any trust or special fund.

I. PERMANENT UNIVERSITY FUND

Investment Matters

1. Report on Clearance of Monies to the Permanent University Fund for November and December 1988 and Report on Oil and Gas Development as of December 31, 1988.--The following reports with respect to (a) certain monies cleared to the Permanent University Fund for November and December 1988 and (b) Oil and Gas Development as of December 31, 1988, were submitted by the Executive Vice Chancellor for Asset Management:

	<u>November 1988</u>	<u>December 1988</u>	<u>Cumulative Through December of This Fiscal Year (1988-1989)</u>	<u>Cumulative Through December of Preceding Fiscal Year (1987-1988)</u>	<u>Per Cent Change</u>
Permanent University Fund					
Royalty					
Oil	\$ 3,232,192.55	\$ 3,513,156.30	\$13,780,738.50	\$19,758,044.01	-30.25%
Gas	1,796,990.38	1,707,818.60	6,389,050.16	7,877,672.24	-18.90%
Sulphur	0.00	86,926.50	86,926.50	40,091.65	116.82%
Water	46,724.00	46,453.83	254,578.30	239,365.62	6.36%
Brine	1,334.52	1,428.77	9,712.54	17,226.07	-43.62%
Trace Minerals	0.00	0.00	0.00	0.00	--
Rental					
Oil and Gas Leases	24,137.53	71,041.71	609,402.35	360,498.58	69.04%
Other	500.00	200.00	2,120.00	500.00	324.00%
Sale of Sand, Gravel, Etc.	0.00	0.00	34,887.45	2,787.30	--
Total University Lands Receipts Before Bonuses	<u>5,101,878.98</u>	<u>5,427,025.71</u>	<u>21,167,415.80</u>	<u>28,296,185.47</u>	<u>-25.19%</u>
Bonuses					
Oil and Gas Lease Sales	2,554,807.73	0.00	2,554,807.73	1,524,896.64	--
Amendments and Extensions to Mineral Leases	641.11	0.00	641.11	0.00	--
Total University Lands Receipts	<u>7,657,327.82</u>	<u>5,427,025.71</u>	<u>23,722,864.64</u>	<u>29,821,082.11</u>	<u>-20.45%</u>
Gain or (Loss) on Sale of Securities	<u>\$17,222,530.97</u>	<u>\$26,561,816.08</u>	<u>\$64,488,103.16</u>	<u>\$31,094,209.67</u>	<u>107.40%</u>
TOTAL CLEARANCES	<u>\$24,879,858.79</u>	<u>\$31,988,841.79</u>	<u>\$88,210,967.80</u>	<u>\$60,915,291.78</u>	<u>44.81%</u>

Oil and Gas Development - December 31, 1988
Acreage Under Lease - 707,291

Number of Producing Acres - 549,104

Number of Producing Leases - 2,198

2. Permanent University Fund: Reappointment of Mr. Jack T. Trotter, Houston, Texas, to the Investment Advisory Committee to a Term Ending August 31, 1991.--Approval was given to reappoint Mr. Jack T. Trotter, Houston, Texas, to the Investment Advisory Committee for the Permanent University Fund of The University of Texas System for a term ending August 31, 1991.

With this reappointment, the membership of the Investment Advisory Committee is as follows:

	<u>Term Expires</u>
Edward Randall III	8/31/89
John T. Stuart III	8/31/89
E. L. Wehner	8/31/90
Michael J. C. Roth	8/31/90
Jack T. Trotter	8/31/91
Unfilled	8/31/91

Committee Chairman Ratliff noted that Mr. Trotter had become an increasingly important member of the Investment Advisory Committee and the Board was deeply appreciative of his willingness to continue in that role.

II. TRUST AND SPECIAL FUNDS

Gifts, Bequests and Estates

1. U. T. System: Acceptance of Gift from Dr. Burton E. Grossman, Tampico, Tamaulipas, Mexico, and Establishment of the Burton E. and Miriam Grossman Endowment.--Upon recommendation of the Land and Investment Committee, the Board accepted a \$15,000 gift from Dr. Burton E. Grossman, Tampico, Tamaulipas, Mexico, and established the Burton E. and Miriam Grossman Endowment for the benefit of The University of Texas System.

Income distributed from the endowment will be for the unrestricted use of the Chancellor.

2. U. T. System: Report of Receipt of Final Distribution from the Estate of James Weldon Jones and Establishment of the James Weldon Jones Endowment.--It was reported that the final distribution from the Estate of James Weldon Jones had been received for a total bequest of \$152,092.09, and in accordance therewith, the Board established the James Weldon Jones Endowment at The University of Texas System.

Income will be designated for the unrestricted use of the Chancellor.

3. U. T. Austin: Acceptance of Gifts and Pledges from Various Donors and Establishment of the Blake Alexander Traveling Student Fellowship in Architecture in the School of Architecture and Eligibility for Matching Funds Under The Regents' Endowed Student Fellowship and Scholarship Program.--The Land and Investment Committee recommended and the Board accepted \$14,555 in gifts and \$10,445 in pledges from various donors for a total of \$25,000 and

established the Blake Alexander Traveling Student Fellowship in Architecture in the School of Architecture at The University of Texas at Austin.

Income earned from the endowment will be used to support an annual travel award for a student in the last year of the School of Architecture First Professional Degree Program who has demonstrated high academic achievement.

Further, \$12,500 in matching funds will be allocated under The Regents' Endowed Student Fellowship and Scholarship Program and will be used to increase the endowment to a total of \$37,500.

4. U. T. Austin: Acceptance of Gift from Mr. and Mrs. Stephen P. Ballantyne, San Antonio, Texas, and Establishment of the Anne and Steve Ballantyne Endowed Scholarship in Intercollegiate Athletics for Women.-- The Board, upon recommendation of the Land and Investment Committee, accepted a \$10,125 gift from Mr. and Mrs. Stephen P. Ballantyne, San Antonio, Texas, and established the Anne and Steve Ballantyne Endowed Scholarship in Intercollegiate Athletics for Women at The University of Texas at Austin.

Income earned from the endowment will be used to award annually a scholarship to a female athlete majoring in business administration who has completed her athletic eligibility but requires financial assistance to complete her baccalaureate degree. In any given year in which there are no business administration majors among fifth year student athletes or in the case of exceptional need, the scholarship may be awarded to an athlete in another major.

5. U. T. Austin: Approval to Accept Transfer of Funds and to Establish the Ruth Denney Endowed Scholarship in the College of Fine Arts.--Approval was given to accept a \$10,065 transfer of previously reported gifts from current restricted funds and to establish the Ruth Denney Endowed Scholarship in the Department of Drama, College of Fine Arts, at The University of Texas at Austin.

Income earned from the endowment will be used for scholarship support of students in the Department of Drama.

6. U. T. Austin: Acceptance of Gift from Mrs. Gradys Gardner, Alvarado, Texas, Allocation of Funds from the College of Engineering Challenge Grant and Establishment of the Basdall Gardner Memorial Graduate MCD Fellowships in Engineering in the College of Engineering.--Upon recommendation of the Land and Investment Committee, the Board accepted a gift of \$100,000 from Mrs. Gradys Gardner, Alvarado, Texas, and established the Basdall Gardner Memorial Graduate MCD Fellowships in Engineering (MCD is an acronym for Microelectronics and Computer Development) in the College of Engineering at The University of Texas at Austin.

Further, \$144,000 will be allocated from the College of Engineering Challenge Grant received from an anonymous donor and will be used to increase the endowment to a total of \$244,000.

Income earned from the endowment will be used to award fellowships to graduate students in the College of Engineering.

7. U. T. Austin: Acceptance of Gift from Mrs. Pauline G. Zoeller, Austin, Texas, and Establishment of the L. A. "Bunk" Gibbs Scholarship Fund in the College of Liberal Arts.--The Board, upon recommendation of the Land and Investment Committee, accepted a \$10,000 gift from Mrs. Pauline G. Zoeller, Austin, Texas, and established the L. A. "Bunk" Gibbs Scholarship Fund in the College of Liberal Arts at The University of Texas at Austin.

Income earned from the endowment will be used to award scholarships to students in the College of Liberal Arts and shall be administered by the College of Liberal Arts Scholarship Committee.

8. U. T. Austin: Acceptance of Gift from Mrs. Margaret Gibson, Quitman, Texas, and Transfer of Funds and Establishment of the Thomas J. Gibson IV Memorial Scholarship in the College of Fine Arts.--The Land and Investment Committee recommended and the Board accepted a \$7,700 gift from Mrs. Margaret Gibson, Quitman, Texas, and a \$2,300 transfer of previously reported gifts from current restricted funds for a total of \$10,000 and established the Thomas J. Gibson IV Memorial Scholarship in the Department of Music, College of Fine Arts, at The University of Texas at Austin.

Income earned from the endowment will be used to provide scholarship support for String students in the Department of Music.

9. U. T. Austin: Acceptance of Gift of Securities from Mr. and Mrs. Ronald D. Harris, Lake Forest, Illinois, and Corporate Matching Funds from the Kraft Foundation, Glenview, Illinois, and Establishment of the Todd D. Harris Memorial Classroom Endowment in the College of Engineering.--The Board accepted a gift of United Cable T. V. Corporation common stock valued at \$5,019.44 from Mr. and Mrs. Ronald D. Harris, Lake Forest, Illinois, \$5,000 in corporate matching funds from the Kraft Foundation, Glenview, Illinois, and \$6,000 in gifts from various donors for a total of \$16,019.44 and established the Todd D. Harris Memorial Classroom Endowment in the College of Engineering at The University of Texas at Austin.

Income earned from the endowment will be used to provide professional development opportunities for faculty members in the Department of Mechanical Engineering, particularly those early in their careers.

See Page 60 related to naming a room in the Engineering Teaching Center Building at U. T. Austin.

10. U. T. Austin: Acceptance of Gifts and Pledges from Various Donors and Establishment of the Hayden W. Head Regents Chair for Faculty Excellence in the School of Law and Eligibility for Matching Funds Under The Regents' Endowed Teachers and Scholars Program and Establishment of the Hayden W. Head Regents Chair in the Plan II Honors Program in the College of Liberal Arts.--Upon recommendation of the Land and Investment Committee, the Board accepted gifts of \$374,448 and pledges of \$521,775 for a total of \$896,223 from various donors and established the Hayden W. Head Regents Chair for Faculty Excellence in the School of Law at The University of Texas at Austin.

Further, \$896,223 in gifts and pledges as received will be matched under The Regents' Endowed Teachers and Scholars Program and will be used to establish the Hayden W. Head Regents Chair in the Plan II Honors Program in the College of Liberal Arts.

11. U. T. Austin: Hughes Tool Company Centennial Professorship in Mechanical Engineering in the College of Engineering - Approval to Redesignate as the Baker Hughes Incorporated Centennial Professorship.--In accordance with the donor's request, the Hughes Tool Company Centennial Professorship in Mechanical Engineering in the College of Engineering at The University of Texas at Austin was redesignated as the Baker Hughes Incorporated Centennial Professorship.

12. U. T. Austin: Approval to Dissolve the Johnson & Johnson Centennial Fellowship in Pharmacy (No. 1) and the Johnson & Johnson Centennial Fellowship in Pharmacy (No. 2) in the College of Pharmacy; Establishment of the Johnson & Johnson Centennial Professorship in Pharmacy; and Eligibility for Matching Funds Under The Regents' Endowed Teachers and Scholars Program.--Approval was given to dissolve the Johnson & Johnson Centennial Fellowship in Pharmacy (No. 1) and the Johnson & Johnson Centennial Fellowship in Pharmacy (No. 2), and the funding of \$50,000 for each Fellowship was combined to establish the Johnson & Johnson Centennial Professorship in Pharmacy in the College of Pharmacy at The University of Texas at Austin.

Further, a \$50,000 transfer of previously reported gifts from current restricted funds was accepted for addition to this endowment and \$25,000 of the transfer will be matched under The Regents' Endowed Teachers and Scholars Program and used to increase the endowment to a total of \$175,000.

Income earned from the endowment will be used to support the activities and research of the holder of the Professorship.

13. U. T. Austin: Mildred Caldwell and Baine Perkins Kerr Centennial Professorship in English History and Culture in the College of Liberal Arts - Acceptance of Additional Gift of Securities from Mr. and Mrs. Baine P. Kerr, Houston, Texas; Redesignation as the Mildred Caldwell and Baine Perkins Kerr Centennial Chair in English History and Culture; and Eligibility for Matching Funds Under The Regents' Endowed Teachers and Scholars Program and Establishment of a Professorship in the College of Liberal Arts and a Professorship in the College of Natural Sciences.--The Board, upon recommendation of the Land and Investment Committee, accepted a gift of Battle Mountain Gold Company common stock valued at \$433,687.50 from Mr. and Mrs. Baine P. Kerr, Houston, Texas, for addition to the Mildred Caldwell and Baine Perkins Kerr Centennial Professorship in English History and Culture in the College of Liberal Arts and redesignated the Professorship as the Mildred Caldwell and Baine Perkins Kerr Centennial Chair in English History and Culture at The University of Texas at Austin.
- Further, \$200,000 in matching funds will be allocated under The Regents' Endowed Teachers and Scholars Program and will be used to establish a \$100,000 professorship in the College of Liberal Arts and a \$100,000 professorship in the College of Natural Sciences. Specific names and designations for these endowments will be submitted at a later date.
14. U. T. Austin: Approval to Dissolve the College of Business Administration Foundation Advisory Council Fellowship in the College of Business Administration and the Graduate School of Business and Transfer Fund Balance to the Ronya Kozmetsky Centennial Lectureship for Women in Business.--The College of Business Administration Foundation Advisory Council Fellowship was dissolved and the fund balance of \$10,792 was transferred to the Ronya Kozmetsky Centennial Lectureship for Women in Business in the College of Business Administration and the Graduate School of Business at The University of Texas at Austin.
15. U. T. Austin: Unnamed Chair in the Barker Texas History Center Designated the J. R. Parten Chair in the Archives of American History.--In accordance with the donor's request, the unnamed chair in the Barker Texas History Center at The University of Texas at Austin, which was established at the December 1988 meeting of the U. T. Board of Regents, was designated the J. R. Parten Chair in the Archives of American History.
16. U. T. Austin: Acceptance of Gift of Securities from an Anonymous Donor and Establishment of the Philosophy Faculty Fellowship in the College of Liberal Arts and Eligibility for Matching Funds Under The Regents' Endowed Teachers and Scholars Program.--The Land and Investment Committee recommended and the Board accepted a gift of MNC Financial, Inc. common stock valued at \$100,309.12 from an anonymous donor and established the Philosophy Faculty Fellowship in the College of Liberal Arts at The University of Texas at Austin.

Income earned from the endowment will be used to support untenured, but tenure-track, members of the Department of Philosophy faculty, with the purpose of enabling the recipient to fully engage in scholarly work. Preference in the recipient selection shall be given to faculty members in their second or third year of teaching at U. T. Austin.

Further, \$50,000 in matching funds will be allocated under The Regents' Endowed Teachers and Scholars Program and will be used to increase the endowment to a total of approximately \$150,309.12.

17. U. T. Austin: Approval to Redesignate the Jewel Popham Raschke Memorial Scholarship for Mathematics Education in the College of Education as the Jewel Popham Raschke Endowed Presidential Scholarship in Mathematics Education.--Approval was given to redesignate the Jewel Popham Raschke Memorial Scholarship for Mathematics Education in the College of Education as the Jewel Popham Raschke Endowed Presidential Scholarship in Mathematics Education at The University of Texas at Austin.

This redesignation was made in accordance with the donor's request.

18. U. T. Austin: Acceptance of Gifts and Pledges from Various Donors and Establishment of the Royston M. Roberts Fellowship in Chemistry in the College of Natural Sciences.--The Board, upon recommendation of the Land and Investment Committee, accepted gifts of \$8,800 and pledges of \$16,200 from various donors for a total of \$25,000 and established the Royston M. Roberts Fellowship in Chemistry in the Department of Chemistry, College of Natural Sciences, at The University of Texas at Austin.

Income earned from the endowment will be used to support deserving graduate and undergraduate students in the Department of Chemistry.

19. U. T. Austin: Acceptance of Gifts from Various Donors and Establishment of the H. Grady Rylander Longhorn Mechanical Engineering Alumni Club Excellence in Teaching Fellowship Endowment in the College of Engineering.--Upon recommendation of the Land and Investment Committee, the Board accepted \$14,996 in gifts from various donors and established the H. Grady Rylander Longhorn Mechanical Engineering Alumni Club Excellence in Teaching Fellowship Endowment in the Department of Mechanical Engineering, College of Engineering, at The University of Texas at Austin.

Income earned from the endowment will be used to award a fellowship to a graduate student in the Department of Mechanical Engineering who excels as a leader and effective communicator in classroom teaching.

20. U. T. Austin: Approval to Accept Transfer of Funds and to Establish the Robert S. Strauss Endowed Presidential Scholarship in Law in the School of Law.--At the request of the Law School Foundation (an external foundation), the Board accepted a \$140,000 transfer of previously reported gifts from current restricted funds to be held by the U. T. Board of Regents and established the Robert S. Strauss Endowed Presidential Scholarship in Law in the School of Law at The University of Texas at Austin in accordance with the Regents' Rules and Regulations. The remaining funding for this Scholarship in the amount of \$280,000 will be held and administered by the Law School Foundation in accordance with the agreement between the Foundation and the U. T. Board of Regents.

Income earned from the endowment will be used to award scholarships at the discretion of the Dean of the Law School to students, based on need and merit, with preference given to students considering a career in public service and/or private or public international law.

21. U. T. Austin: Acceptance of Gifts from Vista Chemical Company, Houston, Texas, and an Anonymous Donor and Establishment of the Vista Chemical Company Regents Endowed Memorial Lectureship in Organic Chemistry in the College of Natural Sciences and Eligibility for Matching Funds Under The Regents' Endowed Teachers and Scholars Program.--The Land and Investment Committee recommended and the Board accepted a \$15,000 gift from Vista Chemical Company, Houston, Texas, and an \$18,334 gift from an anonymous donor for a total of \$33,334 and established the Vista Chemical Company Regents Endowed Memorial Lectureship in Organic Chemistry in the Department of Chemistry, College of Natural Sciences, at The University of Texas at Austin.

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

Further, \$16,666 in matching funds will be allocated under The Regents' Endowed Teachers and Scholars Program and will be used to increase the endowment to a total of \$50,000.

22. U. T. Austin: Acceptance of Gift from an Anonymous Donor of Real Property Located at 3115 Tom Green Street, Unit #403, Austin, Travis County, Texas (No Publicity).--The Board accepted a gift of real property located at 3115 Tom Green Street, Unit #403, Austin, Travis County, Texas, together with an undivided interest in and to the common elements appurtenant thereto, from an anonymous donor for the benefit of the College of Engineering at The University of Texas at Austin. The appraised value of this property is \$68,000. The College of Engineering is prepared to pay the Homeowner's Association fees of approximately \$163 per month until the property is sold.

The donor has requested that income derived from either the lease of the property or its sale, after carrying costs are reimbursed to the College of Engineering, be applied to that donor's commitment of \$4.5 million to the College of Engineering which was accepted by the U. T. Board of Regents at its meeting in June 1988.

That commitment was accepted as a challenge for the University to provide another \$9 million, for a total of \$13.5 million, to endow student and faculty positions in the areas of manufacturing systems engineering, micro-electronics, computer engineering and materials science and engineering.

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

23. U. T. Dallas: Acceptance of Grant from The David Bruton, Jr. Charitable Trust, Dallas, Texas, and Establishment of The Bruton Center for Development Studies in the School of Social Sciences.--The Board, upon recommendation of the Land and Investment Committee, accepted a \$300,000 grant, payable \$100,000 annually in 1989, 1990 and 1991, from The David Bruton, Jr. Charitable Trust, Dallas, Texas, and established The Bruton Center for Development Studies in the School of Social Sciences at The University of Texas at Dallas.

This new research center will focus on social science concerns that affect Dallas and other urban areas, including population, transportation, economic stability and leadership.

See Page 61 related to the naming of the research center.

24. U. T. Dallas: Acceptance of Gift and Pledge from The Hillcrest Foundation, Dallas, Texas, and Establishment of the Caruth Chair in the School of Management and Eligibility for Matching Funds Under the Texas Eminent Scholars Program.--The Land and Investment Committee recommended and the Board accepted a \$50,000 gift and a \$450,000 pledge, payable in equal installments of \$150,000 in 1989, 1990 and 1991, for a total of \$500,000 from The Hillcrest Foundation, Dallas, Texas, and established the Caruth Chair in the School of Management at The University of Texas at Dallas.

Further, the actual income which will be earned on the \$50,000 gift and \$450,000 pledge, as received, will be certified for matching under the Texas Eminent Scholars Program as set out in Chapter 51, Subchapter I of the Texas Education Code, when matching funds are made available under that act.

25. U. T. Southwestern Medical Center - Dallas: Eligibility of Fourteen Endowed Academic Positions for Matching Funds Under the Texas Eminent Scholars Program.--Upon recommendation of the Land and Investment Committee, the actual income which will be earned on previously reported gifts from various donors to the following fourteen endowed academic positions at The University of Texas Southwestern Medical Center at Dallas will be certified for matching under the Texas Eminent Scholars Program as set out in Chapter 51, Subchapter I of the Texas Education Code, when matching funds are made available under that act.
- a. The Senator Betty and Dr. Andy Andujar Chair in Pathology - \$390,247.50
 - b. Dr. Charles T. Ashworth Professorship in Pathology - \$895.00

- c. Distinguished Chair in Human Nutrition - \$500,000.00
 - d. Gail Griffiths Hill Professorship in Cardiology - \$166,000.00
 - e. S. Roger and Carolyn P. Horchow Professorship in Cardiac Research, in Honor of Jere H. Mitchell, M.D. - \$80,000
 - f. Robert W. Lackey Professorship in Physiology - \$20,715.47
 - g. The Berta M. and Cecil O. Patterson Professorship for Research in Digestive Diseases - \$146,971.24
 - h. The Dr. Paul Peters Chair in Urology in Memory of Rumsey and Louis Strickland - \$51,225.00
 - i. Frank M. Ryburn, Jr., Distinguished Chair in Cardiothoracic Surgery and Transplantation - \$400,000.00
 - j. Donald W. Seldin Distinguished Chair in Internal Medicine - \$416,690.00
 - k. Stanton Sharp Distinguished Chair in Psychiatry - \$100,000.00
 - l. Southland Financial Corporation Distinguished Chair in Geriatrics - \$250.00
 - m. The Robert V. Walker D.D.S. Distinguished Professorship in Oral Surgery - \$33,740.00
 - n. Raymond and Ellen Willie Distinguished Chair in Molecular Neuropharmacology - \$200,000.00.
26. U. T. Southwestern Medical Center - Dallas: Acceptance of Pledges from the Susan G. Komen Foundation, Dallas, Texas, an Anonymous Donor, Mr. Cecil Green, Dallas, Texas, and the Southwestern Medical Foundation, Dallas, Texas, and Establishment of the Annette Simmons Distinguished Chair in Breast Cancer Research and Eligibility for Matching Funds Under the Texas Eminent Scholars Program.--The Board accepted a \$500,000 pledge from the Susan G. Komen Foundation, Dallas, Texas, a \$400,000 pledge from an anonymous donor, a \$50,000 pledge from Mr. Cecil Green, Dallas, Texas, and a \$50,000 pledge from the Southwestern Medical Foundation, Dallas, Texas (to be held in trust at the Southwestern Medical Foundation), with all pledges payable by August 31, 1991, for a total of \$1,000,000 and established the Annette Simmons Distinguished Chair in Breast Cancer Research at The University of Texas Southwestern Medical Center at Dallas.

Further, the actual income which will be earned on the \$950,000 in pledges as received will be certified for matching under the Texas Eminent Scholars Program as set out in Chapter 51, Subchapter I of the Texas Education Code, when matching funds are made available under that act.

27. U. T. Southwestern Medical Center - Dallas: Acceptance of Pledges from Mr. Harold C. Simmons, Dallas, Texas, an Anonymous Donor, Mr. Cecil Green, Dallas, Texas, and the Southwestern Medical Foundation, Dallas, Texas, and Establishment of (a) The Lisa K. Simmons Distinguished Chair in Comprehensive Oncology, (b) The Scheryle Simmons Patigian Distinguished Chair in Cancer Immunobiology, (c) The Andrea L. Simmons Distinguished Chair in Cancer Immunochemistry and (d) The Serena S. Simmons Distinguished Chair in Cancer Immunopharmacology and Eligibility for Matching Funds Under the Texas Eminent Scholars Program.--Upon recommendation of the Land and Investment Committee, the Board accepted pledges totaling \$4,000,000 and established four distinguished chairs at The University of Texas Southwestern Medical Center at Dallas. These chairs will each be funded by a \$500,000 pledge from Mr. Harold C. Simmons, Dallas, Texas, a \$400,000 pledge from an anonymous donor, a \$50,000 pledge from Mr. Cecil Green, Dallas, Texas, and a \$50,000 pledge from the Southwestern Medical Foundation, Dallas, Texas (to be held in trust at the Southwestern Medical Foundation), with all pledges payable by August 31, 1991, and each chair totalling \$1,000,000. The distinguished chair titles are to be as follows:

- a. The Lisa K. Simmons Distinguished Chair in Comprehensive Oncology
- b. The Scheryle Simmons Patigian Distinguished Chair in Cancer Immunobiology
- c. The Andrea L. Simmons Distinguished Chair in Cancer Immunochemistry
- d. The Serena S. Simmons Distinguished Chair in Cancer Immunopharmacology.

Further, the actual income earned on the \$950,000 in pledges as received for each of the four chairs will be certified for matching under the Texas Eminent Scholars Program as set out in Chapter 51, Subchapter I of the Texas Education Code, when matching funds are made available under that act.

28. U. T. Medical Branch - Galveston: Acceptance of Gifts from Mrs. Edward Lefebber, Sr., Galveston, Texas, and Dr. Edward J. Lefebber, Jr., Phoenix, Arizona, and Establishment of The Edward J. and Ellie Weisiger Lefebber, Sr. Prize in Geriatric Medicine and Gerontology.--Approval was given to accept a \$9,000 gift from Mrs. Edward Lefebber, Sr., Galveston, Texas, and a \$1,000 gift from Dr. Edward J. Lefebber, Jr., Phoenix, Arizona, for a total of \$10,000 and to establish The Edward J. and Ellie Weisiger Lefebber, Sr. Prize in Geriatric Medicine and Gerontology at The University of Texas Medical Branch at Galveston.

Income earned from the endowment will be used to provide an annual academic prize for students who earn the privilege of completing a special elective course in gerontology within the Department of Internal Medicine during their fourth year of studies at the U. T. Medical Branch - Galveston.

29. U. T. Medical Branch - Galveston: Acceptance of Additional Grants from The Sealy & Smith Foundation for the John Sealy Hospital, Galveston, Texas, to Fund Construction of a New Emergency Department and Trauma Center Facility.--At the August 1986 meeting of the U. T. Board of Regents, a grant of \$10,000,000 from The Sealy & Smith Foundation for the John Sealy Hospital, Galveston, Texas, was accepted toward construction of a New Emergency Department and Trauma Center Facility at The University of Texas Medical Branch at Galveston. Since that time, the scope of the project, difficulties associated with the related mechanical work and related site problems, as well as an adverse bidding climate in Galveston, have resulted in a new estimated project cost of \$28,071,400. The Foundation, recognizing the urgency of the need for this facility, agreed to increase its contribution to fund this new project cost.

In accordance therewith, the Board accepted additional grants totalling \$18,071,400 from The Sealy & Smith Foundation for the John Sealy Hospital, Galveston, Texas, to fund construction of this Facility with an estimated total project cost of \$28,071,400.

See Page 82 related to construction of the New Emergency Department and Trauma Center Facility.

On behalf of the Board, Committee Chairman Ratliff expressed appreciation and special praise to The Sealy & Smith Foundation for its most generous and continuous strong support of clinical research and patient care at the U. T. Medical Branch - Galveston.

30. U. T. Medical Branch - Galveston: Acceptance of Bequest from the Estate of Dorothy Kuhlman Theisinger, Houston, Texas, and Transfer of Funds and Establishment of the Dorothy Kuhlman Theisinger Endowment for Research in Ophthalmology.--The Board, upon recommendation of the Land and Investment Committee, accepted a \$1,024,344 bequest from the Estate of Dorothy Kuhlman Theisinger, Houston, Texas, and a transfer of \$99,100 in interim earnings for a total of \$1,123,444 and established the Dorothy Kuhlman Theisinger Endowment for Research in Ophthalmology at The University of Texas Medical Branch at Galveston.

Income earned from the endowment will be used to support research in the Department of Ophthalmology at the U. T. Medical Branch - Galveston.

31. U. T. Health Science Center - Houston: Acceptance of Gifts from Mr. and Mrs. Donald M. Hardin, Tulsa, Oklahoma, and The Organization of Parents and Friends, Houston, Texas, and Establishment of The Hardin-Parents Organization Scholarship.--Upon recommendation of the Land and Investment Committee, approval was given to accept a \$5,000 gift from Mr. and Mrs. Donald M. Hardin, Tulsa, Oklahoma, and a \$5,000 gift from The Organization of Parents and Friends of the U. T. Medical School - Houston, Houston, Texas, for a total of \$10,000 and to establish The Hardin-Parents Organization Scholarship at The University of Texas Health Science Center at Houston.

Income earned from the endowment will be used to award needs-based scholarships to medical students.

32. U. T. M.D. Anderson Cancer Center: Acceptance of Gift from Governor Bill Daniel, Liberty, Texas, and Transfer of Funds and Establishment of the Vara Daniel Cancer Child Life Program.--The Land and Investment Committee recommended and the Board accepted a \$35,987.78 gift from Governor Bill Daniel, Liberty, Texas, and a \$14,012.22 transfer of previously reported gifts from current restricted funds for a total of \$50,000 and established the Vara Daniel Cancer Child Life Program at The University of Texas M.D. Anderson Cancer Center.

Income earned from the endowment will be used to provide partial salary support for Child Life Specialists. These personnel assist the pediatric patients in dealing with the fear and pain associated with having cancer and help provide them with a more home-like environment in which to grow and develop during periods of treatment.

33. U. T. M.D. Anderson Cancer Center: Approval to Accept Remainder Interests in the Sam F. Davis Annuity Trusts of 1980, 1983 and 1984.--Approval was given to accept undivided remainder interests in three trusts created by Mr. and Mrs. Sam F. Davis, Denver, Colorado, at The University of Texas M.D. Anderson Cancer Center as follows:

<u>Trust Name</u>	<u>Book Value</u>	<u>Percent to U. T. M.D. Anderson Cancer Center</u>
Sam F. Davis Charitable Remainder Annuity Trust 1980	\$ 280,000	10%
Sam and Freda Davis Annuity Trust 1983	115,000	5%
Sam F. and Freda R. Davis Annuity Trust 1984	1,400,000	10%

Guaranty Bank and Trust Company, Denver, Colorado, is serving as trustee for all three trusts.

Mr. Davis has indicated that these funds should be used for the continuing development of the Research Division at the U. T. M.D. Anderson Science Park at Smithville, Texas.

34. U. T. M.D. Anderson Cancer Center: Report of Receipt of Final Distribution from the Estate of Lessley S. Keese, Beaumont, Texas, and Approval to Use Bequest in Support of Various Institutional Programs.--The Administration reported that the final distribution from the Estate of Lessley S. Keese, Beaumont, Texas, had been received for a total bequest of \$708,919.72 for the benefit of The University of Texas M.D. Anderson Cancer Center.

Approval was given for the bequest to be used in support of various institutional programs at the U. T. M.D. Anderson Cancer Center as needed. The only stipulation attached to the bequest is that it be used "for cancer research in connection with the M.D. Anderson Hospital, or its successors."

35. U. T. M.D. Anderson Cancer Center: Estate of Ellen F. Knisely, Roanoke, Virginia - Report of Receipt of Final Distribution; Acceptance of Transfer of Funds; Establishment of the Ellen F. Knisely Chair in Colon Cancer Research; and Eligibility for Matching Funds Under the Texas Eminent Scholars Program.--It was reported that the final distribution from the Estate of Ellen F. Knisely, Roanoke, Virginia, had been received for a total bequest of approximately \$988,635.

The Board accepted an \$11,365 transfer of funds representing interim earnings to be combined with the Estate bequest for a total of \$1,000,000 and established the Ellen F. Knisely Chair in Colon Cancer Research at The University of Texas M.D. Anderson Cancer Center.

Further, the actual income which will be earned on the \$988,635 bequest will be certified for matching under the Texas Eminent Scholars Program as set out in Chapter 51, Subchapter I of the Texas Education Code, when matching funds are made available under that act.

36. U. T. M.D. Anderson Cancer Center: Acceptance of Gift from Mr. LeRoy Melcher, Sr., Houston, Texas, and Transfer of Funds for Construction of the LeRoy Melcher, Jr. Memorial Fountain.--Upon recommendation of the Land and Investment Committee, the Board accepted a \$750,000 gift from Mr. LeRoy Melcher, Sr., Houston, Texas, and a \$126,000 transfer of previously reported gifts from current restricted funds for a total of \$876,000 to fund construction of the LeRoy Melcher, Jr. Memorial Fountain at the main entrance to the U. T. M.D. Anderson Hospital at The University of Texas M.D. Anderson Cancer Center.

See Page 86 related to the construction of this Fountain.

37. U. T. M.D. Anderson Cancer Center: Acceptance of Bequest From the Estate of John R. Willis, Hidalgo, Texas.--The Board, upon recommendation of the Land and Investment Committee, accepted a \$100,000 bequest from the Estate of John R. Willis, Hidalgo, Texas, to The University of Texas M.D. Anderson Cancer Center "for the benefit of the M.D. Anderson Hospital in any manner it deems appropriate" as specified in the Will of the deceased.

III. OTHER MATTERS

U. T. Board of Regents - Regents' Rules and Regulations, Part Two: Approval of Amendments to Chapter IX, Section 1.2 (Authority to Assign and Transfer Securities Owned by the PUF and the Board) and Section 1.4 (Authority to Receive and Collect Money and/or Property).--Approval was given to amend the Regents' Rules and Regulations, Part Two, Chapter IX, Sections 1.2 and 1.4 to read as set forth below:

- 1.2 Authority to Assign and Transfer Securities Owned by the PUF and the Board.--The Chancellor, or his or her delegate, the Executive Vice Chancellor for Asset Management, the Director for Endowments and Trusts, the Comptroller and Assistant Comptroller, and the Manager of Endowment Accounting and Operations may each assign and transfer any and

all securities of any description whatever and execute any and all documents necessary to the consummation of any sale, assignment, or transfer of any securities registered in the name of the PUF or the Board, or in any other form of registration of such securities held for the account of the PUF or the Board in whatever manner, including all fiduciary capacities and including those registered in the names of trusts or foundations managed and controlled by said Board. In addition, custodian banks appointed by the Executive Vice Chancellor for Asset Management may assign and transfer securities and execute any and all documents necessary to the consummation of any sale, assignment, or transfer of any security owned by the Board.

- 1.4 Authority to Receive and Collect Money and/or Property.--The Chancellor, the Executive Vice Chancellor for Asset Management, the Director for Endowments and Trusts, and the Manager of Estates and Trusts are each authorized and empowered to ask, demand, collect, recover, and receive any and all sums of money, debts, dues, rights, property, effects, or demands, whatever, due, payable, or belonging, or that may become due, payable, or belonging to any of the above funds from investment transactions, from any person or persons, whatever, and to execute any and all necessary or proper receipts, releases, and discharges therefor.

RECONVENE.--At 3:10 p.m., the Board reconvened as a committee of the whole to consider those items remaining on the agenda.

ITEM FOR THE RECORD

U. T. Health Science Center - Houston: Acceptance of Membership to Development Board.--At the December 1988 U. T. Board of Regents' meeting, Mrs. Laura Hobby Beckworth, Houston, Texas, was approved for membership to The University of Texas Health Science Center at Houston Development Board for a two-year term to expire August 31, 1990. Mrs. Beckworth's acceptance of membership is herewith reported for the record.

EXECUTIVE SESSION OF THE BOARD OF REGENTS

Chairman Blanton reported that the Board had met in Executive Session in the Second Floor Conference Room of Ashbel Smith Hall to discuss matters in accordance with Article 6252-17, Sections 2(e), (f) and (g) of Vernon's Texas Civil Statutes. In response to Chairman Blanton's inquiry regarding the wishes of the Board, the following actions were taken:

1. U. T. Medical Branch - Galveston: Settlement of Medical Liability Litigation - Bernard Karam.--Regent Yzaguirre moved that the Chancellor and the Office of General Counsel be authorized to settle on behalf of The University of Texas Medical Branch at Galveston the medical liability lawsuit filed by Bernard Karam in accordance with the proposal presented in Executive Session.

Vice-Chairman Ratliff seconded the motion which carried without objection.

2. U. T. Austin: Consideration of a Negotiated Agreement with the City of Austin for a Land Use Plan for the Brackenridge Tract and the Lease for the Lions Municipal Golf Course.--Since negotiations with the City of Austin are still in process related to an agreement for a land use plan for the Brackenridge Tract and the lease for the Lions Municipal Golf Course on behalf of The University of Texas at Austin, Chairman Blanton reported that no further action by the Board was appropriate at this time.

See Page 1 .

3. U. T. Board of Regents: Matters Relating to the Organization of the Board in Accordance with the Regents' Rules and Regulations, Part One, Chapter I, Sections 3, 4 and 5 (Deferred).--Chairman Blanton reported that the possible reorganization of the U. T. Board of Regents in accordance with the Regents' Rules and Regulations, Part One, Chapter I, Sections 3, 4 and 5 was deferred until such time as the new appointees are seated.

REPORT OF BOARD FOR LEASE OF UNIVERSITY LANDS

Regent Yzaguirre, a member of the Board for Lease of University Lands, reported that the Board for Lease had not met since its oil and gas lease sale in Midland, Texas, on November 16, 1988. He noted that the results of that sale, which totaled \$2,554,808 and averaged \$118 per acre, were reported to the U. T. Board of Regents at its meeting on December 8, 1988.

Regent Yzaguirre announced that the Board for Lease has no plans for a meeting until the reorganization of the U. T. Board of Regents and the appointment of new Regental members to the Board for Lease.

REPORT OF SPECIAL COMMITTEE

U. T. Board of Regents: Report by Executive Vice Chancellor for Health Affairs Mullins Related to Meeting of Joint Conference Committee of Board of Regents of The University of Texas System and Trustees of Hermann Trust.--Chairman Blanton called on Executive Vice Chancellor for Health Affairs Mullins who presented the following report related to the Joint Conference Committee of the Board of Regents of The University of Texas System and Trustees of Hermann Trust:

Report

The Joint Conference Committee of the Board of Regents of The University of Texas System and Trustees of Hermann Trust met on December 14, 1988, in Houston, Texas, and the meeting was well attended.

Following is a summary of the key issues which the group discussed:

Status of the affiliation agreement between
The University of Texas Health Science
Center at Houston and Hermann Hospital

Vitality of Hermann Hospital

Influence of Hermann Hospital's Emergency
Room drive-by policy on the U. T. Medical
School - Houston

Payment of professional medical liability
insurance premiums.

In October 1987, the U. T. Board of Regents and the Trustees of Hermann Trust approved amendments to the affiliation agreement, and a plan consisting of twenty action items was developed to facilitate implementation

of the revised agreement. As of November 1988, sixteen of the twenty action items had been fully implemented with the following items still in process:

Appointment of a medical director

Evaluation of performance of the service chiefs

Development of a system of compensation for service chiefs

Final report to the U. T. Board of Regents at such time as all actions have been fully implemented.

Hermann representatives reported that management had been forced to take actions to correct the financial losses that occurred in 1986, 1987 and 1988, and a financial report and game plan to achieve fiscal year 1989 objectives for Hermann Hospital were reviewed.

In 1988, the Trustees of Hermann Trust adopted a policy that would limit the number of patients admitted through the emergency center when the Hospital's critical care areas were full. This policy has resulted in a decrease in physician fee income from the emergency center but the impact has not been significant.

The Hermann staff has recognized and accepted responsibility for the professional medical liability premium for the house staff.

Executive Vice Chancellor Mullins noted that there is an excellent working relationship between the staffs of Hermann Hospital and the U. T. Health Science Center - Houston. It is apparent that both parties are working in a cooperative manner and major differences between the groups have been resolved.

FOUNDATION MATTER

Winedale Stagecoach Inn Fund: Approval of Minutes of Meeting Held on August 13, 1987; Acceptance of Gifts from the Meadows Foundation, Dallas, Texas, and Various Donors for the Purpose of Purchasing Land Adjoining the Winedale Historical Center and Constructing the Meadows Foundation Education Center; Authorization to Execute Documents Pertaining to Purchase of 34.19 Acres Out of the W. S. Townsend League, Abstract 104, Winedale, Fayette County, Texas; and Authorization to Enter into Arrangements to Construct the Education Center.--In accordance with Section 5, Chapter VII of Part One of the Regents' Rules and Regulations, the U. T. Board of Regents recessed its meeting to meet independently in its capacity as the Board of Trustees for the Winedale Stagecoach Inn Fund.

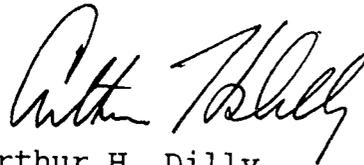
Following opening remarks by President Cunningham, in his capacity as Secretary-Treasurer of the Fund, the Trustees for the Winedale Stagecoach Inn Fund:

- a. Approved the Minutes of the preceding meeting held on August 13, 1987
- b. Authorized the Secretary-Treasurer of the Winedale Stagecoach Inn Fund (hereinafter referred to as the Fund), currently Dr. William H. Cunningham, to accept, on behalf of the Fund, gifts of funds in the amount of \$235,240 from the Meadows Foundation, Dallas, Texas, and approximately \$100,000 in cash and pledges from various donors for the purpose of purchasing land adjoining the Winedale Historical Center at The University of Texas at Austin and constructing an Education Center to be named the Meadows Foundation Education Center. Funds from the Meadows Foundation in the amount of \$29,000 have been received and the remaining \$206,240 is payable on or before December 10, 1989, contingent upon the signing of a contract to construct the Education Center.
- c. Authorized the Secretary-Treasurer to execute, on behalf of the Fund, all documents pertaining to the purchase of 34.19 acres of land out of the W. S. Townsend League, Abstract 104, Winedale, Fayette County, Texas, for an amount not to exceed \$121,000
- d. Authorized the President of the Fund, currently Mr. Jack S. Blanton, to enter into appropriate arrangements, on behalf of the Fund, to construct the Education Center for an amount not to exceed \$206,000 and to amend the existing lease of the Winedale Historical Center to U. T. Austin to include the Education Center and the land described above.

SCHEDULED MEETING.--Chairman Blanton announced that the next meeting of the U. T. Board of Regents would be held at The University of Texas at El Paso on April 6, 1989.

ADJOURNMENT.--Prior to adjournment, Chairman Blanton commented on the extent to which the Board and The University of Texas System are indebted to the three retiring Regents -- Robert B. Baldwin III, Jess Hay and Mario Yzaguirre -- and commended each for the exceptional quality of public service rendered to this state, to higher education and especially to the U. T. System.

There being no further business, the meeting was adjourned at 3:20 p.m.



Arthur H. Dilly
Executive Secretary

February 16, 1989