

Meeting No. 876

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

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April 14, 1994

Tyler, Texas

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 OF
 THE UNIVERSITY OF TEXAS SYSTEM
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THURSDAY, APRIL 14, 1994.--The members of the Board of Regents of The University of Texas System convened in regular session at 10:15 a.m. on Thursday, April 14, 1994, in the Auditorium (Room 119) of the Biomedical Research Building at The University of Texas Health Center at Tyler, Tyler, Texas, with the following in attendance:

ATTENDANCE.--

<u>Present</u>	<u>Absent</u>
Chairman Rapoport, presiding	
Vice-Chairman Temple	
Vice-Chairman Lebermann	
Regent Cruikshank	
Regent Hicks	
Regent Holmes	
Regent Loeffler	
Regent Ramirez	
Regent Smiley	

Executive Secretary Dilly

Chancellor Cunningham
Executive Vice Chancellor Duncan
Executive Vice Chancellor Mullins
Executive Vice Chancellor Burck

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

U. T. SYSTEM: INTRODUCTION OF MR. P. D. (DAVE) BEDINGER, DIRECTOR OF POLICE.--Chairman Rapoport called on Executive Vice Chancellor for Business Affairs Burck who introduced Mr. P. D. (Dave) Bedinger, the new Director of Police for The University of Texas System effective April 1, 1994. Mr. Burck noted that Mr. Bedinger had a very distinguished career with the Illinois State Police Department and during his twenty-six years in law enforcement has held positions of increasing responsibility and rose to the rank of Major, the highest sworn merit position in the Illinois State Police Department.

Mr. Burck also expressed appreciation to Mr. Roy Baldrige, Assistant Director of Police, for his very capable leadership as the Acting Director over the past several months during the search for a new Director.

WELCOME BY GEORGE A. HURST, M.D., DIRECTOR OF THE UNIVERSITY OF TEXAS HEALTH CENTER AT TYLER.--Chairman Rapoport stated that the Board was very pleased to be meeting at The University of Texas Health Center at Tyler and expressed the Board's deep appreciation for the warm hospitality that was extended at the social event last evening (April 13). He then called on George A. Hurst, M.D., Director of the U. T. Health Center - Tyler, for any welcoming remarks on behalf of the host institution.

On behalf of the faculty and staff of the U. T. Health Center - Tyler, Director Hurst welcomed the members of the Board and other guests to Tyler.

U. T. BOARD OF REGENTS: APPROVAL OF MINUTES OF REGULAR MEETING HELD ON FEBRUARY 10, 1994, AND EMERGENCY SPECIAL MEETING HELD ON FEBRUARY 25, 1994.--Upon motion of Vice-Chairman Temple, seconded by Regent Cruikshank, the Minutes of the regular meeting of the Board of Regents of The University of Texas System held on February 10, 1994, in Houston, Texas, were approved as distributed by the Executive Secretary. The official copy of these Minutes is recorded in the Permanent Minutes, Volume XLI, Pages 788 - 1464.

Upon motion of Vice-Chairman Lebermann, seconded by Regents Cruikshank and Ramirez, the Minutes of the emergency special meeting of the Board of Regents of The University of Texas System held on February 25, 1994, in Austin, Texas, were approved as distributed by the Executive Secretary. The official copy of these Minutes is recorded in the Permanent Minutes, Volume XLI, Pages 1465 - 1470.

SPECIAL ITEM

U. T. Board of Regents: Appointment of Mr. Ben Barnes, Austin, Texas, as Regental Representative to the U. T. Austin Intercollegiate Athletics Council for Men Effective Immediately.--As a result of the resignation of Mr. L. R. (Bobby) French, Jr., Midland, Texas, the Board appointed Mr. Ben Barnes, Austin, Texas, to fill Mr. French's unexpired term to end on August 31, 1994, as a Regental representative on The University of Texas at Austin Intercollegiate Athletics Council for Men effective immediately.

Further, Mr. Barnes was appointed to a full term on this Council to begin on September 1, 1994 and to expire on August 31, 1998.

Mr. Barnes is a former Speaker of the Texas House of Representatives and a dedicated advocate of higher education generally and U. T. Austin in particular.

RECESS FOR COMMITTEE MEETINGS AND COMMITTEE REPORTS TO THE BOARD.--At 10:23 a.m., the Board recessed for the meetings of the Standing Committees, and Chairman Rapoport 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 3 - 14).--In compliance with Section 7.14 of Chapter I of Part One of the Regents' Rules and Regulations, Chairman Rapoport 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: Authorization to Rename the Balcones Research Center the J. J. Pickle Research Campus (Regents' Rules and Regulations, Part One, Chapter VIII, Section 1, Subsection 1.2, Naming of Facilities Other Than Buildings) (Exec. Com. Letter 94-11).--Authorization was given to rename the Balcones Research Center at The University of Texas at Austin the J. J. Pickle Research Campus 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.

The renaming of the Balcones Research Center is in tribute to The Honorable J. J. "Jake" Pickle, a great friend of higher education, and in particular, U. T. Austin. Congressman Pickle has ardently supported U. T. Austin's development from his early years as U. T. Austin student body president through his illustrious 30-year career as a United States Representative for the Congressional District which included U. T. Austin.

2. U. T. Austin - McDonald Observatory - Spectroscopic Survey Telescope (SST) - Enclosure and Facilities (Project No. 102-724): Approval to (a) Increase Total Project Cost; (b) Award General Construction Contract to M W Builders, Inc., Temple, Texas; (c) Name the Telescope The William P. Hobby - Robert E. Eberly (Spectroscopic Survey) Telescope (Regents' Rules and Regulations, Part One, Chapter VIII, Section 1, Subsection 1.2, Relating to the Naming of Facilities Other Than Buildings); and (d) Authorize Additional Appropriations Therefor (Exec. Com. Letter 94-9).--In an effort to keep The University of Texas at Austin McDonald Observatory at Mount Locke at the forefront of competing institutions and universities in the field of astronomy, the Board, upon recommendation of the Executive Committee:
 - a. Approved an increase in the total project cost for the U. T. Austin McDonald Observatory - Spectroscopic Survey Telescope (SST) from \$12,800,000 previously approved in the FY 1994-1999 Capital Improvement Plan to \$13,500,000
 - b. Awarded a general construction contract for the U. T. Austin McDonald Observatory - Spectroscopic Survey Telescope (SST) - Enclosure and Facilities project to the lowest responsible bidder, M W Builders, Inc., Temple, Texas, for the Base Bid and Additive Alternate Bid Nos. 1, 3, and 4 in the amount of \$2,127,100

- c. Named the U. T. Austin McDonald Observatory - Spectroscopic Survey Telescope (SST) The William P. Hobby - Robert E. Eberly (Spectroscopic Survey) Telescope 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
- d. Appropriated an additional \$3,500,000 (\$1,036,000 from Gift and Grant Funds, \$2,000,000 from Tuition Revenue Bonds, and \$464,000 from State Appropriations) along with \$10,000,000 previously appropriated for total project funding of \$13,500,000.

Although the SST project began as a cooperative activity of U. T. Austin and Pennsylvania State University, Stanford University, The University of Goettingen, and The University of Munich are now participating in the project through the contribution of capital funds for construction of the telescope and subsequent funding of its operation.

The total project cost of \$13,500,000 is composed of the following elements:

Enclosure and Facilities Managed by the Office of Facilities Planning and Construction

General Construction Cost	\$ 2,127,100
Fees and Administrative Expenses	235,338
Miscellaneous Expenses	<u>38,506</u>
Subtotal	\$ 2,400,944
U. T. Austin Bids Received	
Purchase of the Dome and Rotator	912,800
Purchase of Telescope Structure	1,082,546
Purchase of Mirror Truss and Blanks	1,070,464
Mirror Polishing	<u>1,650,000</u>
Subtotal	\$ 4,715,810
U. T. Austin Planned Expenditures	
Facility, Enclosure, Telescope Structure	302,093
Pointing, Tracking, Metrology Systems	962,225
Electronics, Controls, Software	930,649
First Light Instruments	487,746
Management, Reporting	233,050
Assembly, Integration, System Engineering	840,819
Other Primary Mirror Work	<u>1,230,946</u>
Subtotal	\$ 4,987,528
U. T. Austin Expenditures to Date	\$ 1,117,000
U. T. Austin Reserve for Contingency	\$ 278,718
Total Project Cost	<u>\$13,500,000</u>

This action will amend the FY 1994-1999 Capital Improvement Plan and the FY 1994 Capital Budget and the funding sources are identified as follows:

The University of Texas at Austin

Gift Funds	\$2,525,000
Available University Fund	1,500,000
Tuition Revenue Bonds and Notes	2,000,000
State Appropriations	1,014,000
Total, The University of Texas at Austin	\$7,039,000
Pennsylvania State University	2,660,000
Stanford University	1,267,000
The University of Goettingen	1,267,000
The University of Munich	1,267,000
Total Project Cost	\$13,500,000

This project was approved by the Texas Higher Education Coordinating Board in July 1993.

Based upon an agreement approved by the U. T. Board of Regents, the two founding partners for the SST, U. T. Austin and Pennsylvania State University, each reserved the right to honor an individual important to the partner university and the SST project by including that individual's name on the SST. U. T. Austin wishes to honor William P. Hobby, Jr. in naming the SST. Pennsylvania State University chose to honor Robert E. Eberly and its Board of Trustees granted approval on May 14, 1993.

William P. Hobby served as Lieutenant Governor of the State of Texas from 1973-1990. Widely respected for his integrity, fairness, and proven legislative ability, Governor Hobby provided unwavering support for higher education and The University of Texas System. Through efforts of Governor Hobby and his colleagues and friends, substantial resources have been committed to make the SST project a reality, thus enhancing excellence in higher education and keeping U. T. Austin and its partner universities at the forefront of astronomical research.

Robert E. Eberly is Chairman of the Board of Eberly and Meade, Inc., an oil and natural gas production and exploration firm based in Uniontown, Pennsylvania, and Oklahoma City, Oklahoma. He also serves as Treasurer of the National Development Council, Pennsylvania State University's highest fund raising advisory group. Mr. Eberly has provided significant financial and personal support to Pennsylvania State University, particularly its science programs, for several decades. In 1990, Mr. Eberly and other family members were recognized for their contributions to Pennsylvania State University when the University's Board of Trustees named the Eberly College of Science in their honor.

3. U. T. Dallas: Approval of Membership in the North Texas Geographic Information System (GIS) Consortium, Richardson, Texas, and Approval of Charter (Exec. Com. Letter 94-10).--In order to acquire data for and create a region-wide digital database to support geographic land base development covering approximately 2,122 square miles in Dallas and Tarrant Counties, Texas, the Executive Committee recommended and the Board authorized The University of Texas at Dallas to become a member of the North Texas Geographic Information System (GIS) Consortium, Richardson, Texas. This consortium will be sponsored by the Bruton Center for Development Studies at U. T. Dallas, and U. T. Dallas' designee will be the permanent chairperson of the consortium's Executive Committee.

Further, approval was given to the Charter of the North Texas Geographic Information System (GIS) Consortium set out on Pages 7 - 11 with the understanding that any and all specific agreements arising from the charter are to be submitted for prior administrative review and approval as required by the Regents' Rules and Regulations.

: Charter of the
North Texas **GIS** Consortium

ARTICLE I **Name**, Boundaries, and Sponsorship

Section 1 The **name** of the **organization** shall be: "North Texas **GIS Consortium**", referred to in these bylaws as "**the Consortium**"

Section 2. The **territory** included within the **boundaries** of this Consortium shall be considered the 9 **Texas Counties** in the Dallas-Fort Worth Consolidated Metropolitan Statistical Area: **Collin**, **Dallas**, **Denton**, **Ellis**, **Johnson**, **Kaufman**, **Rockwall**, **Parker**, and **Tarrant**.

Section 3. The Consortium is sponsored by the **Bruton** Center for Development **Studies** at the **University** of Texas at Dallas.

ARTICLE II. Purpose

Section 1 **The** purpose of **the** Consortium is to facilitate regional development and **sharing** of a parcel level land base.

Section 2. Further, the purpose of the **Consortium** is to reduce member costs of **GIS** development through cost savings on hardware, **software**, **services**, **training**, and data.

Section 3. Further, the **purpose** of the **Consortium** is to **facilitate** data sharing **between** members through **telecommunications** links, **regional** data **standards**, **distributed maintenance**, and a **central** library database.

Section 4. Further, the purpose of the **Consortium** is to provide **education** and training opportunities for members in **GIS techniques and related topics**.

ARTICLE III. Membership

Section 1. **Any municipality, county, appraisal district, school district, special district, utility, university, or other local, regional, state, or federal agency with jurisdiction in the Dallas-Fort Worth Consolidated Metropolitan Statistical Area is eligible to join the Consortium.**

Section 2. Any **organization choosing to become a member** shall **agree to share** any non-proprietary, **non-confidential** data that is of **general interest** to the Consortium.

Section 3. Any university joining the **Consortium would** agree to **support telecommunications links** from Consortium **members for which the** university is the **nearest internet** node, and would sponsor the **internet** membership for these members.

Section 4. **Any** organization choosing to become a member shall **agree** to meet regional data **standards** adopted by the Consortium.

Section 5 Any organization choosing to become a member shall be allowed to obtain discounts negotiated by the Consortium for GIS hardware, software, services, training, and data

Section 6. Any organization choosing to become a member shall take necessary steps to provide an telecommunications linkage to the Consortium database library repository at the University of Texas at Dallas, enabling the member to use a microcomputer or workstation as a node on the Consortium network. Depending on the volume of expected data transfer, the options would range from 56KB dialup modems using SLIP protocol to dedicated T1 lines and peripheral equipment. The connection should be established within six months of becoming a Consortium member.

Section 7. Each member organization shall designate one individual as a contact point for the organization, and as the single voting representative of the member organization.

Section 8. Individuals within member organizations other than the designated contact and voting representative may serve on committees and hold office.

Section 9. Any organization choosing to become a member shall agree not to redistribute or market data obtained through the Consortium, unless approved in writing by the organization from which the data originated.

Section 10. Member organizations are in no way obligated by this Charter to participate in any Consortium initiative that involves individual purchase of goods or services.

ARTICLE IV. Executive Committee

Section 1. The governing body of the Consortium shall be the Executive Committee, with seven members

section 2. The membership of the Executive Committee shall consist of a tk Consortium Officers, consisting of a Chairman, Vice-Chairman, Secretary, Treasurer, as well as three at large members.

Section 3. A designee of the University of Texas at Dallas shall be named as permanent Chairman of the Executive Committee.

Section 4. A designee of the North Central Texas Council of Governments shall be named as permanent Executive Committee Member.

Section 5. The term of service for each offia of the Executive Committee other than the two permanent seats shall be one year, or until their elected successors take office.

Section 6. In the event of a vacancy on the Executive Committee the ranking members of the Committee shall have the power to elect a member to fill the unexpired term of offia.

ARTICLE V Election of Officers

Section 1 The Chairman shall appoint, not less than thirty days prior to the date fixed by the Executive Committee for its report, a nominating committee of three members, who shall report the names of candidates for each position to be voted on at the annual election.

Section 2 The Executive Committee shall prescribe the form of ballot, the schedule of dates of the details of the election procedure. The Executive Committee shall determine if the annual election shall be held at the time and place of the annual meeting or by means of a mail ballot. If the election is held at the annual meeting, additional nominations for any office may be made by members of the Consortium who are present. If the election is held by means of a mail ballot, printed ballots shall be mailed to members not less than forty days before the date set for the announcements of the results and shall be returned for counting within thirty days of their mailing. Ballots shall be counted by three tellers appointed by the Chairman, who shall certify their findings to the Executive Committee. Ballots shall contain the names of nominees recommended by the nominating committee and shall have blank spaces under each office for the use of members who desire to vote for eligible candidates other than those named in the printed ballot.

Section 3. Newly elected officers shall assume their office on January 1 following the annual election

ARTICLE VI. Duties of Officers and Executive Committee

Section 1. The Chairman shall be designated by the University of Texas at Dallas in its capacity as the institutional sponsor of the Consortium. The Chairman shall be the Chief Executive Officer of the Consortium and shall preside at all meetings. The Chairman shall issue the call for regular or special Executive Committee meetings, shall appoint all special and standing Committees, subject to approval by the Executive Committee, and act as an ex-officio member of each Committee. The Chairman shall see that these Committees function and shall cooperate with each Committee Chairman to that end. At the conclusion of each year, the Chairman shall prepare a report to the Consortium that will include, but is not limited to, a membership report, accomplishments of the past year, and recommendations concerning Consortium goals and objectives over the coming year. The Chairman shall perform such other duties as may from time to time be assigned by the Executive Committee.

Section 2. The Vice-Chairman shall be a member of the Consortium who is elected by the membership. The Vice-Chairman shall occupy the position of Chairman and perform all the Chairman's responsibilities if for any reason the Chairman is absent and shall perform such other duties as may from time to time be assigned by the Executive Committee.

Section 3. The Secretary shall be a member of the Consortium who is elected by the membership. The Secretary shall keep all records and conduct all correspondence of the Consortium. The Secretary shall prepare and submit to the Consortium such reports as may be required.

Section 4. The Treasurer shall be a member of the Consortium who is elected by the membership. The Treasurer shall oversee financial transactions undertaken by the Consortium through a fund established and administered at the University of Texas at Dallas, to be used solely for the purposes of supporting Consortium activities. The Treasurer shall also be responsible for developing any agreements between the Consortium and its members that may be required for joint purchase transactions.

Section 5. The two At-large Members of the Executive Committee shall be members of the Consortium who are elected by the membership. At-large members shall undertake special projects as directed by the Executive Committee, and may be asked to chair any special or standing committee, or to work with a committee to ensure the successful completion of the committee assignment.

Section 6. The permanent NCTCOG Executive Committee member shall provide coordination between the activities of the Consortium and those of NCTCOG, and may be asked to chair any special or standing committee, or to work with a committee to ensure the successful completion of the committee assignment.

ARTICLE VII. Committees

Section 1. There shall be standing and Ad Hoc Committees comprised of Consortium members to serve the purposes of the Consortium as prescribed by these bylaws and as determined by the Executive Committee.

Section 2. Standing Committees. The function and structure of Standing Committees shall be governed by the following:

- (a) Standing committees perform continuing tasks of the Consortium.
- (b) Standing committees shall report at least annually to the Executive Committee and more frequently if desired.
- (c) Standing committees may be added, modified or disbanded at the direction of the Executive Committee without a change in the bylaws unless otherwise provided for in the bylaws.

Section 3. Ad Hoc Committees. The function and structure of Ad Hoc Committees shall be governed by the following:

- (a) Creation and dissolution of ad hoc committees must be approved by the Executive Committee.
- (b) Ad hoc committees perform specific tasks.
- (c) Ad hoc committees shall report on a timely basis to the Executive Committee.
- (d) Ad hoc committees shall cease to exist when a final report is submitted, or at such time as designated by the Executive Committee.

ARTICLE VIII. Meetings

Section 1. Meetings of the Consortium shall be held one or more times a year, the dates and places to be determined by the Executive Committee. The Consortium membership shall be notified at least two weeks in advance of the date and place of the annual meeting.

Section 2. Special meetings of the Executive Committee shall be held on the call of the Chairman or on the request in writing of any three members of the Executive committee.

ARTICLE IX. Voting

Section 1. A majority of voting members shall constitute a quorum at an Executive Committee meeting

ARTICLE X. Dues

Section 1. There shall be no annual membership dues for membership in the Consortium

ARTICLE XI. Amendments

Section 1. Amendments to these bylaws may be proposed by initiatory petition submitted to the Executive Committee in writing and signed by not fewer than eight Consortium members or by resolution of the Executive Committee. Proposed amendments shall be presented to the membership within one year after the date of their submission at a meeting of the Consortium or by letter ballot as may be determined by the Executive Committee. The Executive Committee may, within sixty days after receipt of any amendment proposed by initiatory petition, return same to the petitioners with a letter of explanation requesting the proposed amendment be modified before it is presented to the membership. If the proposed amendment is resubmitted in writing and signed by not fewer than eight of the original petitioners, it shall be presented to the membership with or without the approval of the Executive Committee. An affirmative vote of two thirds of the qualified votes cast shall be necessary for the adoption of the proposed amendment.

Section 2. Such amendments to these bylaws as may be made from time to time shall become effective upon adoption by the Consortium.

ARTICLE XII. Initiation

Section 1. The Chairman shall appoint the first Executive Committee and Officers, with elections of new officers to be held before the end of the calendar year.

Section 2. These bylaws shall be in effect upon adoption by the Executive Committee.

Section 3. Any municipality, county, tax appraisal district, school district, special district, utility, university, or local, regional, state, or federal agency with jurisdiction in the 9-County Dallas-Fort Worth Consolidated Metropolitan Statistical Area may initiate a membership request by sending a letter of agreement, signed by an authorized representative of the organization, to the Consortium Chairman indicating that the agency wishes to participate in the Consortium, and has read these bylaws and agrees to the terms identified herein. The letter must clearly indicate the name, title, address, phone and fax number of the designated contact person within the organization applying for membership. The membership would become active upon written response by the Chairman.

4. U. T. El Paso: Permission for Dr. Diana S. Natalicio to Serve as a Member of the (a) National Board of the Fund for the Improvement of Postsecondary Education and (b) Board of Directors of the Commission on Educational Exchange Between Mexico and the United States [Regents' Rules and Regulations, Part One, Chapter III, Section 13, Subsections 13.(10) and 13.(11)] (Exec. Com. Letter 94-7).--Permission was granted for Dr. Diana S. Natalicio, President of The University of Texas at El Paso, to serve as a member of the following Boards:

- a. National Board of the Fund for the Improvement of Postsecondary Education for a term ending in June 1997

Dr. Natalicio's service on this Board will be without compensation except for reimbursement of related travel expenses.

- b. Board of Directors of the Commission on Educational Exchange between Mexico and the United States for a term ending in December 1996 in which she will serve without compensation.

President Natalicio's service on these Boards is of benefit to the State of Texas, creates no conflict with her regular duties at U. T. El Paso, and is in accordance with approval requirements for positions of honor, trust, or profit provided in Chapter 574 of the Texas Government Code (formerly 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. El Paso - Energy Conservation Program - Education Building and Engineering Building (Project No. 201-780): Award of Construction Contract for the Institutional Conservation Program - Renovation of the Engineering Building No. 101 and Renovation of the Education Building No. 47 to B & H Mechanical, Inc., Las Cruces, New Mexico (Exec. Com. Letter 94-7).--The Board, upon recommendation of the Executive Committee, awarded a construction contract for the Institutional Conservation Program - Renovation of the Engineering Building No. 101 and Renovation of the Education Building No. 47 at The University of Texas at El Paso to the lowest responsible bidder, B & H Mechanical, Inc., Las Cruces, New Mexico, for the Base Bids 1B and 2B in the amount of \$787,000.

The total project cost is composed of the following elements:

Energy Renovation Construction	\$ 787,000
Fees and Administrative Expenses	91,158
Miscellaneous Expenses	35,000
Project Contingency	<u>104,034</u>
Total Project Cost	\$1,017,192

This project, which was approved by the Texas Higher Education Coordinating Board in June 1991, is included in the FY 1994-1999 Capital Improvement Plan and the FY 1994 Capital Budget for a total project cost of \$1,017,192 with \$508,596 from Permanent University Fund Bond Proceeds and \$508,596 from grants.

6. U. T. Pan American: Establishment of the Lloyd M. Bentsen Endowed Chair in Engineering and the Lloyd M. Bentsen Endowed Engineering Scholarship Fund (Exec. Com. Letter 94-8).--Upon recommendation of the Executive Committee, the Board established the following endowments at The University of Texas - Pan American with a \$1,000,000 commitment from Houston Endowment Inc., Houston, Texas:

- a. Lloyd M. Bentsen Endowed Chair in Engineering with \$500,000 of the total commitment
- b. Lloyd M. Bentsen Endowed Engineering Scholarship Fund with \$500,000 of the total commitment.

Income earned from the endowments when funded will be used, respectively, to support the Chair and to provide scholarships to students in the engineering program at U. T. Pan American.

This Houston Endowment Inc. gift results from the Engineering Fund Campaign approved at the December 1990 meeting of the U. T. Board of Regents. A full report on the results of that campaign will be included for the record at a future meeting of the U. T. Board of Regents. Formal institutional implementation of these endowments will be effected only upon receipt of these funds payable after December 31, 1994.

The establishment of these endowments is a tribute to The Honorable Lloyd M. Bentsen, United States Secretary of the Treasury. A native of the Texas Rio Grande Valley, Secretary Bentsen, his father, and his family have done much to benefit the Valley region around U. T. Pan American and have been strong supporters of the U. T. System component institutions.

7. U. T. Health Center - Tyler - Ambulatory Care Center Addition and Renovation (Project No. 801-789): Award of Construction Contract to Boone & Boone Construction, Inc., Tyler, Texas (Exec. Com. Letter 94-10).--The Executive Committee recommended and the Board awarded a construction contract for the Ambulatory Care Center Addition and Renovation at The University of Texas Health Center at Tyler to the lowest responsible bidder, Boone & Boone Construction, Inc., Tyler, Texas, for the Base Bid and Alternates 1, 2, 3, 4, and 10 in the amount of \$9,505,700. Since Boone & Boone Construction, Inc. is a woman-owned enterprise, this project will have 100% Historically Underutilized Business (HUB) participation.

The total project cost is composed of the following elements:

General Construction Cost	\$ 9,505,700
Fees and Administrative Expenses	922,549
Furniture, Furnishings and Equipment	450,000
Miscellaneous Expenses	221,250
Project Contingency	<u>200,501</u>
Total Project Cost	\$11,300,000

This project is included in the FY 1994-1999 Capital Improvement Plan and FY 1994 Capital Budget for a total project cost of \$11,300,000 with \$5,000,000 from Permanent University Fund Bond Proceeds, \$4,800,000 from Educational and General Fund Balances, and \$1,500,000 from Private Gifts and Grants.

Under a Memorandum of Understanding dated December 3, 1992, the U. T. Board of Regents accepted the proposal of the U. T. Health Center - Tyler to provide an amount of funds equal to the debt service on Permanent University Fund (PUF) Bond Proceeds issued to provide the allocated PUF support of the project. Payment of these funds is contingent upon the annual income results of the Permanent University Fund.

This project was approved by the Texas Higher Education Coordinating Board in October 1993.

REPORT AND RECOMMENDATIONS OF THE BUSINESS AFFAIRS AND AUDIT COMMITTEE (Pages 15 - 34).--Committee Chairman Loeffler reported that the Business Affairs and Audit Committee had met in open session to consider those matters on its agenda and to formulate recommendations for the U. T. Board of Regents. Unless otherwise indicated, the actions set forth in the Minute Orders which follow were recommended by the Business Affairs and Audit Committee and approved in open session and without objection by the U. T. Board of Regents:

1. U. T. System: Approval of Chancellor's Docket No. 75 (Catalog Change).--Upon recommendation of the Business Affairs and Audit Committee, the Board approved Chancellor's Docket No. 75 in the form distributed by the Executive Secretary. It is attached following Page 145 in the official copies of the Minutes and is made a part of the record of this meeting.

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

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

2. U. T. Board of Regents: Regents' Rules and Regulations, Part One: Amendments to Chapter III, Section 33, Subsection 33.1 (Retirement and Modified Service).--On December 31, 1993, Congress repealed 29 U.S.C. Section 623 that provided authority for mandatory retirement ages for law enforcement officers pursuant to the Age Discrimination in Employment Act. In order to reflect the change in federal law, the Board amended the Regents' Rules and Regulations, Part One, Chapter III, Section 33, Subsection 33.1 regarding retirement and modified service to read as set forth below:

Sec. 33. Retirement and Modified Service.

- 33.1 No person employed by the U. T. System or any component institution shall be required to retire because of age except as permitted by law. A pilot shall not be employed beyond the end of the fiscal year that includes the pilot's sixty-fifth birthday.

The age limitation on airplane pilots is based upon the Federal Aviation Administration restriction placed on commercial airlines and has been upheld by the federal courts as a bona fide occupational requirement for pilots employed by state agencies.

3. U. T. Board of Regents: Adoption of an Amended and Restated Resolution for the Permanent University Fund Variable Rate Notes Interim Financing Program; Approval of a Liquidity Agreement in the Amount of \$100,000,000 with the State Treasurer of the State of Texas; Appointment of Bankers Trust Company, New York, New York, as Paying Agent/Registrar, and Vinson and Elkins, Austin, Texas, as Bond Counsel; and Authorization for Appropriate U. T. System Officials to Execute Documents Relating Thereto.--Upon recommendation of the Business Affairs and Audit Committee, the Board:
- a. Adopted an Amended and Restated Resolution (in the form on file in the Office of the Board of Regents) amending the Permanent University Fund Variable Rate Notes Interim Financing Program to allow
 - (1) the State Treasurer to provide liquidity for the Notes
 - (2) for conversion from physical form to book entry form for the Notes
 - (3) for entry into interest rate swaps, cap or floor arrangements, currency swap agreements, or similar agreements
 - b. Approved a Liquidity Agreement in the amount of \$100,000,000 with the State Treasurer of the State of Texas
 - c. Appointed Bankers Trust Company, New York, New York, as Paying Agent/Registrar for the Notes
 - d. Appointed Vinson and Elkins, Austin, Texas, as Bond Counsel
 - e. Authorized appropriate U. T. System officials to execute documents relating thereto.

In December 1985, the U. T. Board of Regents adopted a resolution which established an interim financing program to pay project costs for projects authorized to receive Permanent University Fund (PUF) bond proceeds with the aggregate amount of obligations issued and outstanding at any one time not to exceed \$100,000,000. This aggregate amount was increased to \$250,000,000 in December 1989. In May 1991, all of the outstanding Variable Rate Notes were retired. Subsequently, \$16,000,000 of Notes were issued and later retired in April 1992.

New variable rate note proceeds will be needed in Fiscal Year 1995 for projects under construction, equipment, and library materials as authorized in the FY 1994-1999 Capital Improvement Plan and the FY 1994 Capital Budget.

To maintain the highest short-term credit rating, the rating agencies require the PUF Variable Rate Notes to be supported by a form of internal or external liquidity. On a limited basis, the State Treasurer is offering liquidity support to state issuers at a very low cost of .04%. By using this option rather than a commercial bank, the U. T. System will save approximately \$58,000 the first year.

Currently, Variable Rate Notes must be issued in physical form. It is anticipated that within the next 18 months the market will accept book entry securities. This form of delivery is more efficient and less costly than physical securities.

Based on market conditions, the revised resolution provides authority to reduce interest costs through the use of interest rate swap contracts. Specific master swap contracts with banks will require U. T. Board of Regents' approval at a future date.

4. U. T. Board of Regents: Approval of Amendments to the Guidelines Governing Administration of the Revenue Financing System; Authorization for an Aggregate Amount of Equipment Financing for Fiscal Year 1994; and Approval of Use of Revenue Financing System Parity Debt, Receipt of Certification, and Finding of Fact with Regard to Financial Capacity.--The Business Affairs and Audit Committee recommended and the Board:

- a. Amended the Guidelines Governing Administration of the Revenue Financing System by the addition of the following:

9. Equipment Purchases Funded Through the Revenue Financing System

Equipment purchases authorized by the U. T. Board of Regents to be funded through the Revenue Financing System will be approved in aggregate amount by component institution at the beginning of each fiscal year. The minimum aggregate amount is \$100,000 per component institution and allows for several smaller equipment purchases to be commingled to achieve the minimum amount. Each piece of equipment must have a useful life of not less than 3 years. The equipment will be purchased from the vendor by the component institution and Revenue Financing System debt will be issued on the first business day of each November, February, May, and August to reimburse the component institution for the equipment purchases. The debt will be amortized each February 15 and August 15 with full amortization not to exceed seven years.

- b. Approved an aggregate financed amount of \$14,202,000 under the Revenue Financing System for certain equipment purchased in Fiscal Year 1994 by the following component institutions:

\$2,000,000	U. T. Austin
100,000	U. T. Dallas
402,000	U. T. El Paso
500,000	U. T. Tyler
5,000,000	U. T. Medical Branch - Galveston
1,000,000	U. T. Health Science Center - Houston
2,000,000	U. T. Health Science Center - San Antonio
3,000,000	U. T. M.D. Anderson Cancer Center
200,000	U. T. Health Center - Tyler.

In compliance with Section 5 of the Master Resolution Establishing The University of Texas System Revenue Financing System, approved by the U. T. Board of Regents in April 1990, amended February 1991 and October 1993, and upon delivery of the Certificate of an Authorized Representative as set out on Page 19, the Board resolved that:

- a. Parity Debt shall be issued to pay the project's cost paid prior to the issuance of such Parity Debt
- b. Sufficient funds will be available to meet the financial obligations of the U. T. System including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System and to meet all financial obligations of the Board relating to the Financing System
- c. The component institutions to finance equipment, which are "Members" as such term is used in the Master Resolution, possess the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. Board of Regents of tax-exempt Parity Debt in the aggregate amount of \$14,202,000 for the purchase of equipment
- d. This resolution satisfies the official intent requirement set forth in Section 1.150-2 of the U. S. Treasury Regulations.

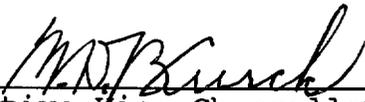
The Texas Public Finance Authority ("TPFA") has been authorized to issue tax-exempt bonds to finance the purchase of equipment by state agencies and incur debt at a tax-exempt rate plus an administrative fee. As compared to the TPFA programs, the U. T. System revenue financing costs are lower since no administrative fee is charged, and the program is managed solely for the needs of U. T. System components.

The Guidelines Governing Administration of the Revenue Financing System, as amended, are set forth in their entirety on Pages 20 - 24.

PARITY DEBT CERTIFICATE OF U. T. SYSTEM REPRESENTATIVE

I, the undersigned Executive Vice Chancellor for Business Affairs of The University of Texas System, a U. T. System Representative under the Master Resolution Establishing The University of Texas System Revenue Financing System adopted by the Board on April 12, 1990 and amended October 8, 1993 (the "Master **Resolution**"), do hereby execute this certificate for the benefit of the Board of Regents pursuant to Section 5 (a) (ii) of the Master Resolution in connection with the authorization by the Board to issue "Parity **Debt**" pursuant to the Master Resolution to finance equipment cost at U. T. Austin, U. T. Dallas, U. T. El Paso, U. T. Tyler, U. T. Medical Branch - Galveston, U. T. Health Science Center - Houston, U. T. Health Science Center - San Antonio, U. T. Health Center - Tyler, and U. T. M.D. Anderson Cancer Center, and do certify that to the best of my knowledge the Board of Regents is in compliance with all covenants contained in the Master Resolution, First Supplemental Resolution Establishing an Interim Financing Program, and the Second Supplemental Resolution, and is not in default of any of the terms, provisions and conditions in said Master Resolution, First Supplemental Resolution and Second Supplemental Resolution.

EXECUTED this 14th day of April, 1994



Executive Vice Chancellor for Business Affairs

Guidelines Governing Administration of the Revenue Financing System

The purpose of the Revenue Financing System is to provide a Systemwide financing program with which to finance capital improvement projects using debt secured by resources other than the Permanent University Fund. The guiding principle underlying administration of the Revenue Financing System is that allocations of debt proceeds shall be contingent upon a Board determination that a component institution can prudently meet its proportionate share of debt service with its own financial resources. All decisions including Board actions shall be premised upon the observation of this principle.

Administration of the Revenue Financing System shall be the shared responsibility of the Office of Asset Management, Office of Business Affairs, and individual component institutions.

Component institutions are not automatically admitted as members of the Revenue Financing System. Admittance shall require approval of the Board. All component institutions constituting The University of Texas System as of April 12, 1990, shall be members of the Revenue Financing System.

1. Approval of Revenue Financing System Indebtedness for CIP Projects

All capital improvement projects to be funded in part or in whole with Revenue Financing System bond proceeds must receive a recommendation for allocation of debt proceeds from the Office of Business Affairs prior to being approved by the Board for inclusion in the capital budget. Each request for formal approval from the Board of Regents for the expenditure of funds for architectural or construction expenses shall be accompanied by a recommendation from the Office of Business Affairs concerning the use of Revenue Financing System bond proceeds. Recommendations of allocations of proceeds shall be given by the Office of Business Affairs upon the completion of a financing evaluation concluding that the individual component institution proposing the project may prudently service its proportionate share of debt with its own financial resources. The financing evaluation shall include:

- a. Three levels of debt capacity & repayment analysis:
 - project level
 - component level
 - System level; with emphasis on maintaining or improving the current debt rating

- b. Financial Statement analysis:
 - 5-year history
 - trend analysis
 - evaluation of basis for projections

 - 5-year projections
 - verification of assumptions
 - risk adjustment of revenues

- c. Sensitivity analysis:
 - worst, probable and best cases
- d. Application of tests:
 - debt service coverage
 - leverage

The Board shall determine the sequence of funding and the terms of Revenue Financing System debt issues.

2. Issuance of Revenue Financing System Debt

Revenue Financing System debt shall be issued pursuant to a resolution and supplements specifying the terms of each issue.

Subject to outstanding debt with overlapping revenue pledges, Revenue Financing System debt shall be secured by a first lien on member institution revenues and fund balances lawfully available to the Board for payments of debt service except revenues and fund balances comprising: (a) the Available University Fund, (b) Higher Education Assistance Funds, (c) State of Texas general revenue fund appropriations unless specifically appropriated for debt service, and (d) M.S.R.D.P. income; unless and to the extent specifically pledged with the consent of a member institution.

After the establishment of the Revenue Financing System, no additional debt may be issued at parity with any outstanding debt secured in whole or in part with the pledged revenues.

3. Allocation of Debt Proceeds to Members

Revenue Financing System debt proceeds shall be advanced to a member institution and repaid to the Board in accordance with a financing agreement.

Advances shall be made at the time that the Board issues Revenue Financing System debt to fund a member institution's project. Proceeds shall be held and invested at the direction of the Office of Business Affairs by the Office of Asset Management until disbursed to a member institution in reimbursement of project costs or directly to vendors to pay financing costs. Advances pursuant to each supplement shall be evidenced by a single promissory note payable to the order of the Board in a principal amount equal to the aggregate unpaid principal amount of the advances. Each advance shall bear interest at a rate equal to that rate paid by the Board on the Revenue Financing System debt issued to fund the advances.

4. Anticipated Payment Deficit by a Member

It is the intent of the Board that all debt service payments be made on a timely basis. In any circumstance where the Board determines that a member institution will be unable to satisfy its proportionate share of debt service, the Board may take any and all actions, including raising the general fee without limit at said institution or any other member institution.

5. Member Institution Duties

- a. Each member shall furnish the Office of Business Affairs five-year projections of its balance sheet, statement of changes in funds balances, and statement of current revenues and expenditures.
- b. Each member in establishing its annual budget shall provide for the payment of its proportionate share of Revenue Financing System debt service.
- c. Each member shall establish and use its reasonable efforts to collect fees and other charges for goods and services in order to generate revenue sufficient to meet all of its financial obligations.
- d. Each member shall make available its proportionate share of Revenue Financing System debt service at such time and places as directed by the Office of Business Affairs in order to enable the Board to pay Revenue Financing System debt service.
- e. Each member shall not incur additional debt (including leases) except as permitted by the Board.
- f. Each member shall inform the Office of Business Affairs of any material change in its financial condition which would have a negative impact on its five-year projection.
- g. Each member shall annually file a report with the Office of Business Affairs on any auxiliary enterprise project which shall have materially failed to meet its original projections and, during the previous fiscal year, did not produce sufficient revenues, along with dedicated supplemental revenues, after all expenditures, based on the originally proposed method of finance, to at least meet its required allocation of Revenue Financing System debt service.
- h. In forecasting revenues and expenditures in support of an application for the use of Revenue Financing System proceeds, a component shall be guided by historical facts and trends. An allocation for expected future repairs and maintenance shall be included and inflation should be considered where relevant.
- i. Whenever possible, a good faith effort should be made to obtain a portion of the total capital cost from private contributions.

6. Annual Report of Nonperforming Projects

The Office of Business Affairs shall annually submit to the Board a report of all projects which have failed to perform financially as originally approved by the Board.

7. Tuition Supported Projects

Projects authorized by the U. T. Board of Regents to be funded as provided in Section 55.172 of the Texas Education Code and Chapter 803, Seventy-Third Legislature, Regular Session, 1993, shall be funded under these Guidelines except for the provisions of Section 1 related to project and Member capacity. The General Tuition of each institution shall be allocated to debt service on these projects on a basis consistent with that institution's relative share of total U. T. System tuition, the amount of General Revenue appropriated to that institution in reimbursement thereof, and the provisions of the Texas Education Code.

8. Provisions for Issuance of Unenhanced Variable Rate Notes

With regard to procedures relating to Notes purchased by the Board in the case of a failed remarketing of Variable Rate Notes issued by the Revenue Financing System, the following policies shall apply:

- a. The maximum amount of Notes maturing on any one business day shall not exceed \$25,000,000 unless such date shall be the closing date of a Note refunding funded with proceeds from a Revenue Financing System bond issue covered by a bond purchase contract.
- b. A credit agreement, as described in the First Supplemental Resolution to the Master Resolution, shall be obtained should the Unrestricted Fund Balances of the U. T. System fall below an amount equal to 1.5 times the then outstanding amount of all Variable Rate Notes.
- c. Fees and charges associated with the use of a credit agreement or note purchase agreement shall be allocated to Members accessing the use of Variable Rate Notes and expended for both internal and external liquidity support as provided in written agreements.

9. Equipment Purchases Funded Through the Revenue Financing System

Equipment purchases authorized by the U. T. Board of Regents to be funded through the Revenue Financing System will be approved in aggregate amount by component institution at the beginning of each fiscal year. The minimum aggregate amount is \$100,000 per component institution and allows for several smaller equipment purchases to be commingled to achieve the minimum amount. Each piece of equipment must have a useful life of not less than 3 years. The equipment

will be purchased from the vendor by the component institution and Revenue Financing System debt will be issued on the first business day of each November, February, May, and August to reimburse the component institution for the equipment purchases. The debt will be amortized each February 15 and August 15 with full amortization not to exceed seven years.

5. U. T. Board of Regents: Adoption of a Resolution Approving an Interest Rate Swap Agreement with Goldman Sachs Capital Markets, L.P.; Authorization for Appropriate U. T. System Officials to Complete the Transaction and Determine Financial Capacity; and Authorization to Amend the First Supplemental Resolution Establishing an Interim Financing Program Under the Revenue Financing System.-- Following a brief overview of the revenue financing system by Executive Vice Chancellor for Business Affairs Burck, the Board, upon recommendation of the Business Affairs and Audit Committee, adopted a [resolution](#) on behalf of The University of Texas System (on file in the Office of the Board of Regents) which:
- a. Authorized the execution of an Interest Rate Swap Agreement with Goldman Sachs Capital Markets, L.P., and U. T. System representatives to complete the transaction and determine that the Members of the Revenue Financing System possess the financial capacity to satisfy their direct obligations
 - b. Amended the First Supplemental Resolution Establishing an Interim Financing Program under the Revenue Financing System to authorize U. T. System representatives to accept and execute confirmations as defined in interest rate swap agreements when, in their judgement, such hedging arrangements will result in a lower net interest cost of Commercial Paper Notes issued under terms contemplated in such arrangements.

Under the First Supplemental Resolution to the Revenue Financing System approved in 1990, the U. T. System is authorized to conduct a tax-exempt commercial paper program to provide interim financing for projects approved in the Capital Improvement Plan for revenue bond financing. At that time, Goldman, Sachs & Company was appointed as dealer/remarketing agent for this program in the amount of \$150,000,000. As of March 14, 1994, \$78,171,000 was outstanding. The use of an interest rate swap agreement with an affiliate of the dealer/remarketing agent will allow commercial paper notes to be sold to investors under hedged arrangements which provide flexibility to tailor interest rate formulas to the needs of the investor. Under the agreement, U. T. System enters into an interest rate swap transaction so that it receives from Goldman Sachs Capital Markets, L.P., the identical indexed rate paid to the investor in exchange for paying, to Goldman, either a fixed rate or a rate tied to an index as described in the confirmation, most commonly, the Public Securities Association index for high grade tax-exempt issuers of commercial paper based on a 30-day yield allowing U. T. to manage the floating rate liability associated with the rate formula.

The objective of this rate formulation and hedging arrangement is to obtain a rate at least 10 to 20 basis points (.1% to .2%) below prevailing rates for U. T. commercial paper. Commercial paper notes may be issued for up to 270 days. Transactions under the swap agreement will mature with each commercial paper note. Initially, up to \$25,000,000 of commercial paper notes will be offered under the program with the maximum exposure by the counterparty to U. T. estimated at approximately \$500,000 based on assumed differentials in interest rate formulas. Payments under the agreement will be netted and paid at maturity.

6. U. T. System: Authorization to Amend the Policy on Contracting with Minority and Female-Owned Small Business Firms.--Committee Chairman Loeffler called on Associate Vice Chancellor for Business Affairs Lewis Wright to brief the Board on the proposed amendments to The University of Texas System Policy on Contracting with Minority and Female-Owned Small Business Firms which was initially approved by the U. T. Board of Regents in August 1990.

Mr. Wright reported that the proposed amendments to the Policy will rename the policy, identify administrative responsibilities, specify required program elements, and establish a new management emphasis consistent with the latest legislative criteria and administrative rules.

In accordance with Executive Order AWR 93-7 by the Office of the Governor and mandates by the 72nd and 73rd Legislatures, which define new program eligibility criteria and administrative rules, the Board renamed and amended The University of Texas System Policy on Contracting with Minority and Female-Owned Small Business Firms to read as set forth below:

POLICY ON UTILIZATION OF HISTORICALLY
UNDERUTILIZED BUSINESS (HUB) FIRMS

I. POLICY STATEMENT

A. Purpose

It is the policy of The University of Texas System to maximize opportunities for Historically Underutilized Business (HUB) firms to provide materials, supplies, equipment, and services needed to support mission, administrative, and logistical operations of U. T. System Administration and U. T. System component institutions. U. T. System Administration and component institutions commit to a good faith effort to increase the number and value of business transactions with HUB firms consistent with the state's functional goal to build a solid foundation for social and economic prosperity.

B. Scope

This policy applies to acquisition of materials; supplies; equipment; professional, consulting, or other services; and capital improvements by U. T. System Administration and component institutions, including auxiliary enterprises, regardless of funding source (treasury or nontreasury funds).

C. Definitions

1. "Historically Underutilized Business" means a business enterprise formed for the purpose of making a profit in which at least 51% of all classes of the shares of stock or other equitable securities or assets and interest are owned by one or more persons who:
 - (a) are socially disadvantaged because of their identification as members of certain groups and who have suffered the effects of discriminatory practices over which they have no control, and
 - (b) demonstrate active participation in the control, operation, and management of the enterprise's affairs.

2. "Socially Disadvantaged Groups" mean and include:
 - (a) Black Americans - includes persons having origins in any of the Black racial groups of Africa

 - (b) Hispanic Americans - includes persons of Mexican, Puerto Rican, Cuban, Central or South American, or other Spanish or Portuguese culture or origin, regardless of race

 - (c) Women - includes all women of any ethnicity

 - (d) Asian Pacific Americans - includes persons whose origins are from Japan, China, Taiwan, Korea, Vietnam, Laos, Cambodia, the Philippines, Samoa, Guam, the U. S. Trust Territories of the Pacific and the Northern Marianas, and Subcontinent Asian Americans which includes persons whose origins are from India, Pakistan, Bangladesh, Sri Lanka, Bhutan or Nepal and

 - (e) Native Americans - includes persons who are American Indians, Eskimos, Aleuts, or Native Hawaiians.

3. "Forms of Historically Underutilized Business Enterprises" mean and include:
 - (a) A corporation in which at least 51% of all classes of the shares of stock or other equitable securities are owned by one or more persons described in C.2 above
 - (b) A sole proprietorship that is 100% owned by a person described in C.2 above
 - (c) A partnership in which at least 51% of the assets and interests in the partnership is owned by one or more persons described in C.2 above
 - (d) A joint venture in which each entity in the joint venture is a historically underutilized business, and
 - (e) A supplier contract between a historically underutilized business and a prime contractor under which the historically underutilized business is directly involved in the manufacture or distribution of the supplies or materials or otherwise warehouses and ships the supplies.
4. "Treasury Funds" are funds maintained in the state treasury and paid through the State Comptroller's Office for U. T. System Administration or a component institution.
5. "Nontreasury Funds" are all funds paid by U. T. System Administration or a component institution that are not deposited in the state treasury.

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

A. U. T. System Administration

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

B. U. T. System Component Administration

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

III. PROCEDURES

- A. Specify an operating division structure for the purpose of defining responsibility and accountability for achieving HUB program goals and objectives (line and block diagram with necessary explanatory narrative/notes). Include that structure in strategic and action plans required by Section II.B above.
- B. Establish a staff coordinating group (SCG), chaired by the Chief Business Officer, to provide functional staff expertise, advice, and counsel regarding implementation of all aspects of the HUB program. Organization of the SCG shall include the directors, or comparable supervisors, of budget, accounting, purchasing, information services, and physical plant functions, and HUB coordinators. Other staff representation may be added at the discretion of the Chief Administrative Officer.
- C. Establish an outreach program designed to contact and maintain continuous liaison with the local/regional HUB business community. Two major objectives of this program are (1) to become knowledgeable of HUB firms capable of supplying needed materials, supplies, equipment, and services, and (2) to inform the HUB business community of business opportunities with component institutions and of requisite business processes and procedures.
- D. Establish an inreach program designed to educate and provide functional staff expertise to operating division heads, who exercise budget expenditure authority, and their staffs. All staff engaged in daily procurement operations must be knowledgeable of and vigorously implement HUB program goals, objectives, strategies, and action plans.
- E. Develop and maintain a HUB utilization reporting system (§111.19, 18 Texas Register 6832, October 5, 1993). Compile monthly data by operating division; compile data sufficient to satisfy reporting requirements of the General Services Commission (GSC) and to produce output and outcome measures specified in institutional strategic plans, including output/outcome measures by ethnic/gender divisions of HUB firms. Reports submitted to the GSC and to U. T. System (subparagraph I below) will be certified by the Chief Administrative Officer or the Chief Business Officer.

- F. Give preference, among bids or other proposals that are otherwise comparable, to the bid or other proposal by a GSC certified HUB firm having its home office located in this state whenever consistent with state and federal laws and GSC regulations.
- G. Utilize and supplement, as appropriate, purchasing rules and regulations published by Executive Order and the GSC in support of HUB objectives.
- H. Establish a system to monitor individual buyer performance as it relates to institutional HUB program goals and objectives.
- I. Report progress toward HUB program objectives as requested by U. T. System Administration.

On behalf of the Board, Committee Chairman Loeffler commended Mr. Wright on his efforts related to the Historically Underutilized Business (HUB) program within the U. T. System. Based on Regent Loeffler's comments at the Board of Regents' meeting in Brownsville in December 1993 related to his personal concern about the 5.8% of total purchases from minority and woman-owned businesses at The University of Texas at Austin, Mr. Loeffler stated that he understood considerable improvements were underway at U. T. Austin and expressed appreciation to President Berdahl for his efforts in that regard.

Regent Lebermann pointed out that at a recent meeting in Arlington Senator Royce West reported to him that the HUB program that has been developed and promulgated by the U. T. System was the standard of the industry. Mr. Lebermann stated that he was very pleased to hear that comment and commended Executive Vice Chancellor Burck and Mr. Wright for their fine efforts in the development of this program.

- 7. U. T. System Administration and U. T. Austin: Approval to Amend Resolution Regarding the List of Individuals Authorized to Negotiate, Execute, and Administer Classified Government Contracts (Managerial Group).--In order to comply with the Security Agreement of The University of Texas System with the United States Department of Defense, approval was given to amend the resolution adopted by the Board on June 10, 1993, to read as set forth on Page 30 in order to update the list of named members of the U. T. Board of Regents as shown under item d., with the understanding that the list of officers cleared for access to classified material and authorized to negotiate, execute, and administer classified government contracts does not change.

BE IT RESOLVED:

- a. That those persons occupying the following positions among the officers of The University of Texas System shall be known as the Managerial Group as described in the Department of Defense Industrial Security Manual for Safeguarding Classified Information:

William H. Cunningham, Chancellor, Chief Executive Officer

Arthur H. Dilly, Executive Secretary to the Board of Regents

Robert M. Berdahl, President, U. T. Austin

Gerhard J. Fonken, Executive Vice President and Provost, U. T. Austin

G. Charles Franklin, Vice President for Business Affairs, U. T. Austin

Wayne K. Kuenstler, Director, Office of Sponsored Projects, U. T. Austin; U. T. System a.k.a. U. T. Austin Security Supervisor

Bobby C. McQuiston, Associate Director, Office of Sponsored Projects, U. T. Austin

- b. That the Chief Executive Officer and the members of the Managerial Group have been processed or will be processed for a personnel clearance for access to classified information, to the level of the facility clearance granted to the institution, as provided for in the aforementioned Industrial Security Manual, and all replacements for such positions will be similarly processed for security clearance.
- c. That the said Managerial Group is hereby delegated all of the Board's duties and responsibilities pertaining to the protection of classified contracts of the Department of Defense, or User Agencies of its Industrial Security Program, awarded to the institutions of The University of Texas System.
- d. That the following named members of the U. T. Board of Regents shall not require, shall not have, and can be effectively excluded from access to all classified information in the possession of The University of Texas System and do not occupy positions that would enable them to affect adversely the policies and practices of the institutions of The University of Texas System in the performance of classified contracts for the Department of Defense, or User Agencies of its Industrial Security Program, and need not be processed for a personnel clearance:

Members of the U. T. Board of Regents:

Bernard Rapoport, Chairman

Ellen Clarke Temple, Vice-Chairman

Lowell H. Lebermann, Jr., Vice-Chairman

Robert J. Cruikshank

Thomas O. Hicks

Zan W. Holmes, Jr.

Tom Loeffler

Mario E. Ramirez, M.D.

Martha E. Smiley

8. U. T. System: Report on the 1994 Cost Savings Program.--Committee Chairman Loeffler noted that at a recent briefing of the Business Affairs and Audit Committee the Committee had received a report on the 1994 cost savings program for The University of Texas System Administration. He then called on Chancellor Cunningham who presented the following report regarding the U. T. System Administration Committee on Cost Savings:

Report by Chancellor Cunningham

In May 1992, The University of Texas System submitted a report to the Texas Higher Education Coordinating Board identifying a \$214 million strategy for biennial savings. Then in March 1993, I appointed the U. T. System Administration Committee on Cost Savings and asked the committee (1) to identify additional cost saving measures with an emphasis on those options which have an impact across the U. T. System's administrative functions and (2) to enumerate efforts and strategies which would result in a more efficient operation, while also achieving increased productivity and cost avoidance.

Mrs. Joyce Moos, Executive Assistant to the Chancellor, was asked to chair the committee and each Executive Officer appointed representatives from his/her area to serve. During the several months of committee deliberations, the staff in the U. T. System Audit Office was asked to review and verify the committee's cost saving estimates and the methodology on which the estimates were based. The final report of the committee was presented to me in June 1993.

The report identified additional cost saving measures, totaling \$5.6 million for Fiscal Years 1994-1998, as well as \$32.9 million of cost saving measures already in place but not previously reported to the Coordinating Board. The System Audit Office was again called upon to review the recommendations contained in the report, as well as the cost saving measures already in effect, to assess and quantify savings to date, and to identify any barriers to implementing the committee's recommendations.

The 1994 Cost Savings Review by the System Audit Office concluded that the total cost savings from implementing the committee's recommendations have totaled \$648,474 as of December 31, 1993, and are expected to total \$1,571,192 for Fiscal Year 1994. Copies of the June 1993 report of the committee, as well as the 1994 Audit Report, are available upon request.

At this point, Chancellor Cunningham asked Executive Vice Chancellor Burck to provide additional details regarding these reports and other Systemwide cost saving initiatives and Mr. Burck filed the following report:

Report by Executive Vice Chancellor Burck

There is a considerable history of cost saving measures, revenue enhancement plans, and efficiencies throughout the U. T. System. Static levels of legislative appropriations to support higher education which have been in effect since 1987, combined with enrollment growth of more than 12% over this same time period, have caused us to take a hard look at our operating process.

In May 1992, a Systemwide project was conducted for the Texas Higher Education Coordinating Board (THECB), which identified over 250 cost saving measures which have been implemented throughout the U. T. System. The biennial savings totaled \$214 million and the projects ranged from distributing employee W-2 forms via campus mail (which saved \$8,700 in postage) to the partnership agreement between U. T. Brownsville and Texas Southmost College, which was estimated to avoid capital expenditures of \$40 million. Administrative efficiencies, such as the U. T. Brownsville - Texas Southmost College partnership, accounted for \$109 million, or 51% of this total. Revenue enhancement programs accounted for \$28 million or 13%. Academic program changes and methodologies used in negotiating indirect cost recovery rates are only two examples of revenue enhancement. Energy and resource conservation is another area on which we have focused in recent years, and this program accounted for 20%, or \$43 million in savings. Automation and sharing of computer networks accounted for 11% of the total, and outright reductions make up the balance.

On March 1, 1993, Chancellor Cunningham appointed a System Administration committee to identify additional cost saving measures and also focus on strategies which would result in more efficient operation while also increasing productivity and cost avoidance. The committee report was completed on June 1, 1993. It identified additional cost saving measures totaling \$5.6 million for Fiscal Years 1994-1998, and \$32.9 million of cost saving measures, already in place, but not previously included in the 1992 report to the Texas Higher Education Coordinating Board. The four major recommendations were: increased automation (\$7.6 million in savings); restructuring the equity investment managers (\$2.6 million in savings); establishment of a unitized pool of investment for systemwide local funds (\$13.8 million in savings); and reduction in Worker's Compensation

claims (\$6.8 million in savings). The committee found, and I quote from their report: "Administrative costs for the U. T. System are, in fact, among the lowest at higher education institutions nationwide."

The Chancellor further requested that the U. T. System Audit Office review and verify the committee's cost savings estimates and methodologies, quantify savings to date, and identify any barriers to implementing committee recommendations. The committee had estimated potential cost savings of \$1.6 million for Fiscal Year 1994 for System Administration. The auditors reported cost savings totaling \$648,000 through December 31, 1993, and projected that the committee's \$1.6 million was on target for Fiscal Year 1994.

The restructuring of our Asset Management operation accounted for a significant portion of the savings; however, savings are also occurring as a result of programs implemented in the areas of automation, reductions in memberships and subscriptions, travel management, records management, and the use of video-conferencing. The area with the most potential for future cost savings is the area of automation. The use of e-mail and Internet to replace today's paper standard with reliance on electronic mail will be a major focus. This will require some capital investment but will yield higher returns in the future.

Additionally, the System auditors are currently assessing the contract approval process and purchasing procedures at System Administration to identify opportunities for increased efficiencies and effectiveness which might lead to cost reductions or cost avoidance.

Finally, I might add, that in addition to all of these measures, System Administration reduced its budget for 1994 by 7%, or approximately \$747,000.

Future process and procedural audits are anticipated, and we will continue to look for initiatives to improve efficiencies and reduce costs throughout the U. T. System, while still maintaining the high quality that is so important to all of us.

At the conclusion of Mr. Burck's report, Chancellor Cunningham made the following statement:

Statement by Chancellor Cunningham

It is my plan to ask the U. T. component presidents to appoint similar cost saving committees, if these are not already in place on their campuses, to identify additional cost saving measures and develop strategies for operating more efficiently while continuing to increase productivity. There will be at least one or two Systemwide meetings of the individuals involved in these efforts, and it will be my goal to receive the recommendations from these committees and provide a report to the Board at the October 1994 meeting in Dallas.

Committee Chairman Loeffler asked that each member of the Board be sent a copy of the referenced cost savings report.

REPORT AND RECOMMENDATIONS OF THE ACADEMIC AFFAIRS COMMITTEE (Pages 35 - 57).--Committee Chairman Holmes 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: Revision of the Policy Regarding the Sale of Duplicate Rare Volumes Held in Various Library Collections.--The Board, upon recommendation of the Academic Affairs and Health Affairs Committees, revised The University of Texas System policy regarding the sale of duplicate rare volumes held in various library collections to read as set forth below:

Policy Guidelines Regarding the Sale of Art
Work or Duplicate Rare Volumes Held in
Various University Collections

- a. The disposability and current fair market value of any such volume or of any such work of art shall be certified by a three member panel of university faculty and administration including an expert bibliographer or art historian.
- b. The University of Texas System institutions shall be given first choice in acquiring any such item.
- c. A permanent record of disposition and future location of the items shall be kept.
- d. Proceeds shall be used for purchases to improve the collection from which the item is drawn.
- e. Upon approval by the appropriate Executive Vice Chancellor, an annual report shall be made to the U. T. Board of Regents via inclusion in the institutional docket each October under "Other Fiscal Matters." The report shall summarize the disposition of duplicate works of art and rare volumes.

The revised policy broadens its applicability to all university collections, requires the establishment of fair market value prior to disposition of works of art or duplicate rare volumes, and modifies the reporting requirement to allow annual reporting via the October institutional dockets.

2. U. T. System: Amendment of the Policy for Student Deposit Endowment Fund.--In order to clarify the requirements of Section 54.5021 of the Texas Education Code that (a) no further Student Deposit Endowment Funds are to be established, (b) no further additions are to be made to the existing institutional Student Deposit Endowment Funds using forfeited general property deposits after August 31, 1993, and (c) administrative expenses may not be charged against the Fund; the Board, upon recommendation of the Academic Affairs and Health Affairs

Committees, amended The University of Texas System general policy guidelines for the administration of the institutional Student Deposit Endowment Fund to read as set forth below:

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) Income from investment of the Student Deposit Endowment Fund is to be used to award scholarships to needy and deserving resident students to the extent authorized by Subsection (b) of Section 54.5021, Texas Education Code. Administrative expenses may not be charged against the Fund.

This policy shall apply only to those Student Deposit Endowment Funds established prior to August 31, 1993.

3. U. T. System: Authorization to Submit Role and Mission Statements and Tables of Programs for General Academic Institutions to the Coordinating Board.--Section 61.051 of the Texas Education Code requires the Texas Higher Education Coordinating Board to review periodically the Role and Mission Statements, Tables of Programs, and all degree and certificate programs offered by public institutions of higher education. Tables of Programs for The University of Texas System general academic institutions were last reviewed and approved by the Coordinating Board in October 1990. The next comprehensive review and amendment to those tables will provide the framework and planning authorization for new degree programs to be implemented during the following four years.

In an effort to provide for the planned addition of new degree programs, authorization was granted for The University of Texas System Administration to submit to the Texas Higher Education Coordinating Board revised Role and Mission Statements and Tables of Programs which are consistent with the respective academic component institution's long-range strategic plan and the consolidated Table of Programs as set forth on Page 38. A number 2 in that table identifies the areas in which expanded U. T. Board of Regents' planning authority is being requested. Individual degree proposals are still subject to U. T. Board of Regents' and Coordinating Board approvals prior to implementation.

These tables follow the format for Tables of Programs first approved for U. T. component institutions in June 1984. The tables identify broad discipline categories in which institutions have degree programs in their current degree inventory and/or in which they are authorized to pursue the development of new degree programs. The Coordinating Board staff then adopts more detailed tables using footnotes in some instances to restrict degree program authority within the broad discipline categories while still recognizing the Board of Regents' broader planning authorization.

The scope of programs recommended for each component institution is based primarily upon the size of the population served by that institution and the number of degrees which a population of that size might be expected to earn annually. If the number of degrees for a given level and discipline is low, the corresponding row and column in the table is left blank and the university does not seek approval to establish programs in that discipline and level. Exceptions are made at the undergraduate level for the core disciplines in the liberal arts and sciences and at any level and discipline where special circumstances lead to the conclusion that a strong program can be developed with an adequate number of students to operate efficiently.

National data on degrees awarded in the United States as a whole have been used as guidelines for the development of these tables. Within the two categories, core disciplines and professional programs, the disciplines are listed in descending order from the discipline in which the most degrees are awarded to the discipline category in which the fewest degrees are awarded. All categories used are those in a national taxonomy for classifying academic programs. As a general rule, institutions serving a larger population will have degree program authority for more categories than will smaller institutions.

The Role and Mission Statement and Table of Programs for each institution of the U. T. System will be reported to the U. T. Board of Regents after they have been approved by the Coordinating Board. The Coordinating Board tentatively plans to consider the documents for the general academic institutions at its April 1994 meeting and the health-related institutions at its October 1994 meeting.

Table 1

TABLE OF PROGRAMS
UNIVERSITY OF TEXAS SYSTEM
ACADEMIC INSTITUTIONS
March 1994

Disciplines	Bachelor								Masters								Doctors											
	A R L	A R L	B R L	D R L	E R L	P R L	P R L	S R L	T R L	A R L	A R L	B R L	D R L	E R L	P R L	P R L	S R L	T R L	A R L	A R L	B R L	D R L	E R L	P R L	P R L	S R L	T R L	
ARTS & SCIENCES																												
Social Sciences	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	2	1					
Psychology	1	1	1	1	1	1	1	1	1	1	1		1	1	1	1	1	1	1	1		1	1					
Letters	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1		2					2	
Visual/Performing Arts	1	1	1	1	1	1	1	1	1	1	1		1	1	1	0	1	1	1									
Life Sciences	1	1	1	1	1	1	1	1	1	1	1	2	1	1	1	1	1	1	1	1		2					1	
Physical Sciences	1	1	1	1	1	1	1	1	1	1	1		1	2	1	1	1	1	1	1		1						
Mathematics	1	1	1	1	1	1	1	1	1	1	1	2	1	1	1	1	1	1	1	1							2	
Foreign Languages	1	1	1	1	1	1	1	1	1	1	1	1		1			1	1	1	1		2	2					
Philosophy	1	1			1	1			1	1	1		1	1			0	1	1									
PROFESSIONS																												
Business Mgmt & Adm. Svcs.	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1		2	1				2	
Education	1	1	1							1	1	1	1	1	1	1	1	1	1	1		1	1	1		1	1	
Parks, Rec. & Fitness Stds	1	1	1			1	1	1	1	1	1	1	2					1	1	1								
Engineering	1	1			1	1	1	0	1	1	1		1	1	2	0	1	1	1		1	1				1		
Health Professions & Rel. Sci	1	1	1	1	1	1	2	1	1	1	1	2	1	1	1	1	1	1	1	*		2						
Communications	1	1	2	1	1	1	1	1	1	1	1		1	2					1	1								
Computer & Information Sci.	1	1	1	1	1	1	1	1	1	1	1		1	1	2	1	1	1	1	1							1	
Engineering-Related Tech.			1				1		1																			
Public Admin. & Services	1	1	1	1	1	1			1	1	1	2	1	1	1		1	1	1	1		2						
Protective Services	1		1		1	1	1	1	1	1		2		2					1	1		2						
Home Economics			2			2								2														
Architecture & Rel. Prgms	1	1			2				1	1	1							1	2	1								
Marketing, Oper. & Dist.									1																			
Conservation & Re. Nat. Res.						2							1	2								2						
Law & Legal Studies	1		2																	*								
Library Science													2															
INTERDISCIPLINARY																												
Liberal A&S, Gen. Studies	1	1	1	1	1	1	1	1	1	1	1		1				1	1	1								2	
Multi/Interdisciplinary Studies	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1								
Area, Ethnic, & Cultural Stds				1	1	1			1			2	1	1		1												

* Includes professional degree programs for J.D., Pharm.D.

KEY - Table of Programs Authorization Status

- 0. Institutions are deleting previously received U. T. Board of Regents authority to develop degree programs in this discipline and level.
- 1. Institutions have been given authority by the U. T. Board of Regents to develop degree programs in this discipline and level, although in some instances no program is currently offered.
- 2. Institutions are requesting U. T. Board of Regents authority to develop degree programs in this discipline and level.

4. U. T. Arlington: Approval of an Increase in Rental Rates for University-Owned Residence Halls (Dormitories) and Apartments Effective with the Fall Semester 1994 (Catalog Change).--To meet the escalating costs for operations and maintenance and to conform to increasing private sector rental rates, the Board approved an approximately 3% increase in rental rates for University-owned residence halls (dormitories) and apartments at The University of Texas at Arlington to be effective with the Fall Semester 1994 as set out below:

The University of Texas at Arlington
Rate Schedule for 1994-95

University-Owned Residence Halls (Dormitories)

	<u>1994-95</u> <u>Rate</u>
<u>LONG SESSION</u>	
Lipscomb (North)	\$1,420
Lipscomb (South)	1,420
Trinity	1,420
Brazos	1,260
Pachl	1,260
<u>SUMMER SESSION</u>	
Lipscomb (North)	480
Lipscomb (South)	480
Trinity	480
Brazos	480
Pachl	480
Summer Groups	\$10 per night per person

Apartments

<u>Complex</u>	<u>No. of</u> <u>Units</u>	<u>Monthly Rate</u> <u>1994-95</u> <u>Maximum</u>
Border West		
1 bedroom	17	\$355
2 bedroom	19	464
Cooper South		
1 bedroom	14	355
2 bedroom	15	464
West		
1 bedroom	7	291*
2 bedroom	7	410*
Pisces		
1 bedroom	58	318
2 bedroom	1	464

* Tenant pays electric bill.

Apartments

<u>Complex</u>	<u>No. of Units</u>	<u>Monthly Rate 1994-95 Maximum</u>
Capricorn		
1 bedroom	48	334
1 bedroom	4	345
Campus		
1 bedroom	28	291*
3 bedroom	1	399*
San Suz		
1 bedroom	22	264*
2 bedroom	1	394*
Del Mar		
1 bedroom	12	247*
Shelmar North		
1 bedroom	12	247*
Shelmar South		
1 bedroom	7	301
2 bedroom	1	334
University Village		
1 bedroom	80	334*
1 bedroom	28	355*
1 bedroom	12	350*
1 bedroom	4	378*
1 bedroom	4	378*
Warwick II		
1 bedroom	5	334
1 bedroom	12	345
Warwick III		
1 bedroom	14	334
Warwick V		
Efficiency	1	247
1 bedroom	3	355
1 bedroom	8	366
Keys		
1 bedroom	70	296
1 bedroom	2	301
2 bedroom	8	410
2 bedroom	4	415
Libra		
Efficiency	10	216*

* Tenant pays electric bill.

The next appropriate catalog published at U. T. Arlington will be amended to conform to this action.

5. U. T. Austin: Initial Appointments to Endowed Academic Positions Effective September 1, 1994.--The following initial appointments to endowed academic positions at The University of Texas at Austin effective September 1, 1994, were approved by the Board with the understanding that professors will vacate any currently held endowed positions on the effective date of the new appointments unless noted otherwise:
- a. Dr. John H. Murphy, II, Professor in the Department of Advertising, to the Joe C. Thompson Centennial Professorship in Advertising in the College of Communication
 - b. Dr. Judith A. Jellison, Professor in the Department of Music, to the Mary D. Bold Regents Professorship of Music in the College of Fine Arts
 - c. Dr. William Beckner, Professor in the Department of Mathematics, to the Paul V. Montgomery Centennial Memorial Professorship in Mathematics in the College of Natural Sciences
 - d. Dr. Robert S. Boyer, Professor in Computer Sciences (No. 4), to the Professorship in Computer Sciences (No. 5) in the College of Natural Sciences

Dr. Boyer will retain the Professorship in Computer Sciences (No. 4).
 - e. Dr. Richard J. Lagow, Professor in the Department of Chemistry and Biochemistry, to the Louis Nicolas Vauquelin Regents Professorship in Inorganic Chemistry in the College of Natural Sciences
 - f. Dr. A. James Schwab, Jr., Associate Professor in the School of Social Work, to the Clara Pope Willoughby Centennial Professorship in Child Welfare in the School of Social Work.
6. U. T. Austin: Approval to Name Room 3.335 in the Harry Ransom Humanities Research Center as the Kelly H. Stevens Room and to Remove a Name Designation for Room 7.308 (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, Room 3.335 in the Harry Ransom Humanities Research Center at The University of Texas at Austin was designated as the Kelly H. Stevens Room.
- Further, the designation of Room 7.308 in the Harry Ransom Humanities Research Center at U. T. Austin as the Kelly H. Stevens Room was removed.
- The relocation of the Kelly H. Stevens collection from Room 7.308 to Room 3.335 in the Harry Ransom Humanities Research Center at U. T. Austin is to make the Stevens material more accessible and to allow Room 7.308 to be used for other materials. The collection consists of

furniture, paintings, sculptures and other objects of art donated under the terms of a trust indenture entered into in May 1972 between Dr. Kelly H. Stevens and the U. T. Board of Regents.

7. U. T. Austin: Approval to Change the Compulsory Student Services Fee Effective with the Fall Semester 1994 (Catalog Change).--Upon recommendation of the Academic Affairs Committee and in compliance with Section 54.513 of the Texas Education Code, approval was given to change the Compulsory Student Services Fee at The University of Texas at Austin from \$117.46 per semester or summer session to \$101.64 per semester or summer session for a student taking twelve or more semester credit hours effective with the Fall Semester 1994.

The fee is comprised of two components: (1) a fixed fee for counseling and psychological services of \$6.24 per semester or summer session for all students and (2) a per credit hour fee of \$7.95 per semester credit hour for a maximum charge of \$95.40 for a student taking twelve or more credit hours of course work per semester or summer session for other services and activities funded partially or totally from the Student Services Fee. These services include: Students' Attorney, Recreational Sports, Shuttle Bus, The Daily Texan, KVRX Student Radio (formerly KTSB), Texas Student Television (TSTV), Campus Activities Office, Students' Association, Cabinet of College Councils, Ombudsman, Student Services Fee Committee, University Student Child Care Center, Volunteer Center, and Services for Students with Disabilities (a new item for 1994-95).

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

8. U. T. Austin: Approval of Rate Schedule for University Residence Halls, University Apartments - Family Student Housing, and Student Housing Units - Women's Cooperatives Effective with the Fall Semester 1994 (Catalog Change).--The Academic Affairs Committee recommended and the Board approved the rate schedule for University Residence Halls, University Apartments - Family Student Housing, and Student Housing Units - Women's Cooperatives at The University of Texas at Austin effective with the Fall Semester 1994 as set forth on Pages 43 - 44.

The University of Texas at Austin
 Rate Schedule Effective 1994-95

UNIVERSITY RESIDENCE HALLS

	<u>1994-95 Long Session Rates</u>		
	<u>Rooms</u>	<u>Meals</u>	<u>Total</u>
Air-Conditioned			
Double Rooms	\$1720	\$1808	\$3528
Non-Air-Conditioned			
Double Rooms	1416	1808	3224
Optional Meal Contracts			
Thirteen Meals/Week		1730	
Ten Meals/Week		1627	

(Regular meal contract includes twenty meals per week. All residence hall contracts require purchase of one of the meal options.)

Other University Residence Hall Rates

- a. Room rates for single rooms and double rooms rented as singles are 1.6 times the double rate.
- b. Summer Session rates are based on the Long Session per diem rate and the number of days in the Summer Session adjusted to meet market demand.
- c. Short-term, Orientation, and Summer Conference Program rates vary based on the length of stay, number of participants, and the services provided. Base rates are as follows:

Daily Rates Per Person

Meals	\$13.79
Double Room	<u>11.73</u>
Total	\$25.52

(Single room is 1.5 times the double room rate.)

UNIVERSITY APARTMENTS - FAMILY STUDENT HOUSING

1994-95 Monthly Rates

Mobile Home Lots	\$125
Colorado and Gateway Apartments	
Unfurnished	
1 bedroom	283
2 bedroom	316
Furnished	
1 bedroom	332
Brackenridge Apartments	
1 bedroom	283
2 bedroom	335
3 bedroom	427

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

STUDENT HOUSING UNITS - WOMEN'S COOPERATIVES

	<u>Monthly Rental Per Co-Op Paid to the University</u>	
	<u>Number of Residents Per Co-Op</u>	<u>1994-95 Rates</u>
Air-Conditioned	17	\$1593.75
Double Rooms	19	1781.25
Non-Air-Conditioned		
Double Rooms	15	1070.25

The next appropriate catalog published at U. T. Austin will be amended to conform to this action.

- 9. U. T. Dallas: Authorization to Increase the Compulsory Student Services Fee Effective with the Fall Semester 1994 (Catalog Change).--In order to meet increasing costs for student services and to maintain the level and quality of services required for the diverse and growing student body at The University of Texas at Dallas, the Compulsory Student Services Fee at U. T. Dallas was increased from \$12 per semester credit hour with a maximum fee of \$108 per semester or summer session to \$13 per semester credit hour with a maximum fee of \$118 per semester or summer session effective with the Fall Semester 1994.

The fee increase of approximately 9% had been endorsed by the Student Union Fee and Student Service Fee Advisory Committee in accordance with statutory requirements.

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

10. U. T. Pan American: Approval of an Agreement of Cooperation with the Instituto de Estudios Superiores de Tamaulipas, Altamira, Tamaulipas, Mexico, and Authorization for the Executive Vice Chancellor for Academic Affairs to Execute Agreement.--Approval was given to the agreement of cooperation set out on Page 46 between The University of Texas - Pan American and the Instituto de Estudios Superiores de Tamaulipas, Altamira, Tamaulipas, Mexico.

Further, the Executive Vice Chancellor for Academic Affairs was authorized, on behalf of the U. T. Board of Regents, to execute the agreement with the understanding that any and all specific agreements arising from this agreement are to be submitted for prior administrative review and approval as required by the Regents' Rules and Regulations.

This agreement establishes a program of exchange in areas of interest and benefit to both institutions.

**AGREEMENT OF COOPERATION BETWEEN
INSTITUTO DE ESTUDIOS SUPERIORES DE TAMAULIPAS AND
THE UNIVERSITY OF TEXAS-PAN AMERICAN**

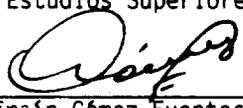
THE UNIVERSITY OF TEXAS-PAN AMERICAN, (hereinafter referred to as UTPA), and Instituto de Estudios Superiores de Tamaulipas, (hereinafter referred to as IEST) enter into an agreement of cooperation to establish a program of exchange and collaboration in areas of interest and benefit to both institutions.

- I. The purposes of the cooperation between UTPA and IEST are as follows:
- * to promote interest in the teaching and research activities of the respective institutions, and
 - * to deepen the understanding of the economic, cultural and social issues environment of the respective institutions.
- II. To achieve these goals, UTPA and IEST will, insofar as the means of each allow:
- * promote institutional exchanges by inviting faculty and staff of the partner institution to
 - * participate in a variety of teaching and/or research activities and professional development;
 - * receive undergraduate and graduate students of the partner institution for periods of study and/or research;
 - * organize symposia, conferences, short courses and meetings on research issues;
 - * carry out joint research and continuing education programs; and
 - * exchange information pertaining to developments in teaching, student development and research at each institution.
- III. Each institution shall designate a coordinator to oversee and facilitate the implementation of this Agreement. The coordinators, working with other appropriate administrators at the respective universities, shall have the following responsibilities:
- * to promote academic collaboration at both faculty, graduate and under graduate student levels for research and study;
 - to act as principal contacts for individual and group activities and to plan and coordinate all activities within their institutions as well as with the partner institution;
 - * to distribute to each institution information about the faculty, facilities, research, publications, library materials and educational resources of the other institution; and
 - * to meet periodically to review and evaluate past activities and to work out new ideas for future cooperative agreements.
- IV. This general AGREEMENT OF COOPERATION shall be identified as the parent document of any program agreement executed between the parties. Further agreements concerning any program shall provide details concerning the specific commitments made by each party and shall not become effective until they have been reduced to writing, executed by the duly authorized representatives of the parties, and approved in writing by the Executive Vice Chancellor for Academic Affairs of The University of Texas System. The scope of the activities under this agreement shall be determined by the funds regularly available at both institutions for the types of collaboration undertaken and by financial assistance as may be obtained by either institution from external sources.
- V. Except as may be stipulated in any specific program agreement, each institution shall be responsible for expenses incurred by its employees under this agreement.
- VI. Upon approval by each institution, this agreement shall remain in effect until terminated by either institution. Such termination by one institution shall be effected by giving the other institution at least ninety (90) days advance written notice of its intention to terminate. Termination shall be without penalty. If this agreement is terminated, neither UTPA nor IEST shall be liable to the other for any monetary or other losses which may result.

Executed on this 21 day of May, 1993.

ATTEST:

FOR:
Instituto de Estudios Superiores de
Tamaulipas



C.P. David Efraín Gómez Fuentes, M.A.
Rector

FOR
The University of Texas-Pan American



Dr. Miguel A. Nevarez, President

APPROVED AS TO FORM

By _____
Helen K. Bright, Attorney
Office of General Counsel

APPROVED

By: _____
Dr. James P. Duncan
Executive Vice Chancellor for Academic
Affairs, The University of Texas System
Date : _____

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 _____, 199 and that the person whose signature appears above is authorized to execute such agreement on behalf of the Board.

Mr. Arthur H. Dilly, Executive Secretary
U.T. Board of Regents

11. U. T. Pan American: Authorization for Membership in the Mexican-American Solidarity Foundation, A.C., Mexico City, Mexico, and Approval of Bylaws and Articles of Incorporation.--Upon recommendation of the Academic Affairs Committee, approval was given for President Nevarez, on behalf of The University of Texas - Pan American, to become a member of the Mexican-American Solidarity Foundation, A.C., Mexico City, Mexico.

In addition, the Board approved the bylaws and articles of incorporation for this Foundation with the understanding that any and all specific agreements arising from the documents are to be submitted for prior administrative review and approval as required by the Regents' Rules and Regulations.

The Mexican-American Solidarity Foundation, A.C. is a nonprofit corporation started by a collaboration of public and private sector leaders in Mexico and by educators and distinguished leaders of Mexican-American organizations.

The purpose of the Foundation is to strengthen and give continuity to educational and cultural relations and to promote the improvement of economic relations between Mexico and the communities of Mexican origin through the design and development of short-term and long-term strategies. No financial contribution is required for U. T. Pan American to join the collaboration. Specific goals of the Foundation are to:

- a. Promote continuity of social, philosophical, historical, educational, and cultural programs between both communities
- b. Develop projects that will promote, educate, and advance the cultures of both communities
- c. Examine and elevate the image of culture in Mexico and within communities of Mexican origin in the United States
- d. Promote better relations between and among all minority groups in both countries through education and cultural seminars
- e. Encourage the cooperation and solidarity of public and private sectors of both communities.

A copy of the bylaws and articles of incorporation for this Foundation is on file in the Office of the Board of Regents.

12. U. T. San Antonio: Recommendation to Approve Logo (Regents' Rules and Regulations, Part Two, Chapter I, Section 9, Subsection 9.4) (Deferred).--Committee Chairman Holmes reported that the item related to the proposed adoption of a logo for The University of Texas at San Antonio was deferred.

13. U. T. San Antonio: Establishment of a Master of Science Degree in Psychology and Authorization to Submit the Degree Program to the Coordinating Board for Approval (Catalog Change).--The Board established a Master of Science degree in Psychology at The University of Texas at San Antonio and authorized submission of the proposal to the Texas Higher Education Coordinating Board for review and appropriate action. In addition, the Coordinating Board will be asked to amend the U. T. San Antonio Table of Programs to reflect authorization for the new degree. The program is consistent with U. T. San Antonio's mission and its plans for offering quality degree programs to meet student and regional needs.

The Master of Science degree program in Psychology is a 36 semester credit hour degree, including a common core of five courses, five prescribed electives, three hours of free electives, and a research-based thesis. This program will be administered by the Division of Behavioral and Cultural Sciences in the College of Social and Behavioral Sciences and supervised by the Graduate Studies Committee, consisting of representatives of the graduate faculty in psychology.

The program is designed to be completed in two years by those who take three graduate courses each semester. However, courses would be sequenced so that students may take two courses per semester in order to complete the program within three years. A total of nine full-time U. T. San Antonio faculty will participate in the delivery of the program, and these faculty are already in place. Each will teach one or two graduate courses per year in his or her area of expertise and will supervise research apprenticeships and master's thesis work.

The degree program will require the addition of one tenure-track faculty member. Other new expenses will include salaries for graduate assistants, a modest amount of clerical support and faculty release time for administration, and equipment to support student research. A combination of redirected institutional funds, special item funding, eventual formula funding, and research grants will meet the requirements for new funds.

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

14. U. T. San Antonio: Authorization to Establish a Bachelor of Business Administration Degree in Tourism Management and to Submit the Degree Program to the Coordinating Board for Approval (Catalog Change).--Authorization was granted to establish a Bachelor of Business Administration degree in Tourism Management at The University of Texas at San Antonio and to submit the proposal to the Texas Higher Education Coordinating Board for review and appropriate action. The degree program is consistent with U. T. San Antonio's mission and its plans for offering quality degree programs to meet student and regional needs.

The Bachelor of Business Administration degree program in Tourism Management is a 129 semester credit hour degree, including 54 hours of university core curriculum, 36 hours of common body of knowledge, 27 hours of tourism management, and 12 hours of nonbusiness electives. This

is an interdisciplinary program in the College of Business and will build on the core Bachelor of Business Administration degree program. The program will be administered by the Division of Management and Marketing and is designed to focus on the study of planned social and technological change, on corporate communication and training, and on the preparation of specialists to improve "people performance" in all types of tourism organizations.

The program is designed with an emphasis on business foundations in accounting, economics, finance, business law, management, and marketing to meet the general needs of the marketplace. Faculty with extensive backgrounds in the tourism industry have already been recruited to teach specialized courses in the program, thereby supplementing U. T. San Antonio's current strengths in the foundational fields.

One new full-time faculty member will be hired for this program to join the two current faculty members in tourism management at U. T. San Antonio. Existing faculty in supporting fields will teach some courses in the program and will provide foundation courses. Appropriate increases in staff support, operating expenses, and library acquisitions are also required. Costs will be met initially through funding from the South Texas Border Initiative special item funding, reallocation of existing funds, and income from an endowment grant in support of the program.

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

15. U. T. San Antonio and U. T. Health Science Center - San Antonio: Approval to Formalize Membership in the Southwest Research Consortium, San Antonio, Texas, and Authorization for Respective Chief Administrative Officers to Execute Cooperative Agreement.--The Board, upon recommendation of the Academic Affairs and Health Affairs Committees, granted approval to formalize the memberships of The University of Texas at San Antonio and The University of Texas Health Science Center at San Antonio in the Southwest Research Consortium, San Antonio, Texas.

Further, the Board authorized Presidents Kirkpatrick and Howe to execute the cooperative agreement set out on Pages 50 - 57 with the understanding that any and all specific agreements arising from the agreement are to be submitted for prior administrative review and approval as required by the Regents' Rules and Regulations.

This agreement for the Southwest Research Consortium is designed to encourage and facilitate cooperative activities among several institutions in San Antonio, Texas. Other parties to the agreement are the Southwest Foundation for Biomedical Research, the Southwest Research Institute, and Trinity University, all in San Antonio, Texas. The agreement formalizes a cooperative venture initiated at the institutional level in 1988 and expands the venture to add Trinity University to the cooperative activities.

COOPERATIVE AGREEMENT
for the
SOUTHWEST RESEARCH CONSORTIUM

THE STATE OF TEXAS |
COUNTY OF **BEXAR** |

This AGREEMENT is executed **on** (new date), by and between The University of Texas Health Science Center at San Antonio, referred to as UTHSC in this agreement; The University of Texas at San Antonio, referred to as UTSA in this agreement; the Southwest Foundation for Biomedical Research of San Antonio, Texas, referred to as SFBR in this agreement; the Southwest Research Institute of San Antonio, Texas, referred to as **SwRI** in this agreement; and Trinity University of San Antonio, Texas, referred to as TU in this agreement; WITNESSETH:

WHEREAS, the professional staff of the SFBR and **SwRI** are engaged in basic and applied research and have laboratories, equipment, and facilities which complement those of UTHSC, UTSA and **TU**;

WHEREAS, the faculty and staff of UTHSC, **UTSA**, and TU are similarly engaged in basic and applied research and have laboratories, equipment and facilities which complement those of SFBR and **SwRI**; and as well are engaged in research on clinical problems and have facilities **therefor** which SFBR and **SwRI** lack;

WHEREAS, **SwRI** and SFBR recognize, encourage, and support the continuing development and improvement of university graduate degree programs in science and

engineering; and

WHEREAS, UTHSC, UTSA, and TU are engaged in graduate education which could aid and promote the continuing professional development of **SFBR** and **SwRI** staff members and to which the SFBR and **SwRI** could contribute both staff and facilities;

WHEREAS, all five institutions recognize that adjunct and joint appointments and joint research projects provide valuable opportunities for members of their staffs to broaden their professional credentials, to avail themselves to new knowledge and developments in their fields of expertise, and to foster closer ties with their professional counterparts in the community; and

WHEREAS, all five institutions agree that it would be mutually beneficial to enter into an agreement to promote increased cooperation among their respective staffs.

NOW, THEREFORE, **with** these objectives in mind and with an intent to develop more cooperative activities to the extent consistent with the interests of each institution, UTHSC, UTSA, SFBR, **SwRI** and TU hereby agree to an affiliation called the Southwest Research Consortium, referred to as Consortium in this agreement, and which is more fully described as follows:

(1) PURPOSE OF AGREEMENT

The purpose of this agreement is to encourage and facilitate cooperative activities among UTHSC, UTSA, SFBR, **SwRI** and TU. It is agreed that the initiative for establishing such cooperative activity may be initiated, subject to Item (2) of this agreement, by any staff member associated with the several departments, divisions, or other operating units of the Consortium institutions or by the respective Presidents or their Delegates. It is further understood that any one Consortium institution may or may not establish cooperative

activities, depending upon their needs and circumstances. However, if cooperative activities are to be established, they will be subject to final approval by and be under **the** cognizance of the Consortium Presidents and their Delegates.

This agreement is not intended, and shall not be interpreted, to create legal rights and obligations between or among any of the parties. If any such rights or obligations are to be created relative to any cooperative activity alluded to in this agreement, they must be created by specific, separate agreements between or among the parties involved in those agreements, each of which agreements shall recite that the intention of the parties is to create rights and obligations which shall be legally binding upon the parties as stated therein. The Southwest Research Consortium referred to herein shall not be deemed to be a legal entity, or have the power **to** have legal relationships with entities: rather, the Consortium is and **shall** be deemed to be merely an informal discussion group whose purpose is to encourage and facilitate cooperative activities among the **parties**.

(2) COOPERATIVE ACTIVITIES UNDER THIS AGREEMENT

The parties contemplate that cooperative activities which will be considered **under this** agreement include, but not be limited to, the following:

(a) **Provision for Cooperation Through Joint Appointments for Staff Members**

There may be occasions where two of the Consortium institutions will want to make a joint (or adjunct) appointment so that both institutions will have the **benefit** of a staff member's presence and, as well, responsibility for their administrative and financial needs. These occasions may result from the desire for added inducement to attract well qualified professionals to the San Antonio region. Or, the occasion may

arise to facilitate the desires of current staff members wanting to work more closely with colleagues at one of the other Consortium institutions. In some cases, **this** might take the **form** of having staff from one institution serve on a thesis or dissertation committee at another institution; qualified SFBR or **SwRI** staff members teaching courses at UTHSC, UTSA or TU through joint (or adjunct) faculty appointments or other suitable arrangements; or a variety of other activities that would ultimately enhance the cooperative activities of the Consortium institutions.

Such joint (or adjunct) appointments may be initiated by any Consortium institution and will be granted after mutual agreement on an individual basis, subject to the applicable faculty appointment procedures and the Regents' Rules for The University of Texas System and **TU**.

(b) **Provision for Cooperation Through Jointly Conducted Research Projects**

In order that the Consortium institutions jointly conduct research projects, each institution will encourage its staff members to professionally interact with those of the other institutions to explore fully the values of linking talents and facilities in synergistic **ways**. There may be occasions when two or more of the Consortium institutions desire to collaborate in developing a proposal to be considered for funding by a non-Consortium institution. Additionally, one institution may wish to subcontract existing funds to another Consortium institution to acquire needed talent or two or more institutions may wish to investigate a common technical interest, each providing the funds for their portion of the study.

In each such jointly conducted research project, there will be a written and approved agreement (usually a formal **proposal**) that describes **fully** the technical

responsibilities and financial requirements of each participating staff member and institution. As well, the agreement should consider other matters including ownership of equipment acquired with the research funds and plans for the disposition of intellectual property (patents, copyrights, etc.). This agreement or proposal document must be approved by each participating institution before it is officially offered to a potential sponsor for funding.

(c) **Provision for Cooperation Through Sharing of Equipment and Laboratories**

There may **be** occasions when staff members from one institution desire access to equipment and/or laboratories located at one of the other Consortium institutions. **This** may be in conjunction with a jointly conducted research project where there is a need for staff members from both institutions to be integrally involved with the same facility. There may be a **need** for access to equipment at another institution on a project conducted exclusively at another Consortium institution or there may be an occasion where a staff member and a graduate student(s) **from** one institution need the use of equipment or laboratories of another institution.

In each such case where the sharing of equipment and/or laboratories is desirable, there **will** be a written and approved agreement that describes fully the technical requirements **and** personnel involved, as well as the **financial** arrangements to insure each institution is satisfactorily reimbursed. This type of cooperation must be accomplished on a basis that it enhances the quality of an institution's endeavors and does not interfere with the traditional mission of any Consortium institution. The agreement for sharing equipment **and/or** laboratories must be approved by each participating institution before such sharing can occur.

(3) **PROVISION FOR REVIEW**

It is agreed that a productive and harmonious relationship between the **Consortium** institutions depends upon maintaining effective channels of communication. The institutions anticipate that routine matters will be handled and decided by mutual agreement through continuous contact at the department, division, or operating unit levels subject to review and approval by the Presidents or their Delegates. At least annually, and more frequently if necessary or desirable, the Presidents of each participating institution shall meet to review and discuss overall relationships, all agreements, policies, and other matters of common concern. More frequently, the Delegates will meet to monitor and coordinate the cooperative activities that are conducted under the jurisdiction of this Cooperative Agreement.

(4) **MODIFICATION OF AGREEMENT AND TERMINATION**

If any aspect of this Agreement becomes unsatisfactory to any participating institution, the Delegates shall be responsible for discussing and resolving questions involved. If a change in the Agreement is necessary or desirable, the Delegates shall make recommendations to the Presidents. If problems develop that are serious, and that cannot be resolved, any participating institution shall have the right to terminate this agreement upon not less than six months' written notice to each of the others. The effective date of such termination shall be mutually agreed upon with adequate time allowed each institution to make necessary arrangements for an orderly transition. In the absence of such an agreement, however, the effective date of such termination **shall** be six months after the receipt by all others of such written notice.

(5) **TERM OF AGREEMENT**

This Agreement shall be for a term of ten years from and after the date of execution unless sooner terminated as herein-above provided or by mutual consent of all institutions. It may also be extended or amended in writing to include such provisions as all institutions may agree upon.

(6) **CANCELLATION**

This agreement supersedes and cancels that certain Agreement, dated November 18, 1988, by and between the Board of Regents of The University of Texas System, the Board of Regents of Trinity University and the Board of Governors of Southwest Foundation for Biomedical Research and the Board of Directors of Southwest Research Institute; and the same shall be of no further force and effect.

(7) **CAPTIONS**

All captions in this agreement are for convenience only and shall not be interpreted as having any meaning of **substance**.

EXECUTED by the parties on the day and year first above written.

* * *

ATTEST: SOUTHWEST FOUNDATION FOR BIOMEDICAL RESEARCH

Henry C. McGill, Jr.

Frank F. **Ledford**, Jr., President

* * *

ATTEST: SOUTHWEST RESEARCH INSTITUTE

Jay M. **Lewallen**

Martin **Goland**, President

* * *

ATTEST: THE UNIVERSITY OF TEXAS AT SAN ANTONIO

Reynaldo S. **Elizondo**

Samuel A. Kirkpatrick, President

* * *

ATTEST: THE **UNIVERSITY** OF TEXAS HEALTH SCIENCE CENTER AT SAN ANTONIO

Sanford A. Miller

John P. Howe, III, M.D., President

* * *

ATTEST: **TRINITY UNIVERSITY**

William H. Stone

Ronald K. Calgaard, President

REPORT AND RECOMMENDATIONS OF THE HEALTH AFFAIRS COMMITTEE (Pages 58 - 81).--Committee Chairman Ramirez reported that the Health Affairs Committee had met in open session to consider those matters on its agenda and to formulate recommendations for the U. T. Board of Regents. Unless otherwise indicated, the actions set forth in the Minute Orders which follow were recommended by the Health Affairs Committee and approved in open session and without objection by the U. T. Board of Regents:

1. U. T. Southwestern Medical Center - Dallas: Appointment of Willis Crocker Maddrey, M.D., as Initial Holder of the Arnold N. and Carol S. Ablon Professorship in Biomedical Science Effective Immediately.--Upon recommendation of the Health Affairs Committee, the Board appointed Willis Crocker Maddrey, M.D., Executive Vice President for Clinical Affairs and Professor of Internal Medicine at The University of Texas Southwestern Medical Center at Dallas, as initial holder of the Arnold N. and Carol S. Ablon Professorship in Biomedical Science effective immediately.

See Page 102 related to the establishment of this Professorship.

2. U. T. Health Science Center - Houston: Establishment of a General Use Fee Effective for the 1995-1996 Academic Year (Catalog Change).--In accordance with Section 55.16 of the Texas Education Code, the Board established a General Use Fee at The University of Texas Health Science Center at Houston to be assessed at the rate of \$12 per semester credit hour for students enrolled on that basis and \$450 per academic year for medical and dental students effective with the 1995-1996 academic year.

Proceeds from this fee will be devoted to capital renewal and deferred maintenance projects at this institution.

The next appropriate catalog published at the U. T. Health Science Center - Houston will be amended to conform to this action.

3. U. T. Health Science Center - San Antonio: Permission for (a) John P. Howe, III, M.D., to Serve on the Statewide Health Coordinating Council and (b) Ciro V. Sumaya, M.D., to Serve as Administrator of the Health Resources and Services Administration (HRSA) [Regents' Rules and Regulations, Part One, Chapter III, Section 13, Subsections 13.(10) and 13.(11)].--Permission was granted for the following individuals at The University of Texas Health Science Center at San Antonio to serve as indicated:

- a. John P. Howe, III, M.D., President of the U. T. Health Science Center - San Antonio, to serve on the Statewide Health Coordinating Council

Dr. Howe will serve on this Council without compensation.

- b. Ciro V. Sumaya, M.D., Professor in the Department of Pediatrics, to serve as Administrator of the Health Resources and Services Administration (HRSA).

These appointments are of benefit to the State of Texas, create no conflict with their regular duties at the U. T. Health Science Center - San Antonio, and are in accordance with approval requirements for positions of honor, trust, or profit provided in Chapter 574 of the Texas Government Code and the Regents' Rules and Regulations, Part One, Chapter III, Section 13, Subsections 13.(10) and 13.(11).

4. U. T. Health Science Center - San Antonio: Robert A. Dobie, M.D., Appointed Initial Holder of the Thomas Walthall Folbre, M.D. Endowed Professorship in Otolaryngology Effective Immediately.--The Board, upon recommendation of the Health Affairs Committee, appointed Robert A. Dobie, M.D., Professor and Chairman of the Department of Otolaryngology-Head and Neck Surgery, as initial holder of the Thomas Walthall Folbre, M.D. Endowed Professorship in Otolaryngology at The University of Texas Health Science Center at San Antonio effective immediately.

5. U. T. Health Science Center - San Antonio (U. T. Nursing School - San Antonio): Establishment of the Departments of (a) Acute Nursing Care, (b) Chronic Nursing Care, and (c) Family Nursing Care and Authorization to Submit the Proposal to the Coordinating Board for Approval (Catalog Change).--Approval was given to establish the following departments within the U. T. Nursing School - San Antonio at The University of Texas Health Science Center at San Antonio and to submit the proposal to the Texas Higher Education Coordinating Board for approval:
 - a. Department of Acute Nursing Care
 - b. Department of Chronic Nursing Care
 - c. Department of Family Nursing Care.

The establishment of departments in the U. T. Nursing School - San Antonio is an administrative change only. The School currently functions as a faculty of the whole with Coordinators serving in leadership roles. This reorganization will change the title of Coordinator to Department Chair and will clearly define the duties and responsibilities of faculty in leadership roles. Moreover, this change is consistent with state and national trends.

Since resources currently available will fund the new structure, no new state funds will be required for this reorganization.

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

6. U. T. M.D. Anderson Cancer Center: Appointment of Initial Holders - (a) Mark A. Schusterman, M.D., to the Charles M. McBride Professorship in Surgical Oncology Effective September 1, 1994, and (b) Christopher J. Logothetis, M.D., to the Bessie McGoldrick Professorship in Clinical Cancer Research Effective Immediately.-- Upon recommendation of the Health Affairs Committee, the Board approved the following initial appointments to endowed academic positions at The University of Texas M.D. Anderson Cancer Center effective as indicated:

- a. Mark A. Schusterman, M.D., Associate Professor and Chairman of the Department of Reconstructive and Plastic Surgery, to the Charles M. McBride Professorship in Surgical Oncology effective September 1, 1994
- b. Christopher J. Logothetis, M.D., Professor and Chairman of the Department of Genitourinary Medical Oncology, to the Bessie McGoldrick Professorship in Clinical Cancer Research effective immediately.

7. U. T. M.D. Anderson Cancer Center: Approval to Name the Radiologic-Pathologic Institute in the Houston Main Building the Levit Radiologic-Pathologic Institute (Regents' Rules and Regulations, Part One, Chapter VIII, Section 1, Subsection 1.2, Naming of Facilities Other Than Buildings).--Pursuant to the Regents' Rules and Regulations, Part One, Chapter VIII, Section 1, Subsection 1.2, relating to the naming of facilities other than buildings and the recommendation of the Health Affairs Committee, the Board named the Radiologic-Pathologic Institute, which is located on the 15th floor of the Houston Main Building at The University of Texas M.D. Anderson Cancer Center, as the Levit Radiologic-Pathologic Institute.

The naming of this facility is in recognition of a \$500,000 contribution toward a \$2 million pledge from the Joe Levit Family Foundation.

8. U. T. Health Center - Tyler: Wilbur G. Avery, M.D., Appointed Initial Holder of the Dr. and Mrs. Sam Topperman Professorship in Medical Education Effective Immediately.--The Health Affairs Committee recommended and the Board appointed Wilbur G. Avery, M.D., Professor of Medicine and Associate Director for Continuing Medical Education, as initial holder of the Dr. and Mrs. Sam Topperman Professorship in Medical Education at The University of Texas Health Center at Tyler effective immediately.

See Page 111 related to the redesignation of this Professorship.

9. U. T. Southwestern Medical Center - Dallas, U. T. Medical Branch - Galveston, U. T. Health Science Center - Houston, U. T. Health Science Center - San Antonio, U. T. M.D. Anderson Cancer Center, and U. T. Health Center - Tyler: Establishment of Certified Nonprofit Health Corporations.--Committee Chairman Ramirez noted that an item which recommends that each of the health components of The University of Texas System be allowed to establish certified nonprofit health corporations was before the Board on yellow paper. He reported that this item was the subject of a lengthy briefing for the Board yesterday afternoon (April 13) during which the Board heard presentations from both U. T. System Administration and component representatives.

Upon recommendation of the Health Affairs Committee, the Board authorized each health component of the U. T. System to establish a certified nonprofit health corporation pursuant to the Texas Medical Practice Act, Section 5.01, Article 4495b, V.T.C.S., with the understanding that such corporations shall be established in accordance with the model articles of incorporation and the model bylaws set forth on Pages 62 - 81.

A health component that elects to establish such a corporation must submit a business plan for approval by the Office of Health Affairs and the Office of General Counsel.

These corporations are designed to provide the health components with the necessary capability to react to market demands to ensure (1) an adequate referral base of patients to meet the medical education needs of the institution and (2) the continued fiscal viability of their Medical Service, Research and Development Plans (MSRDP).

Certification by the Board of Medical Examiners as a nonprofit health corporation offers an alternative to statutory licensure as a health maintenance organization (HMO). The Texas Health Maintenance Organization Act contains a specific exception that allows nonprofit health corporations to accept risk contracts for physician services without being licensed as a health maintenance organization.

ARTICLES OF INCORPORATION OF
[UT NON-PROFIT HEALTH CORPORATION]

I, the undersigned natural person of eighteen (18) years or more, acting as incorporator of a corporation under the Texas Non-Profit Corporation Act, do hereby adopt the following Articles of Incorporation for such corporation:

ARTICLE ONE

The name of the corporation **is** [UT Non-Profit Health Corporation].

ARTICLE TWO

The corporation is a non-profit corporation.

ARTICLE THREE

The period of its duration is perpetual.

ARTICLE FOUR

This corporation is organized exclusively for charitable, scientific, and educational purposes. More specifically, the corporation is organized and shall be operated exclusively to carry out the following purposes:

- (a) Providing health care to the public, including but not limited to the delivery of physician medical services and other health care services to persons who are entitled to health care benefits through policies of health insurance, employer self-funded health benefit plans, Medicare/Medicaid, Health Maintenance Organizations, Preferred Provider Organizations, managed care contracts, as **well** as to private pay patients, and billing and collecting for such services. The physician medical services and other health care services may be provided either through employees and facilities of the corporation, through contracta with qualified providers of such services, or both. The corporation may negotiate

and execute third party **payor** contracts and network health care provider contracts in which the corporation agrees to provide and/or contract for the provision of health care services of all types to persons in exchange for various compensation arrangements.

- (b) Supporting health care education through grants to The University of Texas _____ to be used for educating students in health care programs; for scholarships and loans to such students; for programs to enhance the **capabilities** of faculty of The University of Texas _____ **to** educate students in the delivery of health care to the public; and for programs developed and implemented by The University of Texas _____ **to** inform and instruct the general public in the areas of medical science, public health, **hygiene, and** other health related subjects that are beneficial to individuals and the community.
- (c) Providing grants to The University of Texas _____ to conduct research and develop educational programs to further and improve the ability of health care professionals and facilities to provide health care services to the public.
- (d) Other activities useful *or* appropriate to the accomplishment of the foregoing purposes.

No part of the corporation's net earnings shall inure to the benefit of, or be distributable to, any director, officer or other private person, *provided*, that the corporation shall be authorized and empowered **to** employ or contract for the services of administrators, physicians, surgeons and other health care personnel and to own and operate hospitals, clinics and health care facilities or to contract with hospitals, clinics and health care facilities as necessary or useful in the accomplishment of the foregoing purposes and shall be authorized and empowered to pay reasonable compensation for services rendered by such personnel and facilities and to make payments and **distributions** in furtherance of such purposes. No substantial **part** of the activities of the corporation shall be carrying on propaganda, or otherwise attempting to influence

legislation, and it shall not participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of or in opposition to any candidate for public office.

ARTICLE FIVE

The street address of the registered **office** of the corporation is [insert street address], and the name of its initial registered agent at such address is [insert name].

ARTICLE SIX

The direction and management of the affairs of the corporation and the control and disposition of its assets shall be vested in a board of directors (the “Board of Directors”) composed of such number of persons (not less than three) as may be **fixed** by the By-laws of the corporation. The number of directors presently constituting the Board of Directors is _____ (___). The names and addresses of the persons who, shall serve as the initial directors of the corporation are as follows:

Name	Address
[insert names and addresses]	

Each director shall hold office for the term for which he or she is elected, except that the initial directors of the corporation named in these articles shall hold **office** for the terms specified in the By-laws of the corporation to be held by such directors, and until his or her successor shall have been duly elected and qualified unless such director is sooner removed in the manner provided in the By-laws of the corporation or he or she resigns.

Each director and successor director shall at all times be a physician duly licensed to practice medicine by the Texas State Board of Medical Examiners and actively engaged in the practice of medicine as a full-time member of the faculty of The University of Texas _____. For purposes of these Articles of Incorporation, the term “actively engaged in the practice of medicine” means that the physician is engaged in full-time service of diagnosing or treating medical or **physical** ailments of human beings at least forty (40) hours per week.

ARTICLE SEVEN

The corporation shall have members. The membership of the corporation shall be determined as provided in the By-laws of the corporation, and such By-laws shall define the voting rights, powers and privileges of the members.

ARTICLE EIGHT

The initial By-laws of the corporation shall be adopted by the Board of Directors. The power to alter, amend or repeal such By-laws or to adopt new By-laws shall be vested in the members of the corporation.

ARTICLE NINE

The power to alter, amend or repeal these Articles of Incorporation shall be vested in the members of the corporation.

ARTICLE TEN

Notwithstanding any other provision of these articles, the corporation shall not engage, participate or intervene in any activity or transaction which would result **in** the loss by the corporation of its status as an organization exempt from federal income taxation under section 501(a) of the Internal Revenue Code of 1986, as amended (the “Code”), or corresponding provisions hereafter in effect, and the use, directly or

indirectly, of any part of the assets of the corporation in any such activity or transaction is hereby expressly prohibited.

ARTICLE ELEVEN

In- the event of the dissolution of the corporation, by lapse of time or otherwise, when it has, or is entitled to, any interest in any funds or property of any kind, real, personal or mixed, such funds or property or rights thereto **shall** not be transferred to private ownership, but upon such dissolution, the Board of Directors shall, after paying or making provision for the payment of all liabilities of the corporation, transfer and set over such funds or property or rights thereto to The University of Texas _____; provided, that at the time of dissolution, The University of Texas _____ is qualified as an organization exempt from federal income taxation under the Internal Revenue Code. In the event that, at the time of dissolution, The University of Texas _____ is not in existence, such funds or property or rights thereto shall be transferred and set over to such organization (or organizations) which qualifies (or qualify) for exemption from federal income taxation under section **170(b)(1)(A)(v)** or 501(c)(3) of the Internal Revenue Code, as directed by the Board of **Regents** of the UT System.

ARTICLE TWELVE

A director of the corporation shall not be liable to the corporation for monetary damages for an act or omission in the director's capacity as a director, except that this Article Twelve does not eliminate or limit the liability of a director of the corporation **to** the extent the director is found liable for: **(i)** a breach of the director's duty of loyalty to the corporation or its members; **(ii)** an act or omission not in good faith that constitutes a breach of duty of the director to the corporation or an act **or**

omission that involves intentional misconduct or a knowing violation of the law, (iii) a transaction from which the director received an improper benefit, whether or not the benefit resulted from an action taken within the scope of the director's office; or (iv) an act or omission for which the **liability** of a director **is** expressly provided by an applicable statute. If the Texas Miscellaneous Corporation Laws Act or any other statute of the State of Texas hereafter is amended to authorize the further elimination or limitation of the liability of directors of the corporation, then the liability of a director of the corporation shall be limited to the fullest extent permitted by the statutes of the State of Texas, as so amended, and such elimination or limitation of liability shall be in addition to, and not in lieu of, the limitation on the liability of a director of the corporation provided by the foregoing provisions of this Article Twelve. Any repeal of or amendment **to** this Article Twelve shall be prospective only and shall not adversely affect any limitation on the liability of a director of the corporation existing at the time of such repeal or amendment.

ARTICLE THIRTEEN

The name and business address of the incorporator is:

Name Address

[Insert Name and **Address**]

IN WITNESS WHEREOF, I have hereunto **set** my hand on this _____ **day**
of _____, 1994.

BY _____
[Insert Name]

0267706.03

BY-LAWS

OF

[UT NON-PROFIT HEALTH CORPORATION]

ARTICLE 1

NAME AND PURPOSE

1.1 **Name.** The name of the corporation is [UT Non-Profit Health Corporation].

1.2 **purpose.** This corporation is organized exclusively for charitable, scientific, and educational purposes. More specifically, the corporation is organized and shall be operated exclusively to carry out the following purposes:

(a) Providing health care to the public, including but not limited to the delivery of physician medical services and other health care services to persons who are entitled to health care benefits through policies of health insurance, employer self-funded health benefit plans, **Medicare/Medicaid**, Health Maintenance Organizations, Preferred Provider Organizations, managed care contracts, as well as to private pay patients, and billing and collecting for such services. The physician medical services and other health care services may be provided either through employees and facilities of the corporation, through contracts with qualified providers of such services, or both. The corporation may negotiate and execute third party **payor** contracts and network health care provider contracts in which the contracting party agrees to provide and/or contract for the provision of health care services of all types to persons in exchange for various compensation arrangements.

(b) Supporting health care education through grants to The University of Texas _____ to be used for educating students in health care programs; for scholarships and loans to such students; for programs to enhance the capabilities of **faculty** of The University of Texas _____ to educate students in the delivery of **health** care to the public; and for programs developed and implemented by The University of **Texas** _____ to inform and instruct the general public in the areas of medical **science, public** health, hygiene, and other health related subjects that are beneficial to individuals and the community.

(c) Providing grants to The University of Texas _____ to conduct research and develop educational programs to further and improve the ability of health care professionals and facilities to provide health care services to the public.

(d) **Other** activities useful or appropriate to the accomplishment of the foregoing purposes.

No part of the corporation's net earnings shall inure to the benefit of, or be distributable to, any director, officer or other private person, **provided**, that the corporation shall be authorized and empowered to employ or contract for the services of administrators, physicians, surgeons and other health care personnel and to own and operate hospitals, clinics and health care facilities or to contract with hospitals, clinics and health care facilities as necessary or useful in the accomplishment of the foregoing purposes and shall be authorized and empowered to pay reasonable compensation for services rendered by such personnel and facilities and to make payments and distributions in furtherance of such purposes. No substantial part of the activities of the corporation shall be carrying on propaganda, or otherwise attempting to influence legislation, and it shall not participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of or in opposition to any candidate for public **office**.

ARTICLE 2

MEMBERS

2 . 1 N u m b e r . This corporation **shall** have members, and, until changed by amendment to these Bylaws, the number of members constituting the membership of the corporation shall be one **(1)**, which member shall exercise such

rights and perform such duties of members **as** may be provided by law, the corporation's Articles of Incorporation, or these By-laws.

2.2 **Identity.** The member of this corporation shall be The University of Texas

2.3 **Annual Meeting.** The annual meeting of the member shall be held at **such** date and time as shall be designated from time to time by the member, for the election of directors of the corporation and the transaction of such other business **as** may **lawfully** come before the meeting. No notice of the annual meeting shall be required to be given to the member.

2.4 **Special Meetings.** Special meetings of the member shall be called by or at the request of the president of the corporation or the member. [_____ () days notice of the time, place, date and purpose or purposes for which the meeting **is** called shall be given to the member.]

2.5 **Action Reserved by Member.** The member **shall** have the sole power to alter, amend, or repeal the Articles of Incorporation and By-laws of the corporation. In addition, the following matters shall require the approval of the member:

- (a) The annual operating and **capital budgets** of the corporation;
- (b) Material (**\$**_____) **deviations** from **annual** operating and capital budgets.
- (c) The purchase or acquisition of any property, 'real, personal, or mixed, by the corporation exceeding **\$**;_____
- (d) The sale, **gift**, or other disposition of any property, real, personal, or mixed, of the corporation exceeding **\$**;_____
- (e) The mortgage or other encumbrance of any property, real, personal, or mixed, of the corporation in excess of **\$**_____;
- (f) The merger, dissolution, or consolidation of the corporation; and

(g) The creation of or investment in any subsidiary entity.

2.6 Action by Written Cons&. Any action required or permitted to be taken at any meeting of the member may be taken without a meeting if **a consent in writing**, setting **forth** the action to be taken, shall be signed by the member, and such consent shall have the same force and effect as a unanimous vote at a meeting.

2.7 Action by The University of Texas _____ . Any action which may be required by law, the corporation's Articles of Incorporation, or these By-laws to be taken by The University of Texas _____ as a member shall be evidenced in writing, signed by the president of The University of Texas _____ for and on behalf of The University of Texas _____ and shall be filed in the minute book of the corporation as part of the permanent records of the corporation.

2.8 Non-Liability of Member. The member shall not be liable for the debts, liabilities, or obligations of the corporation.

ARTICLE 3

BOARD OF DIRECTORS

3.1 Number. Tenure. Qualifications. Removal. Resignation and Vacancies.

(a) Number. Except as otherwise provided in these By-laws, the direction and management of the affairs of the corporation and the control and disposition of its assets shall be vested in a board of directors (the "Board of Directors") which shall consist of not less than three persons. Such number of directors shall from time to time be **fixed** and determined by the member and shall be set forth in the notice of any meeting of the member held for the purposes of appointing directors.

(b) Tenure. Each director shall serve for his or her term of office and until his or her successor shall have been duly appointed and qualified unless he or she is sooner removed in the manner specified in subparagraph (d) of this **paragraph** 3.1 of these By-laws or until the earlier of the failure of such director to be eligible to serve in accordance with subparagraph (c) of this paragraph 3.1

of these By-laws as director of the corporation or his or her death or resignation. **[Provides staggered terms for directors; alternative would provide for annual election of all directors.] Directors** constituting the initial Board of Directors shall serve original terms of office **as follows:**

(i) ___ shall serve an original term of **office** commencing upon the **inception of the** corporation and ending upon the date of the **199__** annual meeting of the member;

(ii) ___ shall serve an original term of **office** commencing upon the **inception of the** corporation and ending upon the data of the 199, annual meeting of the member; and

(iii) ___ shall serve an original term of office commencing upon the **inception of the** corporation and ending upon the date of the **199__** annual meeting of the member.

The determination of which directors named **as** initial directors in the Articles of Incorporation of the corporation shall **serve** original terms of **office as** set forth hereinabove shall be determined by the initial Board of Directors at the organizational meeting thereof. Each **successor** to a director whose term has expired shall be **appointed** in the manner specified in paragraph 3.2 of these By-laws and each such successor shall hold **office** for a term commencing upon the date of his or her appointment and ending upon the date of the third annual meeting of the member following the date of his or her election, except that, in the case of an appointment to fill a vacancy in a seat on the Board of Directors, the term of the successor shall be for the unexpired term of the former occupant thereof.

(c) **Qualifications.** Each director shall at all times be a physician duly licensed to practice medicine by the Texas State Board of Medical Examiners and actively engaged in the practice of medicine as a full-time member of the faculty of The University of Texas _____. For purposes of these By-laws, the term "actively engaged in the practice of medicine" means that the physician is engaged in full-time service of diagnosing or treating mental or physical ailments of human beings at least 40 hours per week.

(d) **Removal.** The member may remove at any time any director from the Board of Directors.

(e) **Resignation.** Each director **shall** have the right to resign at any time upon written notice thereof to the president or secretary of the corporation, Unless otherwise specified in the notice, **the** resignation **shall** take effect upon receipt thereof, and the acceptance of such resignation **shall** not be necessary to make it effective.



(f) Vacancies. A vacancy shall be declared in any seat on the Board of Directors upon the death, resignation or removal of the occupant thereof, upon the disability of the occupant rendering him or her permanently incapacitated (as defined in paragraph 10.4 of these By-laws), or at such time that the occupant is no longer qualified under subparagraph (c) of this paragraph 3.1 to serve as a director of the corporation.

3.2 Appointment. Each successor to a director whose term shall have expired shall be appointed at the annual meeting of the member for the year in which the term of such director expired or at a meeting of the member called for that purpose. Any director whose term of office shall have expired may be appointed to succeed himself or herself. In the event that the number of directors constituting the Board of Directors is increased in accordance with these By-laws, any directorship to be filled by reason of said increase shall be filled by the member.

3.3 Annual Meet&g. The annual meeting of the Board of Directors shall be held at such date and time as shall be designated from time to time by the Board of Directors and stated in the notice of meeting, for the election of officers and the transaction of such other business as may lawfully come before the meeting. [It shall be the duty of the secretary of the corporation to give at least _____ (__) days notice of the time, place and date of the annual meeting to each director.]

3 . 4 Regular Meetings. Regular meetings of the Board of Directors shall be held on such dates and at such times and places as the Board of Directors shall from time to time determine, for the transaction of such business as may lawfully come before each meeting. [Regular meetings may be held without notice.]

3.5 Special Meetings. Special meetings of the Board of Directors shall be held whenever called by or at the request of the president of the corporation, any two directors, or the member. Except in the case of an emergency, ten (10) days notice of

the date, time and place of each such special meeting shall be given to each director and the member.

3.6 Quorum for Meetings The presence of a majority **of** the number of directors **fixed** by these By-laws as constituting the Board of Directors **shall** be a quorum for the transaction of business at all meetings convened **according to these** By-laws.

3.7 Voting. The affirmative vote of a majority of the directors present (**in** person or by proxy) at a meeting at which a quorum is present shall be the act of the Board of Directors, except as may be otherwise specifically provided by law, the corporation's Articles of Incorporation, or these By-laws.

3.8 Proxies. A director may vote at a meeting of the Board of Directors by proxy executed in writing by such director and delivered to the secretary of this corporation at or prior to such meeting, however, a director present by proxy at any meeting of the Board of Directors may not be counted to determine whether a quorum is present at such meeting. No proxy shall be valid **after** three months from the date of its execution and shall be revocable at any time unless otherwise made irrevocable by law.

3.9 Action by Written Consent. Any action required or permitted to be taken at any meeting of the Board of Directors or of any committee designated by the Board of Directors may be taken without a meeting if a consent in writing, setting forth the action to be taken, shall be signed by all members of the Board of Directors or of such committee, and such consent shall have the same force and effect as a unanimous vote at a meeting.

ARTICLE 4

NOTICES

4.1 **Form of Notice.** Whenever under the provisions of these By-laws, notice is required to be given to any member, director or committee member, and no provision is made as to how such notice shall be given, it shall not be construed to mean **personal** notice, but any such notice may be given in writing, by mail, postage prepaid, addressed to such member, director or committee member at such address as appears on the books of the corporation. Any notice required or permitted to be given by mail shall be deemed to be given at the time the notice is deposited, postage prepaid, in the United States mail.

4.2 **Waiver.** Whenever any notice is required to be given to any member, director or committee member under the provisions of these By-laws, a waiver thereof in writing signed by the member or the person or persons entitled to such notice, whether before or after the time stated therein, shall be equivalent to the giving of such notice.

ARTICLE 6

GENERAL OFFICERS

5.1 **Number, Election and Tenure. Resignation, and Removal.**

(a) **Number.** The **officers** of this corporation shall be a chairman and a vice chairman of the Board of Directors and a president, one or more vice presidents, a secretary and a treasurer and such other officers as may be determined and **selected** by the Board of Directors from time to time.

(b) **Election and Tenure.** At the organizational meeting, and thereafter at each annual meeting, the Board of Directors shall elect the **officers**. Each officer so elected shall take office on the date of his or her election and shall hold such office until the earlier of the date of the next annual meeting of the Board of Directors following the date of his or her election, and thereafter, until his or her successor shall have been duly elected and qualified, or the date such officer

resigns or is removed. Any two or more **offices** may be held by the same person, except that the **offices** of president and secretary may not be held by the same person.

(c) **Resignation.** Any officer may resign at any time by giving written notice thereof to the president or secretary of the corporation. Unless otherwise specified in the notice, the resignation **shall** take effect upon receipt thereof, and the acceptance of the resignation shall not be necessary to make it effective.

(d) **Removal.** Any officer elected by the Board of Directors may be removed at any time by the Board of Directors with **or** without cause.

6.2 Attendance at Meet-. The chairman, and in his or her absence the vice chairman, shall call meetings of the Board of Directors to order, and shall act as chairman of such meetings, and the secretary of the corporation shall act as secretary of all such meetings, but in the absence of the secretary the chairman may appoint any person present to act as secretary of the meeting.

5.3 Duties. The principal duties of the several officers are as follows:

(a) **Chairman.** The chairman shall preside at all meetings of the Board of Directors, shall be the principal officer of the Board of Directors and shall perform such other duties as may be assigned to him or her by the Board of Directors.

(b) **Vice Chairman.** The vice chairman shall discharge the duties of the chairman in the event of the chairman's absence or disability for any cause whatever, and shall perform such **additional** duties as may be prescribed from time to time by the Board of Directors.

(c) president. The president shall be the chief executive officer of the corporation, and subject to the control of the Board of **Directors**, shall have general charge and supervision of the **administration** of the activities and affairs of the corporation. The president shall see that **all** orders and resolutions of the Board of Directors are carried into effect. The president shall sign and execute all legal documents and instruments in the name of the corporation when authorized so to do by the Board of Directors, **prepare** an annual budget showing expected receipts and expenditures, for consideration by the Board of Directors, and shall perform such other duties as may be prescribed from time to time by the Board of Directors. The president shall also have the power to appoint and remove subordinate employees. The president shall submit **to** the Board of Directors plans and suggestions for the activities of the corporation, shall direct its general correspondence and shall present recommendations in each case to

the Board of Directors for decision. The president shall also submit a report of the activities and affairs of the corporation at each annual meeting of the Board of Directors and at other times when called upon so to do by the Board of Directors.

(d) Vice Presidents. The vice presidents, in order of rank, shall discharge the duties of the president in the event of **the** president's absence or disability for any cause whatever. They shall also perform such additional duties as may be prescribed from time to time by the Board of Directors.

(e) Secretary. The secretary shall have **charge** of the records and correspondence of the corporation under the direction of the president, and **shall** be the custodian of the seal of the corporation, if any. The secretary shall attend all meetings of the Board of Directors and give such notice of meetings **as** is required by these By-laws. The secretary shall take and keep true minutes of **all** meetings of the Board of Directors of which, ex officio, but without vote, the secretary shall be the secretary. The secretary shall discharge such other duties as shall be prescribed from time to time by the president or the Board of Directors. In case of the absence or disability of the secretary, the Board of Directors may appoint an assistant secretary to perform the duties of the secretary during such absence or disability.

(f) Treasurer. The treasurer shall keep account of all moneys, credits and property of the corporation which shall come into the treasurer's hands and keep an accurate account of all moneys received and discharged. Except as otherwise ordered by the Board of Directors, the treasurer shall have the custody of all the funds and securities of the corporation and shall deposit the same in such banks or depositories as the Board of Directors shall designate. The treasurer shall keep proper books of account and other books showing at all times the amount of the funds and other property belonging to the corporation, all of which books shall be open at all times to the inspection of the Board of Directors. The treasurer shall also submit a report of the accounts and financial condition of the corporation at **each annual** meeting of the Board of Directors. The treasurer shall, under the direction of the Board of Directors, disburse all moneys and sign all checks **and** other instruments drawn on or payable out of the funds of the corporation, unless the **Board** of Directors authorizes other officers, employees or agents of the corporation to sign checks without the counter signature of the Treasurer, which checks, however, may also be required by the Board of Directors to be signed by the president or one of the vice presidents. The treasurer shall also make such transfers **and** alterations in the securities of the corporation as may be ordered by the Board of Directors. In general, the treasurer shall perform all the duties which are incident to the office of treasurer, subject to the Board of Directors, and shall perform such additional duties as may be prescribed from time to time by the Board of Directors or the president. The treasurer shall give bond only if required by the Board of Directors. In **case** of absence or disability of the treasurer, the Board of

Directors may appoint an assistant treasurer to perform the duties of the treasurer during such absence or disability.

5.4 Vacancies. Whenever a vacancy shall occur in any general office of the corporation, such vacancy shall be **filled** by the Board of Directors by the election of a **new officer** who shall take **office** on the date of **his** or her election and shall hold such **office** until the earlier of the date of the next annual meeting of the Board of Directors following the date of his or her election, and thereafter, until his or her successor shall have been duly elected and qualified, or the date such officer resigns or **is** removed.

ARTICLE 6

APPOINTIVE OFFICERS AND AGENTS

6.1 Appointive Officers and Agents The Board of Directors may appoint **such officers** and agents in addition to those provided for in Article 5 of these By-laws, **as** the Board of Directors may deem necessary. Such persons **shall** have **such** authority and perform such duties as shall from time to time be prescribed by the Board of **Directors**. All appointive officers and agents shall hold their respective offices or positions at the pleasure of the Board of Directors, and may be removed from office or discharged at any time with or without cause.

ARTICLE 7

STANDING AND SPECIAL COMMITTEES

7.1 Standing Committees. of Directors may designate one or more standing committees as are necessary and which are not in conflict with other provisions of these By-laws, and the duties of any such standing committees **shall** be prescribed by the Board of Directors upon their designation. Each such standing committee shall consist of two or more persons, who may, but need not **be, directors** of

the corporation. Appointment8 of **persons** to such **standing** committee8 **shall** be for term8 prescribed by the Board of Director8 upon their appointment by **such Board**.

7.2 **Special Committees**. The Board of Director8 may designate one or more special committee8 a8 are necessary and which are not in conflict with other **provisions** of these By-laws, and the **duties** of any **such special** committee8 shall be prescribed by the Board of Director8 upon their designation. Each such **special** committee **shall consist** of two or more persons appointed by the Chairman of the Board of Directors, who may, but need not be, director8 of the corporation. A **special** committee **shall** limit its activities to the accomplishment of the **tasks** for which it **is** designated and **shall** have no power to act except a8 specifically conferred by action of the Board of **Directors**. Upon the completion of the task for which designated, **such** special committee **shall** stand dissolved.

7 . 3 Q u o r u m . A majority of the member8 of a committee **shall** constitute a quorum for the transaction of business at any meeting of **such** committee and the act of a majority of the committee members present at a meeting at which a quorum is present shall be the act of the committee.

7.4 **Meetings and Notices**. Meeting8 of a committee may be called by the president or the chairman of the committee. Each committee **shall** meet **as** often a8 **is** necessary to perform it8 duties. Notice may be given at any time and in any manner reasonably designed to inform the committee member8 of the time and place of the **meetings**. Each committee shall keep minute8 of it8 proceedings.

7.6 **Resignations and Removals**. Any member **of** a committee may resign at any time by giving notice to the chairman of the committee or the secretary of the corporation. Unless otherwise **specified** in the notice, such resignation shall take effect

upon receipt thereof, and the acceptance of such resignation shall not be necessary to make it effective. The Board of Directors may remove at any time with or without cause any member of any committee who was originally appointed thereto by the Board of Directors as provided in these By-laws.

7.6 **Vacancies**. A vacancy on a committee shall be filled for the unexpired portion of the term of the former occupant in the same manner in which an original appointment to such committee is made.

ARTICLE 8

AMENDMENT'S

8.1 **Amendments**. These By-laws may be altered, amended or repealed or new By-laws may be adopted solely by the member at a meeting called for that purpose.

ARTICLE 9

INDEMNIFICATION OF DIRECTORS, OFFICERS, EMPLOYEES, AND AGENTS

9.1 **Indemnification**. The corporation shall **indemnify** directors, officers, employees, and agents of the corporation to the fullest extent required by Article **2.22A** of the Texas Non-Profit Corporation Act and may indemnify such persona to the fullest extent permitted by Article **2.22A** of the Texas Non-Profit Corporation Act, subject in each case to restrictions, if any, in the corporation's **Articles** of Incorporation. The corporation ehall have the power to purchase and maintain at **its** cost and expense insurance on behalf of such persons to the fullest extent permitted by Article **2.22A** of the Texas Non-Profit Corporation Act.



ARTICLE 10

GENERAL, PROVISIONS

10.1 **Fiscal Year.** The **fiscal** year of the corporation shall end on _____ of each calendar year.

10.2 **Books and Records.** The corporation shall keep correct and complete books and records of account and shall also keep minutes of the proceeding8 of the meeting8 of the member, Board of Directors, and **committees**, standing or special,

10.3 **Seal.** The Board of Directors may adopt a corporate seal to be in **such** form and **to be** used in such manner a8 the Board of Director8 **shall** direct.

10.4 **Permanent Incapacity.** **Any** member of the Board of Director8 who **shall** be incapable of participating in the management and affair8 of the corporation for a continuous period of six months shall be deemed to be “permanently incapacitated within the meaning of that term a8 used in these **By-laws**.

10.5 **Checks.** All checks or demand8 for money and note8 of the corporation **shall** be signed by such officer or officers or such other person or person8 as the Board of Director8 may from time to time designate.

10.6 **Contracts.** The Board of Director8 may authorize any **officer** or **officers** or agent or agent8 of the corporation to enter into any contract or execute and deliver any instrument in the name and on behalf of the corporation. Such authority may be general or confined to specific **instances**.

10.7 **Deposits.** **All** fund8 of the corporation **shall be** deposited **from** time to time to the credit of the corporation in **such banks**, trust companies, or other **depositories** a8 the board of director8 may from time to time **select**.

REPORT AND RECOMMENDATIONS OF THE FACILITIES PLANNING AND CONSTRUCTION COMMITTEE (Pages 82 - 91).--Committee Chairman Temple reported that the Facilities Planning and Construction Committee had met in open session to consider those matters on its agenda and to formulate recommendations for the U. T. Board of Regents. Unless otherwise indicated, all actions set forth in the Minute Orders which follow were recommended by the Facilities Planning and Construction Committee and approved in open session and without objection by the U. T. Board of Regents:

1. U. T. Arlington - Maverick Stadium - Addition of Athletic Offices (Project No. 301-804): Approval of Final Plans and Specifications; Authorization to Advertise for Bids and for the Executive Committee to Award Contracts; and Additional Appropriation Therefor.--The Board, upon recommendation of the Facilities Planning and Construction Committee:
 - a. Approved the final plans and specifications for The University of Texas at Arlington - Maverick Stadium - Addition of Athletic Offices within the authorized total project cost of \$854,700
 - b. Authorized the Office of Facilities Planning and Construction to advertise for bids upon completion of final review and the Executive Committee to award all contracts associated with this project within the authorized total project cost
 - c. Appropriated an additional \$779,700 from Unexpended Plant Fund Balances, along with \$75,000 previously appropriated for total project funding of \$854,700.

This project, which was approved by the Texas Higher Education Coordinating Board in October 1993, is included in the FY 1994-1999 Capital Improvement Plan and the FY 1994 Capital Budget. Total project funding is \$854,700 from Interest Earned on Unexpended Plant Funds.

2. U. T. Austin - University Interscholastic League Building (Project No. 102-803): Approval of Preliminary Plans; Authorization to Prepare Final Plans and Specifications; Submission of the Project to the Coordinating Board; Advertisement for Bids; Authorization for Executive Committee to Award Contracts; and Appropriation Therefor.--Following a brief overview by President Berdahl, Mr. Juan Cotera and Mr. Roger Kolar, representing the Project Architect, Cotera, Kolar & Negrete Architects, Austin, Texas, presented the preliminary plans and specifications for the University Interscholastic League (UIL) Building at The University of Texas at Austin to the Facilities Planning and Construction Committee.

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

- a. Approved preliminary plans and specifications for the University Interscholastic League Building at U. T. Austin at an estimated total project cost of \$3,225,000
- b. Authorized preparation of final plans and specifications
- c. Authorized submission of the project to the Texas Higher Education Coordinating Board
- d. Upon completion of final review, authorized the Office of Facilities Planning and Construction to advertise for bids
- e. Upon approval of the Coordinating Board, authorized the Executive Committee to award all contracts associated with this project within the authorized total project cost
- f. Appropriated \$3,160,000 from University Interscholastic League reserves for total project funding. Previous appropriations had been \$65,000 from the same source.

The total project cost of \$3,225,000 will be funded from UIL reserves. This project is included in the FY 1994 Capital Budget and the FY 1994-1999 Capital Improvement Plan.

Committee Chairman Temple noted that U. T. Austin is currently working on a campus development master plan and the architectural details of the UIL Building may be consistent with that plan. In response to Mrs. Temple's inquiry as to whether the current campus architectural elements were considered in the campus review of this building, President Berdahl reported that the plans for the building had been reviewed by the Faculty Building Advisory Committee and the Dean of the School of Architecture, and the materials to be used in this building are consistent with the kinds of brick materials used on the main campus since the institution recognizes the need to ensure a similar architectural appearance to the buildings.

Regent Temple expressed appreciation to U. T. Austin in responding to the request of Regents Rapoport and Smiley to locate the UIL Building in such a way as to permit the proposed women's softball facilities to be adjacent to the men's baseball field.

Committee Chairman Temple asked that U. T. Austin look again at the UIL Building to ensure the facade has an architectural appearance consistent with the other buildings on the campus.

3. U. T. El Paso - Liberal Arts/Science Renovation Projects - Old Main Building Renovation (Project No. 201-819): Approval of Preliminary Plans; Authorization to Prepare Final Plans and Specifications; Submission of the Project to the Coordinating Board; and Appropriation Therefor.--The Facilities Planning and Construction Committee recommended and the Board:

- a. Approved preliminary plans and specifications for the Liberal Arts/Science Renovation Projects - Old Main Building Renovation at The University of Texas at El Paso at an estimated total project cost of \$1,689,000 to be funded from Tuition Revenue Bonds
- b. Authorized preparation of final plans and specifications
- c. Authorized submission of the project to the Texas Higher Education Coordinating Board
- d. Appropriated \$35,000 from Tuition Revenue Bonds and Notes issued under the Revenue Financing System for fees and administrative expenses through completion of final plans. Previous appropriations had been \$65,000 from Unexpended Plant Funds which will be reimbursed from Tuition Revenue Bond Proceeds when issued.

This project is included in the FY 1994-1999 Capital Improvement Plan and FY 1994 Capital Budget to be funded by Tuition Revenue Bonds.

4. U. T. Pan American - Engineering Building (Project No. 901-809): Approval to Increase Total Project Cost; Approval of Preliminary Plans; Authorization to Prepare Final Plans and Specifications; Submission of the Project to the Coordinating Board; and Additional Appropriation Therefor.--Following opening remarks by President Nevarez, the preliminary plans and specifications for the Engineering Building at The University of Texas - Pan American were presented to the Facilities Planning and Construction Committee by Mr. John H. Kell, Jr., representing the Project Architect, Kell Muñoz Wigodsky, San Antonio, Texas.

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

- a. Approved an increase in the authorized total project cost for the Engineering Building at U. T. Pan American from \$20,000,000 to \$23,800,000 to include the cost of equipment as approved in the FY 1994-1999 Capital Improvement Plan to be funded by Tuition Revenue Bond Proceeds
- b. Approved preliminary plans and specifications for the Engineering Building at U. T. Pan American at an estimated total project cost of \$23,800,000

- c. Authorized the Project Architect to prepare final plans and specifications to be presented to the U. T. Board of Regents for consideration at a future meeting
- d. Authorized submission of the project to the Texas Higher Education Coordinating Board
- e. Appropriated an additional \$500,000 from Tuition Revenue Bonds and Notes issued under the Revenue Financing System for fees and administrative expenses through completion of final plans. Previous appropriations had been \$400,000 from Unexpended Plant Funds to be reimbursed from Tuition Revenue Bond Proceeds when issued.

The Engineering Building will contain approximately 122,000 gross square feet to house laboratories, classrooms, faculty offices, and support space for programs in Electrical Engineering, Mechanical Engineering, and Manufacturing Engineering.

This project is included in the FY 1994-1999 Capital Improvement Plan and the FY 1994 Capital Budget. The funding for this project is \$23,800,000 in Tuition Revenue Bonds authorized by the 73rd Session of the Texas Legislature as a part of the South Texas/Border Initiative.

- 5. U. T. San Antonio - Engineering/Biotechnology Building - Phase II (Project No. 401-747): Authorization for Additional Appropriation.--In October 1993, the U. T. Board of Regents authorized a revised total project cost of \$17,000,000 for the Engineering/Biotechnology Building - Phase II at The University of Texas at San Antonio and appropriated \$750,000 from Tuition Revenue Bonds and Notes issued under the Revenue Financing System for fees and administrative expenses through completion of preliminary plans and for renovation and equipment for life sciences laboratories.

Upon recommendation of the Facilities Planning and Construction Committee, the Board appropriated an additional \$850,000 from Tuition Revenue Bonds and Notes issued under the Revenue Financing System for the Engineering/Biotechnology Building - Phase II at U. T. San Antonio. This additional appropriation combined with the previous appropriation of \$750,000 from the same source will complete the \$1,600,000 funding approved in the FY 1994 Capital Budget.

In this initial phase of work, U. T. San Antonio Administration will renovate and equip the life sciences laboratories scheduled for completion later this summer in support of its commitment to build doctoral capacity for the Biosciences and Engineering Initiative.

This project is included in the FY 1994-1999 Capital Improvement Plan and the FY 1994 Capital Budget. Funding for this project is \$17,000,000 in Tuition Revenue Bonds authorized by the 73rd Session of the Texas Legislature as a part of the South Texas/Border Initiative.

6. U. T. Medical Branch - Galveston - Open Gates Conference Center Renovation: Authorization for Project; Appointment of The Mathes Group, Houston, Texas, as Project Architect to Prepare Final Plans and Specifications; Submission of the Project to the Coordinating Board; and Appropriation Therefor.--The Facilities Planning and Construction Committee recommended and the Board:

- a. Authorized a project for the Open Gates Conference Center Renovation at The University of Texas Medical Branch at Galveston at an estimated total project cost of \$5,350,000 to be funded from Gifts and Grants
- b. Appointed the firm of The Mathes Group, Houston, Texas, as Project Architect with authorization to prepare final plans, specifications, and a detailed cost estimate for consideration by the U. T. Board of Regents at a future meeting
- c. Authorized submission of the project to the Texas Higher Education Coordinating Board
- d. Appropriated \$350,000 from Gifts and Grants for fees and administrative expenses through completion of final plans.

The Open Gates Conference Center was home to the George Sealy family for ninety years until the death of Robert Sealy in 1979. At that time, the mansion passed to the U. T. Medical Branch - Galveston as a gift complete with grounds and some furnishings. The institution plans to use the Open Gates Conference Center as a primary site for emerging teleconference and telemedicine initiatives with flexible meeting room facilities for groups ranging from ten to one hundred people. There will be as many as ten separate meeting rooms, all furnished and equipped with the very latest in audio and video technology. The facility will serve as a site for receipt and emanation of teleconference programming from around the nation and the world. There will also be kitchen facilities designed to serve groups of up to one hundred people and permanent office space in support of the center.

This project is included in the FY 1994-1999 Capital Improvement Plan and FY 1994 Capital Budget with funding in the amount of \$5,350,000 from Gifts and Grants.

7. U. T. Health Science Center - Houston - Renovation of the Speech and Hearing Institute Building for the Institute for Molecular Medicine: Authorization for Project; Appointment of Watkins Carter Hamilton Architects, Inc., Houston, Texas, as Project Architect to Prepare Final Plans and Specifications; Submission of the Project to the Coordinating Board; Authorization to Advertise for Bids and for Executive Committee to Award Contracts; and Appropriation Therefor.--President Low reported that The University of Texas Health Science Center at Houston desires to initiate programmatic activities for the Institute for Molecular Medicine (IMM) and noted that a director has been named, and the U. T. Health Science Center - Houston, its Development Board, and individual donors wish to see the Institute begin its activities soon.

In accordance therewith, the Board, upon recommendation of the Health Affairs and Facilities Planning and Construction Committees:

- a. Authorized a project for the Renovation of the Speech and Hearing Institute Building for the Institute of Molecular Medicine at the U. T. Health Science Center - Houston at an estimated total project cost of \$2,500,000
- b. Appointed the firm of Watkins Carter Hamilton Architects, Inc., Houston, Texas, as Project Architect to prepare final plans, specifications, and detailed cost estimates
- c. Authorized submission of the project to the Texas Higher Education Coordinating Board
- d. Upon completion of final review, authorized the Office of Facilities Planning and Construction to advertise for bids
- e. Upon approval of the Coordinating Board, authorized the Executive Committee to award all contracts associated with this project within the authorized total project cost of \$2,500,000 subject to modification of the land lease with the Texas Institute for Rehabilitation and Research to allow the building to be used for biomedical research
- f. Appropriated \$2,500,000 from Permanent University Fund Bond Proceeds in accordance with the March 9, 1994, Memorandum of Understanding for total project funding and waived requirements for reporting under the Available University Fund Spending Policy.

The former Speech and Hearing Institute Building provides readily available space to renovate for the new IMM. No other suitable space is available on campus to house this activity. This project will update the building's heating, ventilating and air-conditioning system, address

life safety issues, exterior building maintenance, and construct appropriate laboratories through adaptive reuse of presently underutilized space. The existing building is architecturally sound and well located.

The total project cost of \$2,500,000 will be funded from Permanent University Fund Bond Proceeds. Under a Memorandum of Understanding dated March 9, 1994, the U. T. Board of Regents accepted the proposal of the U. T. Health Science Center - Houston to provide to the U. T. Board of Regents an amount of funds equal to the debt service on Permanent University Fund (PUF) Bond Proceeds issued to provide the allocated PUF support of the project. Payment of these funds is contingent upon the annual income results of the Permanent University Fund.

Approval of this project amends the FY 1994-1999 Capital Improvement Plan and the FY 1994 Capital Budget accordingly.

8. U. T. Health Science Center - San Antonio - Health Sciences Building Program - School of Nursing Addition and Renovation (Project No. 402-823): Approval of Preliminary Plans; Approval of Evaluation of Solar Energy Economic Feasibility; Authorization to Prepare Final Plans and Specifications; Submission of the Project to the Coordinating Board; Advertisement for Bids; Authorization for Executive Committee to Award Contracts; and Additional Appropriation Therefor.--Following a brief overview by President Howe, the preliminary plans and specifications for the School of Nursing Addition and Renovation as part of the Health Sciences Building Program at The University of Texas Health Science Center at San Antonio were presented to the Facilities Planning and Construction Committee by Mr. Vaughn Bomberger, representing the Project Architect, Garza/Bomberger & Associates, San Antonio, Texas.

Following the project architect's presentation and upon recommendation of the Facilities Planning and Construction Committee, the Board:

- a. Approved preliminary plans and specifications for the School of Nursing Addition and Renovation as part of the Health Sciences Building Program at the U. T. Health Science Center - San Antonio at an estimated total project cost of \$6,500,000
- b. Approved the evaluation of solar energy economic feasibility
- c. Authorized preparation of final plans and specifications
- d. Authorized submission of the project to the Texas Higher Education Coordinating Board
- e. Upon completion of final review, authorized the Office of Facilities Planning and Construction to advertise for bids

- f. Upon approval of the Coordinating Board, authorized the Executive Committee to award all contracts associated with this project within the authorized total project cost
- g. Appropriated an additional \$5,800,000 from Tuition Revenue Bonds and Notes issued under the Revenue Financing System and \$500,000 from Gifts and Grants to complete the total project funding of \$6,500,000. Previous appropriations had been \$200,000 from Tuition Revenue Bonds and Notes issued under the Revenue Financing System.

House Bill 2626 of the 73rd Session of the Texas Legislature requires the governing body of the appropriate state agency to verify in an open meeting the economic feasibility of incorporating solar energy devices into new state buildings. Therefore, the Project Architect has prepared an evaluation for this project in accordance with instructions from the State Energy Conservation Office of the General Services Commission. This evaluation has determined that a solar-generated domestic hot water system for the project is not economically feasible since steam for this purpose is available at more competitive costs. The payback for a solar-generated domestic hot water system for this project is estimated to be thirty-six years.

This project is included in the FY 1994-1999 Capital Improvement Plan and the FY 1994 Capital Budget at a total project cost of \$6,500,000 to be funded with \$6,000,000 from Tuition Revenue Bonds and \$500,000 from Gifts and Grants.

- 9. U. T. M.D. Anderson Cancer Center - Holcombe Boulevard Linear Park Plaza - Phases II, III, and IV Project: Authorization for Project; Appointment of Clark/Condon Associates, Inc., Bellaire, Texas, as Project Landscape Architect to Prepare Final Plans and Specifications; Authorization to Acquire 1.2517 Acres Out of the P. W. Rose Survey, Abstract No. 645, Harris County, Texas, Through Condemnation Proceedings if Required; Submission of the Project to the Coordinating Board; Advertisement for Bids; Executive Committee to Award Contracts; Approval to Name the Plaza the Wortham Linear Park (Regents' Rules and Regulations, Part One, Chapter VIII, Section 1, Subsection 1.2, Naming of Facilities Other Than Buildings); and Appropriation Therefor.--In December 1991, the U. T. Board of Regents authorized a master plan and Phase I project for the Holcombe Boulevard Linear Park Plaza at The University of Texas M.D. Anderson Cancer Center at a total project cost of \$525,000. The Wortham Foundation, Houston, Texas, has since committed \$2,100,000 for the completion of the Linear Park Plaza project, including reimbursement of the Gifts and Grants and Institutional Reserve accounts which funded Phase I.

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

- a. Authorized a project for Phases II, III, and IV of the Holcombe Boulevard Linear Park Plaza at the U. T. M.D. Anderson Cancer Center at an estimated total project cost of \$2,100,000, including \$525,000 previously expended on Phase I
- b. Appointed the firm of Clark/Condon Associates, Inc., Bellaire, Texas, as Project Landscape Architect to prepare final plans and specifications for Phases II, III, and IV
- c. Authorized the acquisition of 1.2517 acres out of the P. W. Rose Survey, Abstract No. 645, Harris County, Texas, through condemnation proceedings if required
- d. Authorized submission of the Phases II, III, and IV project to the Texas Higher Education Coordinating Board
- e. Upon completion of final review, authorized the Office of Facilities Planning and Construction to advertise for bids
- f. Upon approval of the Coordinating Board, authorized the Executive Committee to award all contracts associated with this project within the authorized total project cost
- g. Approved the naming of the U. T. M.D. Anderson Cancer Center - Holcombe Boulevard Linear Park Plaza as the Wortham Linear Park 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
- h. Appropriated \$2,100,000 in gifts received from the Wortham Foundation for total project funding, including the previous expenditures on Phase I. Previous appropriations for Phase I in the amount of \$525,000 will be refunded with the return of \$75,000 to U. T. M.D. Anderson Cancer Center Capital Reserves and the return of \$450,000 to Gifts and Grants.

The remainder of the Linear Park Plaza project will be completed in three phases. Phase II will begin at Fannin Street and continue on the south side of Holcombe Boulevard to Bertner Avenue. Phase III will begin at Bertner Avenue and extend to the Jesse H. Jones Rotary House International. Phase IV will begin at Braeswood Boulevard and end at Braes Bayou.

Phase III includes a 1.2517 acre parcel of land which is privately owned and which the U. T. Board of Regents authorized the component to purchase in October 1989. Attempts to contact the owners of this tract to negotiate a purchase have proven futile. While such efforts will

continue, the Board authorized the Executive Vice President for Administration and Finance at the U. T. M.D. Anderson Cancer Center to initiate a condemnation suit through the Office of General Counsel to acquire this property and to execute all documents required to purchase and secure good title to the property after approval of such documents by the Office of General Counsel.

The U. T. M.D. Anderson Cancer Center Administration wishes to name the Holcombe Boulevard Linear Park Plaza as the Wortham Linear Park in recognition of the Wortham Foundation of Houston and its generous gift of \$2,100,000, which will allow completion of the park.

This project is included in the FY 1994-1999 Capital Improvement Plan and the FY 1994 Capital Budget with total project funding in the amount of \$2,100,000 from Gifts and Grants.

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At the conclusion of the Facilities Planning and Construction Committee meeting, Regent Holmes asked Committee Chairman Temple to share with the Board the Historically Underutilized Business (HUB) participation represented in these projects.

In response to Regent Holmes' inquiry, Mrs. Temple noted that three project architects/engineers were appointed representing projects with a total combined project cost of \$9,950,000 and an estimated total combined construction cost of \$7,462,500. The estimated combined architect/engineer fees will be \$447,750 and the estimated combined HUB fee will be \$200,250 or an average HUB participation on the three projects of 44.72%.

The breakdown of the HUB representation in these three projects is as follows:

Hispanic	17.4%
Women-Owned	73.6%
African-American	7.1%
Asian	1.7%

Regent Temple noted that Boone & Boone Construction, Inc., Tyler, Texas, which was awarded the construction contract for the Ambulatory Care Center Addition and Renovation at The University of Texas Health Center at Tyler via the Executive Committee, is a woman-owned enterprise and thus represents 100% HUB participation.

REPORT AND RECOMMENDATIONS OF THE ASSET MANAGEMENT COMMITTEE (Pages 91 - 139).--Committee Chairman Cruikshank reported that the Asset Management 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 Asset Management Committee and approved in open session and without objection by the U. T. Board of Regents.

I. PERMANENT UNIVERSITY FUND

INVESTMENT MATTER

Report on Clearance of Monies to the Permanent University Fund for January and February 1994 and Report on Oil and Gas Development as of February 28, 1994. --The following reports with respect to (a) certain monies cleared to the Permanent University Fund for **January** and February 1994 and (b) Oil and Gas Development as of February **28**, 1994, were submitted by the Executive Vice Chancellor for Business Affairs:

	January 1994	February 1994	Cumulative Through February of this Fiscal Year (1993-1994)	Cumulative Through February of Preceding Fiscal Year (1992-1993)	Percent Change
Permanent University Fund					
Royalty					
Oil	\$ 2,902,012.40	\$2,666,572.37	\$18,485,574.56	\$23,975,416.01	-22.90%
Gas	1,372,853.21	1,471,024.17	8,587,144.44	9,035,124.57	-4.96%
Sulphur	0.00	0.00	0.00	0.00	--
Water	102,542.98	78,414.03	482,796.38	389,702.78	23.89%
Brine	6,679.45	4,196.65	40,089.90	35,466.30	13.04%
Trace Minerals	0.00	0.00	0.00	0.00	--
Rental					
Oil and Gas Lease	1,410.70	3,676.22	183,817.12	297,705.48	-38.26%
Other	1,756.31	100.00	(1,851.69)	(3,746.99)	50.58%
Sale of Sand, Gravel, Etc.	0.00	0.00	0.00	0.00	--
Total University Lands Receipts Before Bonuses	<u>4,387,255.05</u>	<u>4,223,983.44</u>	<u>27,777,570.71</u>	<u>33,729,668.15</u>	-17.65%
Bonuses					
Oil and Gas Lease Sales	0.00	0.00	3,480,202.48	69,887.70	--
Amendments and Extensions to Mineral Leases	<u>1,340.87</u>	<u>1,260.57</u>	<u>40,843.58</u>	<u>10.00</u>	
Total University Lands Receipts	<u>4,388,595.92</u>	<u>4,225,244.01</u>	<u>31,298,616.77</u>	<u>33,799,565.85</u>	-7.40%
Gain or (Loss) on Sale of Securities	<u>37,746.984.77</u>	<u>4,585,223.52</u>	<u>58,216,362.41</u>	<u>22,332,596.20</u>	160.68%
TOTAL CLEARANCES	<u><u>\$42,135,580.69</u></u>	<u><u>\$8,810,467.53</u></u>	<u><u>\$89,514,979.18</u></u>	<u><u>\$56,132,162.05</u></u>	<u>59.47%</u>

Oil and Gas Development - February 28, 1994

Acreage Under Lease = 753,837

Number of Producing Acres = 522,726

Number of Active Leases = 2,447

II. TRUST AND SPECIAL FUNDS

Gifts, Bequests and Estates

1. U. T. Arlington: Acceptance of Bequest from the Estate of Frances Bennett Barnes, Arlington, Texas, and Transfer of Funds and Establishment of the Barney C. Barnes Memorial Scholarship in Accounting and the Frances and Barney C. Barnes Memorial Endowed Scholarship in Nursing.--Upon recommendation of the Asset Management Committee, the Board accepted a \$30,000 specific bequest from the Estate of Frances Bennett Barnes, Arlington, Texas, and a \$7,200 transfer of previously reported gifts for a total of \$37,200 and established the following endowments at The University of Texas at Arlington:

- a. \$10,000 of the bequest and the \$7,200 transfer of previously reported gifts for a total of \$17,200 to establish the Barney C. Barnes Memorial Scholarship in Accounting

Income earned from the endowment will be used to award scholarships to students in the Department of Accounting.

- b. \$20,000 of the bequest to establish the Frances and Barney C. Barnes Memorial Endowed Scholarship in Nursing.

Income earned from the endowment will be used to provide scholarships for deserving students pursuing an academic degree offered by the School of Nursing at U. T. Arlington.

2. U. T. Arlington: Approval to Accept Gift from Mr. Buddy Barnes, Keller, Texas, and to Establish the Ellen Sue Barnes Scholarship for Students of Nursing.--The Board accepted a \$15,000 gift from Mr. Buddy Barnes, Keller, Texas, and established the Ellen Sue Barnes Scholarship for Students of Nursing at The University of Texas at Arlington.

Income earned from the endowment will be used to award scholarships to students enrolled in the Family Nurse Practitioners Program, a Masters level degree program offered by the School of Nursing at U. T. Arlington.

3. U. T. Arlington: Approval to Accept Gift from Mr. and Mrs. William L. (Barbara) Hughes, Jr., Arlington, Texas, and to Establish the William L. and Martha Hughes Award for the Study of Biology.--Approval was given to accept a \$12,000 gift from Mr. and Mrs. William L. (Barbara) Hughes, Jr., Arlington, Texas, and to establish the William L. and Martha Hughes Award for the Study of Biology at The University of Texas at Arlington.

Income earned from the endowment will be used to provide scholarship support to students in the Department of Biology in the College of Science.

4. U. T. Austin: Acceptance of Bequests from the Estate of Hilda Norman Barnard, Seattle, Washington, for Addition to the (a) Nettie Lee Benson Library Fund in the General Libraries, (b) Joseph C. and Elizabeth C. Walter, Jr. Geology Library Fund, and (c) Barrow Periodical Fund in the Department of Geological Sciences in the College of Natural Sciences, and Establishment of the Hilda Barnard Undergraduate Library Collection and Services Endowment in the General Libraries.--The Asset Management Committee recommended and the Board accepted a \$5,000 specific bequest and a bequest of one-half of the residue of the Estate of Hilda Norman Barnard, Seattle, Washington, valued at approximately \$161,000, with \$150,000 received to date, for a total of approximately \$166,000 for the benefit of The University of Texas at Austin.

Further, the \$5,000 specific bequest and \$100,000 of the residual bequest for a total of \$105,000 will be used to increase the endowment principal of the Nettie Lee Benson Library Fund in the General Libraries.

In addition, \$50,000 of the residual bequest will be used to increase the endowment principal of the Joseph C. and Elizabeth C. Walter, Jr. Geology Library Fund and the Barrow Periodical Fund in the Department of Geological Sciences, College of Natural Sciences, at \$25,000 each.

Additionally, the remaining approximately \$11,000 of the residual bequest will be used to establish a quasi-endowment in the General Libraries to be named the Hilda Barnard Undergraduate Library Collection and Services Endowment.

Income earned from the endowment will be dedicated to maintaining and improving library collections and services to undergraduates, including those with visual and hearing disabilities.

5. U. T. Austin: Redesignation of the Hal P. Bybee Memorial Fund in the College of Natural Sciences as a Permanent Endowment.--Authorization was granted to redesignate the Hal P. Bybee Memorial Fund in the Department of Geological Sciences, College of Natural Sciences, at The University of Texas at Austin as a permanent endowment.

This redesignation was made with the concurrence of the donors and is permissible under Section 163.008(a) of the Texas Property Code and Section 65.36(f) of the Texas Education Code.

Income earned from the endowment will continue to be dedicated for any and all uses of the faculty of the Department of Geological Sciences consistent with the donors' original intent.

6. U. T. Austin: Acceptance of Gifts from the Houston Livestock Show and Rodeo, Houston, Texas, and Various Donors, and Transfer of Funds; Establishment of the John B. Connally Memorial Endowed Presidential Scholarship in Law in the School of Law; and Eligibility for Matching Funds Under The Brackenridge Matching Program #2.--The Board, upon recommendation of the Asset Management Committee, accepted a \$50,000 gift from the Houston Livestock Show and Rodeo, Houston, Texas, \$500 in gifts from various donors, and a \$50,000 transfer of funds from The University of Texas Law School Foundation (an external foundation) for a total of \$100,500 and established the John B. Connally Memorial Endowed Presidential Scholarship in Law in the School of Law at The University of Texas at Austin.

Further, matching funds in the amount of \$50,000 will be allocated under The Brackenridge Matching Program #2 and will be used to increase the endowment to a total of \$150,500.

Ninety percent of the income earned from the endowment will be used to provide scholarships for students in the School of Law, with preference given to those with an undergraduate degree in some field of agriculture prior to matriculation in law school. The remaining ten percent of income earned will be reinvested in the endowment corpus.

7. U. T. Austin: Acceptance of Gifts from Various Donors and Transfer of Funds for Addition to the Ruth Denney Endowed Scholarship in the College of Fine Arts and Redesignation of the Scholarship as the Ruth Denney Endowed Presidential Scholarship in Theatre.--Upon recommendation of the Asset Management Committee, the Board accepted \$26,325 in gifts from various donors and a \$12,500 transfer of President's discretionary funds for a total of \$38,825 for addition to the Ruth Denney Endowed Scholarship in the Department of Theatre and Dance, College of Fine Arts, at The University of Texas at Austin for a total endowment of \$50,224, and the Scholarship was redesignated as the Ruth Denney Endowed Presidential Scholarship in Theatre.

8. U. T. Austin: Acceptance of Gifts from Various Donors and Establishment of the Whit Dudley Endowed Memorial Scholarship in Harp in the College of Fine Arts.--The Asset Management Committee recommended and the Board accepted \$10,327 in gifts from various donors and established the Whit Dudley Endowed Memorial Scholarship in Harp in the Department of Music, College of Fine Arts, at The University of Texas at Austin.

Income earned from the endowment will be used for the benefit and development of exceptionally talented harp students in the Department of Music.

9. U. T. Austin: Approval to Designate Pledge from an Anonymous Donor to Establish the Faculty Fellowship Research Fund for the Texas Institute for Computational and Applied Mathematics.--Approval was given to designate a previously accepted \$2,000,000 pledge, which has now been paid in cash and securities, from an anonymous donor to establish the Faculty Fellowship Research Fund for the Texas Institute for Computational and Applied Mathematics at The University of Texas at Austin.

Income earned from the endowment will be used to support education and research activities of the Computational and Applied Mathematics Program.

10. U. T. Austin: Acceptance of Gifts and Pledge from The Margaret B. Hexter Trust, Berkeley, California, and Transfer of Funds; Establishment of The Louis Jules Hexter Endowed Presidential Scholarship in Theatre Arts in the College of Fine Arts; and Eligibility for Matching Funds Under The Brackenridge Matching Program #2.--The Board accepted gifts, comprised of \$59,340.50 in cash and a \$50,000 ITT Financial Corporation debenture, valued at \$46,343.67 (\$45,314.50 principal and \$1,029.17 accrued interest), and a \$32,042.65 pledge, payable by August 31, 1996, from The Margaret B. Hexter Trust, Berkeley, California, and a \$54,670.25 transfer of President's discretionary funds for a total of \$192,397.07 and established The Louis Jules Hexter Endowed Presidential Scholarship in Theatre Arts in the Department of Theatre and Dance, College of Fine Arts, at The University of Texas at Austin.

Further, matching funds in the amount of \$16,021 will be reserved under The Brackenridge Matching Program #2 to be allocated proportionately as gifts are received to increase the endowment to a total of \$208,418.07.

Income earned from the endowment will be used to provide scholarship support for theatre arts students who have demonstrated high standards, academic excellence, unusual promise, and exceptional talent.

11. U. T. Austin: Authorization to Redesignate the J. E. Hickman Scholarship Fund in Law in the School of Law as the Lena and John Edward Hickman Endowed Presidential Scholarship in Law.--Authorization was granted to redesignate the J. E. Hickman Scholarship Fund in Law in the School of Law at The University of Texas at Austin as the Lena and John Edward Hickman Endowed Presidential Scholarship in Law.
12. U. T. Austin: Elton M. Hyder, Jr. and Martha R. Hyder Centennial Professorship in the School of Law - Redesignation as the Elton M. Hyder, Jr. and Martha Rowan Hyder Faculty Fellowship in Law.--With the concurrence of the donors, the Elton M. Hyder, Jr. and Martha R. Hyder Centennial Professorship in the School of Law at The University of Texas at Austin was redesignated as the Elton M. Hyder, Jr. and Martha Rowan Hyder Faculty Fellowship in Law.
13. U. T. Austin: Acceptance of Bequest of a Frederic M. Grant Painting Entitled "Venetian Procession" from the Estate of Marjorie Ice Irwin, Austin, Texas, for Addition to the Archer M. Huntington Art Gallery in the College of Fine Arts.--Upon recommendation of the Asset Management Committee, the Board accepted a specific bequest of a Frederic M. Grant painting entitled "Venetian Procession" valued at \$2,500 from the Estate of Marjorie Ice Irwin, Austin, Texas, for addition to the Archer M. Huntington Art Gallery in the College of Fine Arts at The University of Texas at Austin.

14. U. T. Austin: Acceptance of Bequests from the Estate of Joe J. King and Remainder Interest in the Joe J. King Testamentary Trust, Both of Houston, Texas, and Establishment of the Joe J. King Chair of Engineering in the College of Engineering.--The Asset Management Committee recommended and the Board accepted a bequest, consisting of the "Kendleton Meteorite" valued at \$8,000, for the benefit of the Texas Memorial Museum at The University of Texas at Austin.

Further, a one-half interest in the residue of the Estate of Joe J. King, Houston, Texas, comprised of cash, securities, and real estate, for an anticipated total of \$576,471.24 and the remainder interest in the Joe J. King Testamentary Trust, Houston, Texas (to be held by Texas Commerce Bank, N.A.), initially funded with approximately \$688,000 was accepted to establish the Joe J. King Chair of Engineering in the College of Engineering at U. T. Austin.

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

15. U. T. Austin: Establishment of Thirteen (13) Endowments in the School of Law.--The Board established thirteen (13) endowments in the School of Law at The University of Texas at Austin as set out below with the understanding that the funds for the endowments will be held and administered by The University of Texas Law School Foundation (an external foundation) in accordance with the Regents' Rules and Regulations:

ENDOWMENT:	<u>Linda and Max Addison</u>
	<u>Endowed Presidential</u>
	<u>Scholarship in Law</u>
Donors:	<u>Mr. and Mrs. Max (Linda)</u>
	<u>Addison, Houston, Texas</u>
Gift Amount:	\$12,500
Law School Fdn.	
Matching:	\$12,500
Total Endowment:	\$25,000

ENDOWMENT:	<u>Class of 1967 Endowed Presi-</u>
	<u>dential Scholarship in Law</u>
Donors:	Members of the Class of 1967
Gift Amount:	\$12,500
Law School Fdn.	
Matching:	\$12,500
Total Endowment:	\$25,000

ENDOWMENT:	<u>Class of 1980 Endowed Presi-</u>
	<u>dential Scholarship in Law</u>
Donors:	Members of the Class of 1980
Gift Amount:	\$12,500
Law School Fdn.	
Matching:	\$12,500
Total Endowment:	\$25,000

ENDOWMENT:	<u>Jack and Susan Hawkins Endowed</u>
	<u>Presidential Scholarship in Law</u>
Donors:	<u>Mr. and Mrs. Jack W. (Susan)</u>
	<u>Hawkins, Dallas, Texas</u>
Gifts and	
Pledges Amount:	\$15,000
Law School Fdn.	
Matching:	\$15,000
Total Endowment:	\$30,000

ENDOWMENT:	<u>Tom Long Endowed Presidential Scholarship in Law</u>
Donors:	<u>Various Donors</u>
Gift Amount:	\$12,500
Law School Fdn.	
Matching:	\$12,500
Total Endowment:	\$25,000
ENDOWMENT:	<u>Nick C. Nichols Endowed Presidential Scholarship in Advocacy Student Aid Foundation Enterprises (SAFE)</u>
Donor:	Houston, Texas
Gift Amount:	\$12,500
Pledge Amount:	\$12,500 payable by August 31, 1994
Law School Fdn.	
Matching:	\$25,000
Total Endowment:	\$50,000
ENDOWMENT:	<u>Dudley and Judy White Oldham Endowed Presidential Scholarship in Law</u>
Donors:	<u>Mr. and Mrs. D. Dudley (Judy White) Oldham, Houston, Texas</u>
Gifts and	
Pledges Amount:	\$12,500
Law School Fdn.	
Matching:	\$12,500
Total Endowment:	\$25,000
ENDOWMENT:	<u>Melvin W. Parse, Jr. Endowed Presidential Scholarship in Law</u>
Donors:	<u>Various Donors</u>
Gifts and	
Pledges Amount:	\$12,500
Law School Fdn.	
Matching:	\$12,500
Total Endowment:	\$25,000
ENDOWMENT:	<u>John Brandon Pope Endowed Presidential Scholarship in Law</u>
Donor:	<u>Mrs. Dorothy Ball Pope</u> Abilene, Texas
Gift Amount:	\$102,000
Law School Fdn.	
Matching:	\$102,000
Total Endowment:	\$204,000
ENDOWMENT:	<u>Judge Harold Barefoot Sanders, Jr. Endowed Presidential Scholarship in Law</u>
Donors:	<u>Various Donors</u>
Gifts and	
Pledges Amount:	\$12,500
Law School Fdn.	
Matching:	\$12,500
Total Endowment:	\$25,000
ENDOWMENT:	<u>Ernest E. Smith Endowed Presidential Scholarship in Law</u>
Donor:	<u>Mr. Jack Magids</u> Memphis, Tennessee
Gift Amount:	\$12,500
Law School Fdn.	
Matching:	\$12,500
Total Endowment:	\$25,000

ENDOWMENT:	<u>Robert A. Webb Endowed Presidential Scholarship in Law</u>
Donor:	<u>Mr. Robert A. Webb</u> Austin, Texas
Gift Amount:	\$12,500
Law School Fdn.	
Matching:	\$12,500
Total Endowment:	\$25,000

ENDOWMENT:	<u>R. Kinnan Golemon Endowed Presidential Scholarship in Environmental Law</u>
Donor:	<u>Brown McCarroll & Oaks Hartline</u> Austin, Texas
Gift Amount:	\$12,500
Law School Fdn.	
Matching:	\$12,500
Total Endowment:	\$25,000

Income earned from these thirteen endowments will be used to award scholarships to law students.

16. U. T. Austin: Approval to Accept Gift from Kenneth Leventhal & Company, Dallas, Texas, and Transfer of Funds and to Establish the Kenneth Leventhal & Company Endowed Scholarship in the College of Business Administration and the Graduate School of Business.--The Board, upon recommendation of the Asset Management Committee, accepted a \$10,000 gift from Kenneth Leventhal & Company, Dallas, Texas, and a \$5,000 transfer of funds from Dean's discretionary funds for a total of \$15,000 and established the Kenneth Leventhal & Company Endowed Scholarship in the College of Business Administration and the Graduate School of Business at The University of Texas at Austin.

Income earned from the endowment will be used to provide scholarships for students enrolled in the College of Business Administration and the Graduate School of Business, with preference given to students enrolled in the Professional Program in Accounting with a concentration in audit.

17. U. T. Austin: Approval to Accept Gift from Mr. Joel Levy, Through His Company, Rice Food Markets, Inc., Both from Houston, Texas, and Transfer of Funds and to Establish the Kay and Joel Levy Family Endowed Scholarship in the Department of Intercollegiate Athletics for Men.--Approval was given to accept a \$25,000 gift from Mr. Joel Levy, through his company, Rice Food Markets, Inc., both from Houston, Texas, and a \$12,500 transfer of Second Century Fund matching funds for a total of \$37,500 and to establish the Kay and Joel Levy Family Endowed Scholarship in the Department of Intercollegiate Athletics for Men at The University of Texas at Austin.

Income earned from the endowment will be used to provide scholarship support to student athletes participating in the men's athletics program.

18. U. T. Austin: Acceptance of Grant from The Trammell Foundation, Houston, Texas, and Establishment of The Trammell Scholarship Endowment in Music in the College of Fine Arts.--Upon recommendation of the Asset Management Committee, the Board accepted a \$25,000 grant from The Trammell Foundation, Houston, Texas, and established The Trammell Scholarship Endowment in Music in the Department of Music, College of Fine Arts, at The University of Texas at Austin.

Income earned from the endowment will be used for the benefit and development of promising orchestra students. Recipients will be appointed each year from among the most outstanding students in music, with preference given to string students who have demonstrated academic excellence, unusual promise, and exceptional talent.

19. U. T. Austin: Authorization to Accept Transfer of Funds and to Establish the Louis and Mary Lou Williams Endowed Scholarship in Community College Leadership in the College of Education.--Authorization was granted to accept a \$10,000 transfer of designated funds and to establish a quasi-endowment in the College of Education at The University of Texas at Austin to be named the Louis and Mary Lou Williams Endowed Scholarship in Community College Leadership.

Income earned from the endowment will be used to support students in the Community College Leadership Program in the College of Education.

20. U. T. El Paso: Estate of Frederick Louise Etter, El Paso, Texas - Final Report.--It was reported that the final distribution from the Estate of Frederick Louise Etter, El Paso, Texas, comprised of cash and a personal residence, had been received for a total bequest of \$76,409.92. These funds were used to establish a quasi-endowment at The University of Texas at El Paso named the Miss Frederick Louise Etter Memorial Library Fund.

21. U. T. El Paso: Acceptance of Gift from the Freedom Forum, Arlington, Virginia, and Establishment of the Freedom Forum Endowed Hispanic Scholarship Fund for Journalism Students.--The Board accepted a \$10,000 gift from the Freedom Forum, Arlington, Virginia, and established the Freedom Forum Endowed Hispanic Scholarship Fund for Journalism Students at The University of Texas at El Paso.

Income earned from the endowment will be used to provide an annual scholarship to a journalism student who meets the minimum academic requirements established by the U. T. El Paso Scholarship Office with preference given to Hispanic students.

22. U. T. El Paso: Acceptance of Gift from Mr. Reese M. Rowling, Corpus Christi, Texas, and Establishment of the Reese Rowling Endowed Fund for Geology.--The Asset Management Committee recommended and the Board accepted a \$10,000 gift from Mr. Reese M. Rowling, Corpus Christi, Texas, and established the Reese Rowling Endowed Fund for Geology at The University of Texas at El Paso.

Income earned from the endowment will be used to provide scholarship support to a graduate or undergraduate student in the field of geology at U. T. El Paso, based primarily on financial need.

23. U. T. El Paso: Approval to Accept Gift from Mr. and Mrs. Peter (Mei) Chan, Parkhill, Smith & Cooper, and Sierra Medical Center, All from El Paso, Texas, and to Establish the Anthony J. Tarquin Endowed Scholarship in Civil Engineering.--Upon recommendation of the Asset Management Committee, the Board accepted a \$10,000 gift, contributed in part by Mr. and Mrs. Peter (Mei) Chan, and matched by their respective employers, Parkhill, Smith & Cooper and Sierra Medical Center, all from El Paso, Texas, and established the Anthony J. Tarquin Endowed Scholarship in Civil Engineering at The University of Texas at El Paso.

Ninety percent of the income earned from the endowment will be used to award scholarships to engineering students, for student travel to professional meetings or competitions, equipment purchase or rental, stipends to support students' research or advanced study, and/or library materials and publications. The remaining ten percent of income earned will be reinvested in the corpus of the endowment.

24. U. T. San Antonio: Acceptance of Gifts from Various Donors and Transfer of Funds and Establishment of the James C. Gifford Memorial Scholarship.--Approval was given to accept \$6,500 in gifts from various donors and accumulated income and a \$3,500 transfer of unrestricted gifts for a total of \$10,000 and to establish an endowment at The University of Texas at San Antonio to be named the James C. Gifford Memorial Scholarship.

Income earned from the endowment will be used to provide scholarships for graduate students in archaeology or anthropology.

25. U. T. San Antonio: Acceptance of Gift from Mr. and Mrs. Donald A. (Cynthia A.) Heath, San Antonio, Texas, and Establishment of the Steven H. Heath Endowment.--The Board, upon recommendation of the Asset Management Committee, accepted a \$10,000 gift from Mr. and Mrs. Donald A. (Cynthia A.) Heath, San Antonio, Texas, and established the Steven H. Heath Endowment at The University of Texas at San Antonio.

Income earned from the endowment will be used to provide scholarships to student athletes.

26. U. T. San Antonio: Acceptance of Gifts from Various Donors and Establishment of the Rhoderick E. Key Memorial Fund.--The Asset Management Committee recommended and the Board accepted \$10,000 in gifts from various donors and established the Rhoderick E. Key Memorial Fund at The University of Texas at San Antonio.

Income earned from the endowment will be used for support of the College of Fine Arts and Humanities.

27. U. T. San Antonio: Acceptance of Gift from The North Loop 410 Association, Inc., San Antonio, Texas, and Establishment of The North Loop 410 Association, Inc. Endowed Scholarship.--Upon recommendation of the Asset Management Committee, the Board accepted a \$15,000 gift from The North Loop 410 Association, Inc., San Antonio, Texas, and established The North Loop 410 Association, Inc. Endowed Scholarship at The University of Texas at San Antonio.

Income earned from the endowment will be used for scholarships for students in the College of Business, the College of Sciences and Engineering, and Athletics.

28. U. T. Southwestern Medical Center - Dallas: Acceptance of Gift from Mr. and Mrs. Arnold N. Ablon, Through The Arnold N. Ablon Fund of the Communities Foundation of Texas, Dallas, Texas; Establishment of the Arnold N. and Carol S. Ablon Professorship in Biomedical Science; Allocation of Funds from the Private Fund Development Campaign; and Eligibility for Matching Funds Under the Texas Eminent Scholars Program.--The Board accepted a \$100,000 gift from Mr. and Mrs. Arnold N. Ablon, through The Arnold N. Ablon Fund of the Communities Foundation of Texas, Dallas, Texas, and established the Arnold N. and Carol S. Ablon Professorship in Biomedical Science at The University of Texas Southwestern Medical Center at Dallas.

Further, \$100,000 will be allocated from the \$12,500,000 challenge fund established with MSRDP funds at the U. T. Southwestern Medical Center - Dallas as part of the Private Fund Development Campaign and will be used to increase the endowment to a total of \$200,000.

Additionally, the actual income that will be earned on the \$100,000 gift will be certified to the appropriate State authorities for matching under the Texas Eminent Scholars Program as set out in Chapter 51, Subchapter I of the Texas Education Code, when matching funds are made available under that act.

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

See Page 58 related to an appointment to this Professorship.

29. U. T. Southwestern Medical Center - Dallas: Acceptance of Gift from Mr. and Mrs. Gene H. (Kathryne) Bishop, Dallas, Texas; Establishment of the Mrs. Gene H. (Kathryne) Bishop Pediatric Research Fund; Allocation of Funds from the Private Fund Development Campaign; and Eligibility for Matching Funds Under the Texas Eminent Scholars Program (No Publicity).--Authorization was granted to accept a gift of 25,000 shares of Life Partners Group, Inc. common stock, valued at \$496,875, from Mr. and Mrs. Gene H. (Kathryne) Bishop, Dallas, Texas, and to establish an endowment at The University of Texas Southwestern Medical Center at Dallas to be named the Mrs. Gene H. (Kathryne) Bishop Pediatric Research Fund.

Further, \$496,875 will be allocated from the \$12,500,000 challenge fund established with MSRDP funds at the U. T. Southwestern Medical Center - Dallas as part of the Private Fund Development Campaign and will be used to increase the endowment to a total of \$993,750.

Additionally, the actual income that will be earned on the \$496,875 gift will be certified to the appropriate State authorities for matching under the Texas Eminent Scholars Program as set out in Chapter 51, Subchapter I of the Texas Education Code, when matching funds are made available under that act.

Income earned from the endowment will be used to support endowed positions for faculty appointed in the Department of Pediatrics at the U. T. Southwestern Medical Center - Dallas.

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

30. U. T. Southwestern Medical Center - Dallas: Acceptance of Grant from The David Bruton, Jr. Charitable Trust, Dallas, Texas; Establishment of the David Bruton, Jr. Professorship in Clinical Cancer Research; Allocation of Funds from the Private Fund Development Campaign; and Eligibility for Matching Funds Under the Texas Eminent Scholars Program.--The Asset Management Committee recommended and the Board accepted a \$50,000 grant from The David Bruton, Jr. Charitable Trust, Dallas, Texas, and established the David Bruton, Jr. Professorship in Clinical Cancer Research at The University of Texas Southwestern Medical Center at Dallas.

Further, \$50,000 will be allocated from the \$25,000,000 challenge fund established by an anonymous donor as part of the Private Fund Development Campaign and will be used to increase the endowment to a total of \$100,000.

Additionally, the actual income that will be earned on the \$50,000 grant and the \$50,000 in challenge funds will be certified to the appropriate State authorities for matching under the Texas Eminent Scholars Program as set out in Chapter 51, Subchapter I of the Texas Education Code, when matching funds are made available under that act.

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

31. U. T. Southwestern Medical Center - Dallas: Redesignation of the Distinguished Chair in the Area of Basic Neurobiology as the Southwestern Ball Distinguished Chair in Basic Neuroscience Research.--Approval was given to redesignate the Distinguished Chair in the Area of Basic Neurobiology at The University of Texas Southwestern Medical Center at Dallas as the Southwestern Ball Distinguished Chair in Basic Neuroscience Research.

32. U. T. Southwestern Medical Center - Dallas: Acceptance of Pledge from Mrs. Kenney Marie Dixon Pickens, Dallas, Texas, for Addition to the Dixon Endowment Fund for Multiple Sclerosis Research; Allocation of Funds from the Private Fund Development Campaign; Redesignation of the Fund as the Kenney Marie Dixon Pickens Distinguished Professorship in Multiple Sclerosis Research; and Eligibility for Matching Funds Under the Texas Eminent Scholars Program.--Upon recommendation of the Asset Management Committee, the Board accepted a \$75,000 pledge, payable by December 31, 1998, from Mrs. Kenney Marie Dixon Pickens, Dallas, Texas, for addition to the Dixon Endowment Fund for Multiple Sclerosis Research at The University of Texas Southwestern Medical Center at Dallas.

Further, \$75,000 will be allocated from the \$25,000,000 challenge fund established by an anonymous donor as part of the Private Fund Development Campaign and will be used to increase the endowment to a total of \$253,943, and the endowment was redesignated as the Kenney Marie Dixon Pickens Distinguished Professorship in Multiple Sclerosis Research with the concurrence of the donor.

Additionally, the actual income that will be earned on the \$75,000 pledge, as received, and the \$75,000 allocation of challenge funds will be certified to the appropriate State authorities for matching under the Texas Eminent Scholars Program as set out in Chapter 51, Subchapter I of the Texas Education Code, when matching funds are made available under that act.

Income earned from the endowment will be used to support the Distinguished Professorship.

33. U. T. Southwestern Medical Center - Dallas: Acceptance of Gifts from Various Donors and Establishment of the Alfred and Mabel Gilman Memorial Scholarship Fund.--The Board, upon recommendation of the Asset Management Committee, accepted \$20,000 in gifts from various donors and established an endowment at The University of Texas Southwestern Medical Center at Dallas to be named the Alfred and Mabel Gilman Memorial Scholarship Fund.

Income earned from the endowment will be used to support research awards for graduate students in the Department of Pharmacology.

34. U. T. Southwestern Medical Center - Dallas: Rescission of Regental Action of February 1994 Regarding the Establishment of The Doctor Charles F. Gregory Chair in Orthopaedic Surgery; Acceptance of Gifts and Pledges from Various Donors; Redesignation of the Dr. Charles F. Gregory Fund as The Doctor Charles F. Gregory Chair in Orthopaedic Surgery; Allocation of Funds from the Private Fund Development Campaign; and Eligibility for Matching Funds Under the Texas Eminent Scholars Program.--In order to clarify the endowment records regarding the redesignation of the Dr. Charles F. Gregory Fund established at the April 1992 meeting, the Board:

- a. Rescinded the Regental action of February 1994 regarding the establishment of The Doctor Charles F. Gregory Chair in Orthopaedic Surgery at The University of Texas Southwestern Medical Center at Dallas

- b. Accepted gifts in the amount of \$250,000 and pledges in the amount of \$139,250, payable by December 31, 1997, from various donors for a total of \$389,250 to allow the redesignation of the Dr. Charles F. Gregory Fund as The Doctor Charles F. Gregory Chair in Orthopaedic Surgery
- c. Allocated the amount of \$389,250 from the \$12,500,000 challenge fund established with MSRDP funds at the U. T. Southwestern Medical Center - Dallas as part of the Private Fund Development Campaign to increase the endowment to a total of \$778,500
- d. Authorized the actual income that will be earned on the \$389,250 in gifts and pledges, as received, to be certified to the appropriate state authorities for matching under the Texas Eminent Scholars Program as set out in Chapter 51, Subchapter I of the Texas Education Code, when matching funds are made available under that act.

35. U. T. Southwestern Medical Center - Dallas: Acceptance of Bequest from the Estate of Ellen Adelle McGinley, Dallas, Texas, for Addition to the Lou and Ellen McGinley Lectureship in Psychiatric Research; Redesignation of the Lectureship as the Lou and Ellen McGinley Chair in Psychiatric Research; and Eligibility for Matching Funds Under the Texas Eminent Scholars Program.--The Asset Management Committee recommended and the Board accepted a \$450,000 bequest from the Estate of Ellen Adelle McGinley, Dallas, Texas, for addition to the Lou and Ellen McGinley Lectureship in Psychiatric Research at The University of Texas Southwestern Medical Center at Dallas for a total of \$500,000 and redesignated the Lectureship as the Lou and Ellen McGinley Chair in Psychiatric Research.

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

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

36. U. T. Southwestern Medical Center - Dallas: Authorization to Accept Gift from Aaron A. Hofmann, M.D., Salt Lake City, Utah, and to Establish The Orthopedic Resident Research Fund.--Authorization was granted to accept a \$500,000 gift from Aaron A. Hofmann, M.D., Salt Lake City, Utah, and to establish an endowment at The University of Texas Southwestern Medical Center at Dallas to be named The Orthopedic Resident Research Fund.

Income earned from the endowment will be used to provide funding for the research projects of residents in the Department of Orthopaedic Surgery at the U. T. Southwestern Medical Center - Dallas.

37. U. T. Southwestern Medical Center - Dallas: Acceptance of Gift from Mrs. J. Fred (Anne C.) Schoellkopf, Jr., Dallas, Texas; Establishment of the J. Fred Schoellkopf, Jr. Chair in Cardiology; Allocation of Funds from the Private Fund Development Campaign; and Eligibility for Matching Funds Under the Texas Eminent Scholars Program.--Upon recommendation of the Asset Management Committee, the Board accepted a \$250,000 gift from Mrs. J. Fred (Anne C.) Schoellkopf, Jr., Dallas, Texas, and established the J. Fred Schoellkopf, Jr. Chair in Cardiology at The University of Texas Southwestern Medical Center at Dallas.

Further, \$250,000 will be allocated from the \$12,500,000 challenge fund established with MSRDP funds at the U. T. Southwestern Medical Center - Dallas as part of the Private Fund Development Campaign and will be used to increase the endowment to a total of \$500,000.

Additionally, the actual income that will be earned on the \$250,000 gift will be certified to the appropriate State authorities for matching under the Texas Eminent Scholars Program as set out in Chapter 51, Subchapter I of the Texas Education Code, when matching funds are made available under that act.

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

38. U. T. Southwestern Medical Center - Dallas: Acceptance of Gift and Pledge from Mr. and Mrs. Lucian Touchstone and Mr. and Mrs. Gifford O. Touchstone, All of Dallas, Texas; Establishment of the Gifford O. Touchstone, Jr. and Randolph G. Touchstone Chair in Diabetes Research; Allocation of Funds from the Private Fund Development Campaign; and Eligibility for Matching Funds Under the Texas Eminent Scholars Program.--The Board accepted a \$30,000 gift and a \$220,000 pledge, payable by January 31, 1997, from Mr. and Mrs. Lucian Touchstone and Mr. and Mrs. Gifford O. Touchstone, all of Dallas, Texas, for a total of \$250,000 and established the Gifford O. Touchstone, Jr. and Randolph G. Touchstone Chair in Diabetes Research at The University of Texas Southwestern Medical Center at Dallas.

Further, \$250,000 will be allocated from the \$25,000,000 challenge fund established by an anonymous donor as part of the Private Fund Development Campaign and used to increase the endowment to a total of \$500,000.

Additionally, the actual income that will be earned on the \$30,000 gift and \$220,000 pledge, as received, and the \$250,000 in challenge funds will be certified to the appropriate State authorities for matching under the Texas Eminent Scholars Program as set out in Chapter 51, Subchapter I of the Texas Education Code, when matching funds are made available under that act.

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

39. U. T. Southwestern Medical Center - Dallas: Approval to Establish the Kent Waldrep Center for Basic Neuroscience Research; Specification to Use Income from the (a) Nerve Regeneration Endowment Fund, (b) Nerve Regeneration Endowment Fund No. 2, and (c) Southwestern Ball 1993 Endowment Fund; and Eligibility for Matching Funds Under the Texas Eminent Scholars Program.--Approval was given to establish the Kent Waldrep Center for Basic Neuroscience Research at The University of Texas Southwestern Medical Center at Dallas.

Further, income from the Nerve Regeneration Endowment Fund, the Nerve Regeneration Endowment Fund No. 2, and the Southwestern Ball 1993 Endowment Fund at the U. T. Southwestern Medical Center - Dallas was specified to support basic research related to nerve growth, function, and regeneration by faculty appointed to endowed positions at the Kent Waldrep Center for Basic Neuroscience Research.

In addition, the actual income earned from the Nerve Regeneration Endowment Fund, the Nerve Regeneration Endowment Fund No. 2, and the Southwestern Ball 1993 Endowment Fund will be certified to the appropriate State authorities for matching under the Texas Eminent Scholars Program as set out in Chapter 51, Subchapter I of the Texas Education Code, when matching funds are made available under that act.

40. U. T. Medical Branch - Galveston: Acceptance of Gifts to Include Cash and Three Parcels of Real Estate from E. Burke Evans, M.D., Galveston, Texas, and Establishment of the E. Burke Evans Orthopaedic Research Fund.--The Asset Management Committee recommended and the Board accepted gifts totalling \$276,500, comprised of \$32,000 cash and three parcels of real estate valued at \$244,500, as described below, from E. Burke Evans, M.D., Galveston, Texas, and established an endowment at The University of Texas Medical Branch at Galveston to be named the E. Burke Evans Orthopaedic Research Fund:
- a. Lot Ten (10), in Block 271, of Texas City Third Addition, a subdivision in Galveston County, Texas, according to the map or plat thereof recorded in Volume 254A, Page 24, in the Office of the County Clerk of Galveston County, Texas, valued at \$2,500.
 - b. Lots Seventy-Six (76) and Seventy-Seven (77) and the Surface Only of Lot Thirty-Eight (38) of Amburn Boat Basin, a subdivision in Galveston County, Texas, according to the map or plat thereof recorded in Volume 254A, Page 55, in the Office of the County Clerk of Galveston County, Texas, valued at \$97,000.
 - c. Lots Four (4) and Five (5) of Lauer Subdivision, a subdivision in Galveston County, Texas, according to the map or plat thereof recorded in Volume 254A, Page 67, in the Office of the County Clerk of Galveston County, Texas, valued at \$145,000.

Income earned from the endowment will be reinvested in the corpus of the endowment until it reaches \$300,000, at which time the income earned will be used to support research projects of orthopaedic residents and faculty, with priority given to residents' projects.

41. U. T. Medical Branch - Galveston: Acceptance of Bequest from the Estate of Ivalee Lucille Holtz, San Antonio, Texas, and Establishment of the Ivalee Lucille Holtz Scholarship Fund.--The Board, upon recommendation of the Asset Management Committee, accepted a bequest comprised of certificates of deposit totalling \$58,686.80 from the Estate of Ivalee Lucille Holtz, San Antonio, Texas, and established an endowment at The University of Texas Medical Branch at Galveston to be named the Ivalee Lucille Holtz Scholarship Fund.

Income earned from the endowment will be used to support scholarships for students at the U. T. Nursing School - Galveston.

42. U. T. Medical Branch - Galveston: Acceptance of Grant from The Sealy & Smith Foundation for the John Sealy Hospital, Galveston, Texas, for Addition to The John Sealy Centennial Chair in Neonatology and The John Sealy Centennial Chair in Cardiology in the Department of Medicine; Redesignation of the Two Endowments as the John Sealy Distinguished Centennial Chair in Neonatology and the John Sealy Distinguished Centennial Chair in Cardiology, Respectively; and Eligibility for Matching Funds Under the Texas Eminent Scholars Program.--Upon recommendation of the Asset Management Committee, the Board accepted a \$1,000,000 grant from The Sealy & Smith Foundation for the John Sealy Hospital, Galveston, Texas, for the benefit of The University of Texas Medical Branch at Galveston. Of the grant, \$500,000 will be added to The John Sealy Centennial Chair in Neonatology for a total endowment of \$1,000,000 and \$500,000 will be added to The John Sealy Centennial Chair in Cardiology in the Department of Medicine for a total endowment of \$1,000,000.

Further, the Chairs were redesignated as the John Sealy Distinguished Centennial Chair in Neonatology and the John Sealy Distinguished Centennial Chair in Cardiology in the Department of Medicine, respectively.

In addition, the actual income that will be earned on the \$1,000,000 grant, as received, will be certified to the appropriate State authorities for matching under the Texas Eminent Scholars Program as set out in Chapter 51, Subchapter I of the Texas Education Code, when matching funds are made available under that act.

43. U. T. Health Science Center - San Antonio: Authorization to Dissolve the Alfred Schenker Lectureship Program in Gastroenterology.--Authorization was granted to dissolve the Alfred Schenker Lectureship Program in Gastroenterology at The University of Texas Health Science Center at San Antonio and the funds were returned to the institution.

44. U. T. M.D. Anderson Cancer Center: Hal E. and Annie B. Adams Unitrust, Midland, Texas - Final Report.--It was reported that the final distribution from the Hal E. and Annie B. Adams Unitrust, Midland, Texas (held in trust by First City National Bank of Midland), comprised of cash and royalty payments, had been received for a total in excess of \$500,000 for the unrestricted use of The University of Texas M.D. Anderson Cancer Center.

The funds were used to fund special programs and activities which the institution was unable to budget through the normal educational and general budgeting process, including the Volunteer Recognition Program, the Anderson Network Publication, and the publication of the Conquest magazine.

45. U. T. M.D. Anderson Cancer Center: Estate of Esther Clark Daviss, Houston, Texas - Final Report.--It was reported that the final distribution from the Estate of Esther Clark Daviss, Houston, Texas, comprised of cash and a note receivable, had been received for a total bequest of \$19,291.26 to be used to support research programs at The University of Texas M.D. Anderson Cancer Center.

The funds were utilized for a research program by a faculty member in the Division of Medicine.

46. U. T. M.D. Anderson Cancer Center: Acceptance of Gifts and Pledges from Various Donors and Transfer of Funds and Establishment of the Gilbert H. Fletcher Memorial Chair.--The Asset Management Committee recommended and the Board accepted \$344,297.71 in gifts and \$155,702.29 in pledges, payable by August 31, 1999, from various donors and up to a \$500,000 transfer of designated funds for a total of \$1,000,000 and established the Gilbert H. Fletcher Memorial Chair at The University of Texas M.D. Anderson Cancer Center.

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

47. U. T. M.D. Anderson Cancer Center: Approval to Accept Bequest from the Estate of Floyd L. Haar, New York, New York.--Approval was given to accept a \$75,000 specific bequest from the Estate of Floyd L. Haar, New York, New York, for use in research and/or education on chronic lymphocytic leukemia at The University of Texas M.D. Anderson Cancer Center.

48. U. T. M.D. Anderson Cancer Center: Acceptance of Bequest from the Estate of Ralph E. Hays, Dallas, Texas.--The Board accepted a \$60,000 specific bequest from the Estate of Ralph E. Hays, Dallas, Texas, for use in general support of The University of Texas M.D. Anderson Cancer Center.

49. U. T. M.D. Anderson Cancer Center: Acceptance of Trust Distribution from the Mamie F. Twyman Martel Trust, Houston, Texas, and Establishment of the William Gaines Twyman Endowment Fund.--Upon recommendation of the Asset Management Committee, the Board accepted a \$20,000 distribution from the Mamie F. Twyman Martel Trust, Houston, Texas, and established the William Gaines Twyman Endowment Fund at The University of Texas M.D. Anderson Cancer Center.
- Income earned from the endowment will be used to relieve cancer sufferers.
50. U. T. M.D. Anderson Cancer Center: Estate of Mary Sue Edmondson McConnell, Sherman, Texas - Final Report.--It was reported that the final distribution from the Estate of Mary Sue Edmondson McConnell, Sherman, Texas, comprised of cash and a mortgage note, had been received for a total bequest of \$119,602 to be used to support lung and cancer research at The University of Texas M.D. Anderson Cancer Center.
51. U. T. M.D. Anderson Cancer Center: Acceptance of Bequest from the Estate of I. D. Rodgers, Jr., Lubbock, Texas.--The Asset Management Committee recommended and the Board accepted a bequest from the Estate of I. D. Rodgers, Jr., Lubbock, Texas, comprised of a .0625 royalty interest in approximately 600 acres in Kent County, Texas, valued at \$18,105 and \$5,531 in accumulated royalty payments for a total of \$23,636 to support research programs at The University of Texas M.D. Anderson Cancer Center.
52. U. T. M.D. Anderson Cancer Center: Acceptance of Transfer of Funds and Establishment of the Hubert L. and Olive Stringer Professorship for Cancer Treatment and Research.--The Board, upon recommendation of the Asset Management Committee, accepted a \$250,000 transfer of current restricted funds and established a quasi-endowment at The University of Texas M.D. Anderson Cancer Center to be named the Hubert L. and Olive Stringer Professorship for Cancer Treatment and Research.
- Income earned from the endowment will be used to support the Professorship.
53. U. T. M.D. Anderson Cancer Center: Acceptance of Bequest from the Estate of Nell Wilson, Alvin, Texas.--Upon recommendation of the Asset Management Committee, the Board accepted a one-seventh interest in the residue of the Estate of Nell Wilson, Alvin, Texas, in the amount of \$19,582.94 to support cancer research at The University of Texas M.D. Anderson Cancer Center.
54. U. T. Health Center - Tyler: Authorization to Accept Gift and Transfer of Funds and to Establish the Clemmie Hurst Cobb Memorial Endowment.--Authorization was granted to accept a \$5,000 gift from the family of Mrs. Clemmie Hurst Cobb, and a \$5,000 transfer of institutional funds for a total of \$10,000 and to establish the Clemmie Hurst Cobb Memorial Endowment at The University of Texas Health Center at Tyler.

Ninety percent of the income earned from the endowment will be used to sponsor guest lecturers at the U. T. Health Center - Tyler. The remaining ten percent of income earned will be reinvested in the corpus of the endowment.

55. U. T. Health Center - Tyler: Acceptance of Transfer of Funds for Addition to the Doctor and Mrs. Sam Topperman Lectureship and Redesignation of the Lectureship as the Dr. and Mrs. Sam Topperman Professorship in Medical Education.--The Board accepted a \$50,000 transfer of institutional funds for addition to the Doctor and Mrs. Sam Topperman Lectureship at The University of Texas Health Center at Tyler for a total endowment of \$100,000 and the Lectureship was redesignated as the Dr. and Mrs. Sam Topperman Professorship in Medical Education.

Ninety percent of the income earned from the endowment will be used to support the Professorship. The remaining ten percent of income earned will be reinvested in the corpus of the endowment.

See Page 60 related to an appointment to this Professorship.

56. U. T. Health Center - Tyler: Approval to Accept Gift and Pledge from the Vaughn Foundation, Tyler, Texas, and Transfer of Funds and to Establish The Dr. and Mrs. Jim Vaughn Professorship in Biomedical Research.--The Asset Management Committee recommended and the Board accepted a \$10,000 gift and a \$40,000 pledge, payable by August 31, 1999, from the Vaughn Foundation, Tyler, Texas, and a \$50,000 transfer of institutional funds for a total of \$100,000 and established The Dr. and Mrs. Jim Vaughn Professorship in Biomedical Research at The University of Texas Health Center at Tyler.

Ninety percent of the income earned from the endowment will be used to support the Professorship. The remaining ten percent of income earned will be reinvested in the corpus of the endowment.

57. U. T. Health Center - Tyler: Acceptance of Gift from the Watson W. Wise Foundation, Tyler, Texas, and Establishment of the Watson and Emma Wise Medical Research Journal Endowment.--Upon recommendation of the Asset Management Committee, the Board accepted a \$10,000 gift from the Watson W. Wise Foundation, Tyler, Texas, and established the Watson and Emma Wise Medical Research Journal Endowment at The University of Texas Health Center at Tyler.

Ninety percent of the income earned from the endowment will be used to purchase books, journals, and other research-related literature for the Watson W. Wise Medical Research Library at the U. T. Health Center - Tyler. The remaining ten percent of income earned will be reinvested in the corpus of the endowment.

III. INTELLECTUAL PROPERTY MATTER

U. T. Health Science Center - San Antonio: Approval of a Patent License Agreement with Entoptic Percepts, Inc., San Antonio, Texas, and Authorization for Dr. Raymond A. Applegate to Acquire Equity in and Serve as an Officer and Director of Entoptic Percepts, Inc.--The Board, upon recommendation of the Asset Management Committee:

- a. Approved the Patent License Agreement set out on Pages 113 - 122 by and between the U. T. Board of Regents, for and on behalf of The University of Texas Health Science Center at San Antonio, and Entoptic Percepts, Inc., San Antonio, Texas
- b. Approved the acquisition of equity in and service as an officer and director of Entoptic Percepts, Inc. by Dr. Raymond A. Applegate, Associate Professor in the Department of Ophthalmology in the U. T. Medical School - San Antonio at the U. T. Health Science Center - San Antonio.

Under the Patent License Agreement, Entoptic Percepts, Inc. is granted a royalty-bearing, exclusive, world-wide license under U. S. Patent No. 5,016,643 to manufacture, have manufactured, and/or sell licensed subject matter. Entoptic Percepts, Inc. will pay the U. T. Board of Regents (a) a running royalty of three percent (3%) of net sales and (b) one-half of gross revenues received from any sublicensee. Entoptic Percepts, Inc. also will make periodic payments to reimburse the University for all of its out-of-pocket expenses incurred in obtaining the patent.

The licensed subject matter is a device that can be used by an individual to visualize his own eye on the premise that individuals with diseases such as diabetes who are at a high risk of vision problems can monitor any vision changes between scheduled eye appointments. The University has been unable to license this invention to any established company that makes or distributes optical devices. Entoptic Percepts, Inc. will attempt to obtain funding through a small business grant in order to develop and market the product.

PATENT LICENSE AGREEMENT

THIS AGREEMENT is made by and between the BOARD OF REGENTS (BOARD) OF THE UNIVERSITY OF TEXAS SYSTEM (SYSTEM), an agency of the State of Texas, whose address is 201 West Seventh Street, Austin, Texas 78701, and ENTOPTIC PERCEPTS, INC. (LICENSEE), a Texas corporation having a principal place of business located at 3427 Hopecrest, San Antonio, Texas 78230.

W I T N E S S E T H :

Whereas BOARD owns certain PATENT RIGHTS and **TECHNOLOGY** RIGHTS related to LICENSED SUBJECT MATTER, which were developed at The University of Texas Health Science Center at San Antonio, a component institution of The University of Texas System;

Whereas BOARD desires to have the LICENSED SUBJECT MATTER developed and used for the benefit of LICENSEE, the inventor, BOARD, and the public as outlined in the Intellectual Property Policy promulgated by **the** BOARD: **and**

Whereas LICENSEE wishes to obtain a license from BOARD to practice LICENSED SUBJECT MATTER:

NOW, THEREFORE, in consideration of the mutual covenants and premises herein contained, the parties hereto agree as follows:

I. EFFECTIVE DATE

This agreement shall be effective as of January **1, 1994**, subject to approval by BOARD.

II. DEFINITIONS

As used in this Agreement, the following terms shall have the meanings indicated:

2.1 LICENSED SUBJECT RATTER shall mean inventions and discoveries covered by PATENT RIGHTS or TECHNOLOGY RIGHTS which is within **LICENSED** FIELD.

2.2 PATENT RIGHTS shall mean BOARD'S rights in information or discoveries covered by patents and/or patent applications, whether domestic or foreign, and all divisions, continuations, continuations-in-part, reissues, reexaminations or extensions thereof, and any letters patent that issue thereon, which name Dr. Raymond A. Applegate and Dr. Arthur Bradley as either sole or joint inventor and which relate to the manufacture, use, or sale of **"Vascular Entoptoscope"** as described in U.S. Patent No. **5,016,643** issued May 21, 1991.

2.3 **TECHNOLOGY RIGHTS** shall mean BOARD'S rights in any technical information, know-how, process, procedure, composition, device, method, formula, protocol, technique, software, design, drawing or data relating to "**Vascular Entoptoscope**" which is not covered by PATENT RIGHTS but which is necessary for practicing the invention at any time covered by PATENT RIGHTS.

2.4 LICENSED FIELD shall mean all fields of possible use.

2.5 LICENSED TERRITORY shall mean the world.

2.6 LICENSED PRODUCT shall mean any product SOLD by LICENSEE comprising LICENSED SUBJECT MATTER pursuant to this Agreement.

2.7 **SALE** or SOLD shall mean the transfer or disposition of a LICENSED PRODUCT for value to a party other than LICENSEE **or a** SUBSIDIARY.

2.8 SUBSIDIARY shall mean any business entity more than 50% owned by LICENSEE, any business entity which owns more than **50%** of LICENSEE, or any **business entity** that is more than 50% owned by a business entity that owns more than 50% of LICENSEE.

2.9 NET SALES shall mean the gross revenues received by LICENSEE from the SALE of LICENSED PRODUCTS less sales and/or use tax actually paid, import and/or export duties actually paid, outbound transportation prepaid or allowed, commissions and discounts and amounts allowed or credited due to returns (not to exceed the original billing or invoice amount).

III. WARRANTY, SUPERIOR-RIGHTS

BOARD represents and warrants its belief that it is the owner of the entire right, title, and interest in and to LICENSED SUBJECT MATTER, and that it has the sole right to grant licenses thereunder, and that it has not knowingly granted licenses thereunder to any other entity that would restrict rights granted **hereunder** except as stated herein.

IV. LICENSE

4.1 BOARD hereby grants to LICENSEE a royalty-bearing, exclusive license under LICENSED SUBJECT RATTER to manufacture, havemanufactured, and/or sell LICENSED PRODUCTS within LICENSED TERRITORY for use within LICENSED FIELD. This grant shall be subject to the payment by LICENSEE to BOARD of all consideration as provided in this Agreement, and shall be further subject to rights retained by BOARD to:

(a) Publish the general scientific findings from research related to LICENSED SUBJECT MATTER; and

(b) Use any information contained in LICENSED SUBJECT MATTER for research, teaching, and other non-commercial educationally-related purposes.

4.2 LICENSEE shall have the right to extend the license granted herein to any SUBSIDIARY provided that such SUBSIDIARY consents to be bound by this Agreement to the same extent as LICENSEE.

4.3 LICENSEE shall have the right to grant sublicenses consistent with this Agreement provided that LICENSEE shall be responsible for the operations of its sublicensee relevant to this Agreement as if such operations were, carried out by LICENSEE, including the payment of royalties whether or not paid to LICENSEE by the sublicensee. LICENSEE further agrees to deliver to BOARD a true and correct copy of each sublicense granted by LICENSEE, and any modification or termination thereof, within thirty (30) days after execution, modification, or termination. Upon termination of this Agreement, any and all existing sublicenses granted by LICENSEE shall be assigned to BOARD.

4.4 BOARD shall have the right at any time after four (4) years from the date of this Agreement in the United States, and eight (8) years for the remaining LICENSED TERRITORY, to terminate the exclusivity of the license granted herein in any national political jurisdiction within LICENSED TERRITORY if LICENSEE, within ninety (90) days after written notice from BOARD as to such intended termination of exclusivity, fails to provide written evidence that it has commercialized or is actively attempting to commercialize an invention hereunder within such jurisdiction. BOARD agrees to negotiate in good faith with LICENSEE for adjusting terms under such a non-exclusive arrangement. BOARD shall have the right at any time after five (5) years from the date of this Agreement to terminate the license completely in any national political jurisdiction if LICENSEE, within ninety (90) days after written notice from BOARD of such intended termination, fails to provide written evidence that it has commercialized or is actively attempting to commercialize an invention licensed hereunder within such jurisdiction. Evidence provided by LICENSEE that it has an ongoing and active research, development, manufacturing, marketing, or licensing program as appropriate, directed toward production and sale of products based on the invention disclosed and claimed in PATENTS or incorporating TECHNOLOGY within such jurisdiction shall be deemed satisfactory evidence.

V. PAYMENTS AND REPORTS

5.1 In consideration of rights granted by BOARD to LICENSEE under this Agreement, LICENSEE agrees to pay BOARD the following:

(a) A running royalty equal to three percent (3%) of NET SALES for LICENSED PRODUCTS;

(b) One half of the gross revenues received by LICENSEE from any sublicensee.

5.2 During the Term of this Agreement and for one (1) year thereafter, LICENSEE shall keep complete and accurate records of its and its sublicensee's SALES and NET SALES of LICENSED PRODUCTS under the license granted in this Agreement in sufficient detail to enable the royalties payable hereunder to be determined. LICENSEE shall permit BOARD or its representatives, at BOARD'S expense, to periodically examine its books, ledgers, and records during regular business hours for the purpose of and to the extent necessary to verify any report required under this Agreement. The results of such examinations will be held in confidence. In the event that the amounts due to BOARD are determined to have been underpaid by more than five percent (5%) calculated on an annual basis, LICENSEE shall pay the cost of such examination, and accrued simple interest on the unpaid amount at the current Federal Reserve prime rate plus 3 percent adjusted annually on the anniversary date of discovery until paid.

5.3 Once per year LICENSEE shall deliver to BOARD a true and accurate report, giving such particulars of the business conducted by LICENSEE and its sublicensees, if any exist, during the preceding twelve (12) calendar months under this Agreement as are pertinent to an account for payments hereunder. Such report shall include at least (a) the quantities of LICENSED **SUBJECT MATTER** that it has produced; (b) the total SALES; (c) the calculation of royalties thereon; and (d) the total royalties so computed and due BOARD. Simultaneously with the delivery of each such report, LICENSEE shall pay to BOARD the amount, if any, due for the period of such report. If no payments are due, it shall be so reported.

5.4 Upon the request of BOARD but not more often than once per calendar year, LICENSEE shall deliver to BOARD written report as to LICENSEE'S efforts and accomplishments during the preceding year in commercializing LICENSED **SUBJECT MATTER** in various parts of the LICENSED TERRITORY and its commercialization plans for the upcoming year.

5.5 All amounts payable hereunder by LICENSEE shall be payable in United States funds without deductions for taxes, assessments, fees, or charges of **any** kind other than elsewhere provided in this Agreement. Checks shall be made payable to BOARD OF REGENTS, The University of Texas System.

5.6 BOARD shall have the responsibility for prosecuting and maintaining any and all patents or patent applications included in **PATENT** RIGHTS in the United States and any additional patents or patent applications deemed advisable by BOARD covering all or part of the LICENSED **SUBJECT MATTER**.

5.7 LICENSEE may also request that BOARD obtain patent protection on the **LICENSED SUBJECT MATTER** in foreign countries. **LICENSEE** must notify BOARD within ten **(10)** months (or within four (4) months in the case of design applications) of the filing of the corresponding United States **application** of its decision to request foreign patents. The absence of a decision in writing from the LICENSEE to BOARD shall be considered an election not to secure foreign rights. Nothing herein shall be **construed** as to require BOARD to prosecute or maintain patent protection outside the United States.

5.8 LICENSEE shall reimburse BOARD for all its out-of-pocket expenses thus far incurred in filing, prosecuting, enforcing and maintaining PATENT RIGHTS exclusively licensed hereunder and shall pay all such future expenses so long as and in such countries as its license remains exclusive. LICENSEE shall pay three percent **(3%)** of NET SALES for LICENSED PRODUCTS or \$2,000, whichever is greater, (in addition to the royalty detailed in **5.1a**) until all out-of-pocket expenses are recovered by the BOARD. The first payment shall be due six (6) months from the date of the first sale. If LICENSEE notifies BOARD that it does not wish to pay the continuing costs of an application or patent, then BOARD may continue such payment at BOARD'S expense, and LICENSEE shall have no further rights therein.

5.9 Board shall keep complete and accurate records of its out-of-pocket expenses for the filing, prosecuting and maintenance/annuity of all patent applications and patents in sufficient detail to enable the out-of-pocket costs to be determined. BOARD shall permit LICENSEE or its representatives, at LICENSEE'S expense, to periodically examine its books, ledgers, and records during regular business hours for the purpose of and to the extent necessary to verify any report required under this Agreement. Such books and records will be preserved for not less than three (3) years from the date of the out-of-pocket expenses were paid to which they pertain. The results of such examinations will be held in confidence.

5.10 Once per year and once prior to the signing of this Agreement BOARD shall deliver to LICENSEE a true and accurate report, giving particulars of the current balance of out-of-pocket expenses incurred by the BOARD for the filing, prosecuting and maintenance/annuity of all patent applications and patents pertinent to this Agreement. Such reports shall include at least (a) the date, to whom, the dollar amount, for what purpose each out-of-pocket expense was paid and the current total balance of out-of-pocket expenses due the BOARD from LICENSEE. If no new **out-**of-pocket expenses were incurred in any given year, it shall be so reported. Such report shall also include copies of all invoices received by BOARD upon which such report is based.

VI. TERM AND TERMINATION

6.1 The Term of this Agreement shall extend from the Effective Date set forth hereinabove to the full end of the term or terms for which PATENT RIGHTS have not expired and if only TECHNOLOGY RIGHTS are licensed and no PATENT RIGHTS are applicable, for a term of fifteen (15) years.

6.2 This Agreement will earlier terminate:

(a) automatically if LICENSEE shall become bankrupt or insolvent and/or if the business of LICENSEE shall be placed in the hands of a receiver, assignee, or trustee, whether by voluntary act of LICENSEE or otherwise, and such receiver or trustee is not dismissed within ninety (90) days;

(b) upon ninety (90) days' written notice if LICENSEE shall breach or default on any obligation under this License Agreement; provided, however, LICENSEE may avoid such termination if before the end of such period LICENSEE notifies BOARD that such breach has been cured and states the manner of such cure:

(c) under the provisions of paragraph 4.4 if invoked.

6.3 Upon termination of this Agreement for any cause, nothing herein shall be construed to release either party of any obligation matured prior to the effective date of such termination. LICENSEE may, after the effective date of such termination, sell all LICENSED PRODUCT and parts therefor that it may have on hand at the date of termination, provided that it pays earned royalty thereon as provided in this Agreement.

VII. INFRINGEMENT BY THIRD PARTIES

7.1 LICENSEE shall have the obligation of enforcing at its expense any patent exclusively licensed hereunder against infringement by third parties and shall be entitled to retain recovery from such enforcement. Provided BOARD provides assistance covered in paragraph 7.2 below at no cost to LICENSEE, LICENSEE shall pay BOARD royalty as provided in paragraph 5.1(a) on any monetary recovery to the extent that such monetary recovery by LICENSEE is calculated on the basis of reasonable royalty or actual damages paid by the infringer for unauthorized making, using or selling of LICENSED PRODUCT. In the event that LICENSEE does not file suit against a substantial infringer of such patents within six (6) months of knowledge thereof, then BOARD shall have the right to enforce any patent licensed hereunder on behalf of itself and LICENSEE. At Board's election should it exercise its right to enforce a patent licensed hereunder against a substantial infringer, and upon written notice to LICENSEE, the running royalty rate set forth in Section 5.1(a) shall be doubled, and Board's

share of gross proceeds received by LICENSEE from any sublicense pursuant to Section **5.1(b)** shall be increased to three-fourths. Such increases in the amounts payable under Sections **5.1(a)** and (b) shall continue until **Board** has **recouped** its out-of-pocket expenses (**e.g.**, attorneys' fees, court costs and other costs of litigation) not otherwise recovered in the suit in enforcing the patent in question plus interest thereon **at** the current Federal Reserve prime rate plus 3 percent adjusted annually on the anniversary date of suit settlement. After **recovery** of all out-of-pocket expenses, and provided **LICENSEE** provides assistance covered in paragraph 7.2 below **at** no cost to the **BOARD**, **LICENSEE** is entitled to one-half of the monetary recovery. Thereafter, the amounts set forth in Sections **5.1(a)** and (b) shall be paid.

7.2 In any suit or dispute involving an infringer, the parties shall cooperate fully, and upon the request of the party bringing suit, the other party shall make available to the party bringing suit at reasonable times and under appropriate conditions all relevant personnel, records, **papers**, information, samples, specimens, and the like which are in its possession.

VIII. ASSIGNMENT

This Agreement may not be assigned by LICENSEE without the prior written consent of **BOARD**.

IX. PATENT MARKING

LICENSEE agrees to mark permanently and legibly all products and documentation manufactured or sold by it under this Agreement with such patent notice **as** may be permitted or required under Title 35, United States Code.

X. INDEMNIFICATION

LICENSEE **shall** hold harmless **and** indemnify **BOARD**, **SYSTEM**, **UNIVERSITY**, its Regents, officers, employees and agents from and against any claims, demands, or causes of action whatsoever, including without limitation those arising on account of any injury or death of person's **or** damage to property caused by, or arising out **of**, or resulting from, the exercise or practice of the license granted hereunder by LICENSEE or its officers, employees, agents, or representatives, except for claims, demands or causes of action arising due to the **BOARD'S**, **SYSTEM'S** or **UNIVERSITY'S** own actions or misrepresentations or the negligence or actions of its officers, employees or agents other than officers, employees or agents of LICENSEE.

XI. USE OF BOARD AND COMPONENT'S NAME

LICENSEE shall not use the name of UNIVERSITY, SYSTEM, BOARD, or Regents without express written consent.

XII. CONFIDENTIAL INFORMATION

12.1 BOARD and LICENSEE each agree that all information contained in documents marked "confidential" which are forwarded to **one by** the other shall be received in strict confidence, used only for the purposes of this Agreement, and **not** disclosed by the recipient party (except as required by law or court order), **its agents or** employees without the prior written consent of the other **party**, unless such information (a) was **in** the public domain at the time of disclosure, (b) later became part of the public **domain through no** act or omission of the recipient party, its employees, agents, successors, or assigns, (c) was lawfully disclosed to the **recipient** party by third party having the right to disclose it, (d) was already known by the recipient party at the time of disclosure, (e) was independently developed or (f) is required to be **submitted** to a government agency pursuant to any preexisting obligation.

12.2 Each party's obligation of confidence hereunder shall be fulfilled by using at least the same degree of care with **the other party's** confidential information it uses to protect its own confidential information. This obligation shall exist while this agreement is in force and for a period of three (3) years thereafter.

XIII. PATENTS AND INVENTIONS

LICENSEE shall reimburse **BOARD** in accordance with Section 5.8 for all expenses incurred by **BOARD** in searching, preparing, filing, prosecuting and maintaining patent applications and patents relating to PATENT RIGHTS. If after consultation with LICENSEE it is agreed by BOARD and LICENSEE that a patent application should be filed for LICENSED SUBJECT MATTER, BOARD will prepare and file appropriate patent applications, and LICENSEE will pay the cost of searching, preparing, filing, prosecuting and maintaining same. If LICENSEE notifies **BOARD** that it does not intend to pay the cost of an application, or if LICENSEE does not respond or make an effort to agree with BOARD on the disposition of rights of the subject **invention**, then BOARD may file such application at its own expense and LICENSEE shall have no rights to such invention. BOARD shall provide LICENSEE with a copy of the application filed for which **LICENSEE** has paid the cost of filing, as well as copies of any documents received or filed during prosecution thereof.

XIV. GENERAL

14.1 This Agreement constitutes the entire and only agreement between the parties for LICENSED SUBJECT MATTER and all other prior

negotiations, representations, agreements, and understandings are superseded hereby. No agreements altering or supplementing the terms' hereof may be made except by means of a written document signed by the duly authorized representatives of the parties.

14.2 Any notice required by this License Agreement shall be given by prepaid, first class, certified mail, return receipt requested, addressed in the case of BOARD to:

BOARD OF REGENTS
The University of Texas System
201 West 7th Street
Austin, TX 78701
ATTENTION: System Intellectual Property Office

or in the case of LICENSEE to:

Entoptic Percepts, Inc.
3427 Hopecrest
San Antonio, TX 78230
ATTENTION: Raymond A. Applegate, O.D., Ph.D.

or such other addresses as may be given from time to time under the terms of this notice provision.

14.3 All royalty payments shall be made payable to BOARD OF REGENTS, THE UNIVERSITY OF TEXAS SYSTEM, and shall be delivered to:

Executive Vice President for
Administration and Business Affairs
The University of Texas Health
Science Center at San Antonio
7703 Floyd Curl Drive
San Antonio, Texas 78284-7862

14.4 LICENSEE shall comply with all applicable federal, state and local laws and regulations in connection with its activities pursuant to this Agreement.

14.5 This License Agreement shall be construed and enforced in accordance with the laws of the United States of America and of the State of Texas.

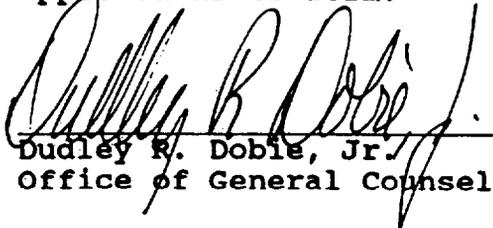
14.6 Failure of either party to enforce a right under this Agreement shall not act as a waiver of that right or the ability to later assert that right relative to the particular situation involved.

14.7. Headings included herein are for convenience only and shall not be used to construe this Agreement.

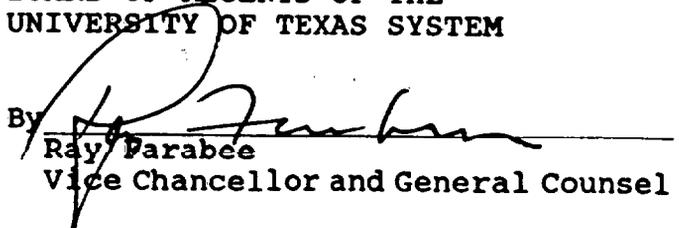
14.8 If any provision of this Agreement shall be found by a court to be void, invalid or unenforceable, the **same** shall be reformed to comply with applicable law or stricken if **not so** conformable, so as **not** to affect the validity **or** enforceability of this Agreement.

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

Approved as to form:


Dudley R. Dobie, Jr.
Office of General Counsel

BOARD OF REGENTS OF THE
UNIVERSITY OF TEXAS SYSTEM

By 
Ray Parabee
Vice Chancellor and General Counsel

APPROVED AS TO CONTENT:

By 
R. B. Price
Executive Vice President
for Administration and
Business Affairs

ENTOPTIC PERCEPTS, INC,

By 
Raymond A. Applegate, O.D., Ph.D.
President

IV. OTHER MATTER

U. T. System: Approval of Amendments to the Investment Guidelines Section of the (a) Permanent University Fund Investment Policy Statement, (b) Common Trust Fund Investment Policy Statement, and (c) Medical Liability Self-Insurance Fund Investment Policy Statement.--To allow for the use of derivative instruments in the management of Permanent University Fund, Common Trust Fund, and Medical Liability Self-Insurance Fund investments, the Board, with the concurrence of the Investment Advisory Committee and the Asset Management Committee, amended the Investment Guidelines section of the Permanent University Fund Investment Policy Statement, Common Trust Fund Investment Policy Statement, and Medical Liability Self-Insurance Fund Investment Policy Statement.

These amendments will provide the Asset Management Committee access to better financial tools with which to manage investment risk and execute asset allocation strategies at reduced costs.

The University of Texas System Permanent University Fund Investment Policy Statement as amended through April 14, 1994, is set forth in its entirety on Pages 123 - 129.

PERMANENT UNIVERSITY FUND
INVESTMENT POLICY STATEMENT

FUND CHARACTERISTICS

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

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

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

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

RESPONSIBILITY AND MANAGEMENT OF THE FUND

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

CONFLICT OF INTEREST

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

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

INVESTMENT OBJECTIVES

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

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

The Fund needs to appreciate to insure preservation of the purchasing power of the Fund and also to satisfy the need for income growth in the future.

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

ASSET MIX

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

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

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

In order to meet the Fund's investment objectives and in recognition of the role of various classes of investments, it shall be the policy to invest this Fund's assets with an annual average market value asset mix of each class of investments within the following limits:

	<u>Minimum</u>	<u>Maximum</u>	<u>Long-Term Optimal</u>
Unallocated funds	0%	10%	0%
Fixed income securities(1)	30%	60%	45%
Equity securities(1)	35%	60%	45%
Other investments(1)	0%	15%	10%

(1) Includes allocated cash and cash equivalents

PERFORMANCE GOALS

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

Specific performance goals for the Fund are:

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

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

PERFORMANCE MEASUREMENT

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

INVESTMENT GUIDELINES

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

Investment restrictions include the following:

- All investments must be U. S. dollar denominated unless held by an investment manager retained to manage an international portfolio.
- No investments may be made in securities of the South African government, its government agencies, or firms headquartered in South Africa.
- Commercial paper must be rated in the two highest quality classes by Moody's Investors Service, Inc. (P1 or P2) or Standard & Poor's Corporation (A1 or A2).
- Negotiable certificates of deposit must be with a bank that is associated with a holding company meeting the commercial paper rating criteria specified above or that has a certificate of deposit rating of 1 or better by Duff & Phelps.
- Bankers' Acceptances must be guaranteed by an accepting bank with a minimum certificate of deposit rating of 1 by Duff & Phelps.
- Repurchase Agreements and Reverse Repurchase Agreements must be with a domestic dealer selected by the Federal Reserve as a primary dealer in U. S. Treasury securities; or a bank that is associated with a holding company meeting the commercial paper rating criteria specified above or that has a certificate of deposit rating of 1 or better by Duff & Phelps.
- Investment policies of any unaffiliated liquid investment fund must be reviewed and approved by the Vice Chancellor for Asset Management prior to investment of Fund monies in such liquid investment fund. No requirement exists that such funds conform to the above restrictions on money market instruments.
- Corporate bonds and preferred stocks must be rated a minimum of Baa3 by Moody's Investors Service, Inc. or BBB- by Standard & Poor's Corporation, respectively, when purchased unless approved by the Vice Chancellor for Asset Management. Bonds rated below A3 or A- shall not constitute an excessive portion

of the total bond portfolio. Unrated bonds or preferred stocks may be purchased prior to review by the Asset Management Committee if, in the opinion of the System's investment staff, they are at least equal in quality to publicly offered securities eligible for purchase. The cost of bonds or preferred stocks rated below Baa3 or BBB-, unrated bonds, and unrated preferred stocks which have been purchased but have not been reviewed by the Asset Management Committee may not exceed 1% of the book value of the Fund.

- The weighted average maturity of the fixed income portfolio shall not exceed 17.5 years.
- Less than five percent of the voting securities of a corporation may be owned unless additional ownership is specifically authorized by the Vice Chancellor for Asset Management.
- No securities may be purchased or held which would jeopardize the Fund's tax-exempt status.
- No securities may be purchased on margin or leverage.
- No transactions in short sales will be made.
- Transactions in derivative instruments (other than those received as part of an investment unit) must be authorized by the Vice Chancellor for Asset Management and may occur only as part of a hedging, asset allocation, or other program authorized by the Asset Management Committee. For purposes of this policy, derivatives shall be defined as any instrument whose value is derived, in whole or part, from the value of any one or more underlying assets, or index of assets (such as stocks, bonds, commodities, interest rates, and currencies) and evidenced by forward, futures, swap, cap, floor, option, and other applicable contracts.
- Unaffiliated investment managers transacting solely within their assigned assets:
 - shall hold no more than 25% of their managed portfolio in any one industry at cost unless the manager was retained to concentrate in an industry or industries.
 - shall hold no more than 10% of their managed portfolio in the securities of one corporation at cost.
 - shall not hold investment in real estate, partnerships, and other such illiquid assets unless retained to manage this type of asset and shall hold no more than 10% of their managed portfolio at cost in any other asset category different than the type they were retained to manage. Short-term liquid investments are excluded from this limitation. Convertible securities are considered to be equity equivalents for purposes of this restriction.
 - shall hold no securities traded only in foreign markets unless they were retained to manage an international portfolio.

INVESTMENT MANAGEMENT FIRMS

Unaffiliated investment managers may be hired from time to time to provide the Fund with increased diversity through their unique style and approach to investing. Their purpose is to improve the Fund's return and to alter its volatility. Other than as limited by this Policy Statement, investment managers shall have complete investment discretion. In addition to performance, investment managers shall be monitored

for adherence to their investment style and shall be available as reasonably requested for open communication with the Board and The University of Texas System's investment and administrative staff.

FUND ADMINISTRATION

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

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

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

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

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

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

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

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

INVESTOR RESPONSIBILITY

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

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

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

The U. T. System Common Trust Fund Investment Policy Statement as amended through April 14, 1994, is set forth in its entirety on Pages 129 - 134.

COMMON TRUST FUND
INVESTMENT POLICY STATEMENT

FUND CHARACTERISTICS

The Common Trust Fund was established by the Board of Regents to allow for the pooled investment of privately-sourced endowment and trust funds held by The University of Texas System or by the U. T. Board of Regents in a fiduciary capacity. These endowment and trust funds are collectively invested to enhance the diversification of the assets held and to streamline investment and administrative operations.

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

RESPONSIBILITY AND MANAGEMENT OF THE FUND

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

CONFLICT OF INTEREST

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

- A member of the Board or the Investment Advisory Committee shall not direct nor participate in the decision to purchase or sell securities of a firm with which such member is affiliated.
- Investments will not be purchased from or sold to a member of the Board or the Investment Advisory Committee.

- All members of The University of Texas System investment and administrative staff must report any affiliation with another firm or organization to the Regents' Asset Management Committee. On an annual basis the staff will report the nature and extent of any investments in or business transacted with such firms.

INVESTMENT OBJECTIVES

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

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

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

ASSET MIX

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

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

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

In order to meet the Fund's investment objectives and in recognition of the role of various classes of investments, it shall be the policy to invest this Fund's assets with an annual average market value asset mix of each class of investments within the following limits:

	<u>Minimum</u>	<u>Maximum</u>	<u>Long-Term Optimal</u>
Unallocated funds	0%	10%	0%
Fixed income securities(1)	30%	60%	40%
Equity securities(1)	35%	60%	50%
Other investments(1)	0%	15%	10%

(1) Includes allocated cash and cash equivalents

PERFORMANCE GOALS

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

Specific performance goals for the Fund are:

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

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

PERFORMANCE MEASUREMENT

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

INVESTMENT GUIDELINES

The Fund must be invested at all times in strict compliance with the Texas Trust Code (Subtitle B, Title 9, Texas Property Code) and other applicable law. The primary and constant standard for making investment decisions is the "Prudent Person Rule."

Investment restrictions include the following:

- All investments must be U. S. dollar denominated unless held by an investment manager retained to manage an international portfolio.
- No investments may be made in securities of the South African government, its government agencies, or firms headquartered in South Africa.
- Commercial paper must be rated in the two highest quality classes by Moody's Investors Service, Inc. (P1 or P2) or Standard & Poor's Corporation (A1 or A2).
- Negotiable certificates of deposit must be with a bank that is associated with a holding company meeting the commercial paper rating criteria specified above or that has a certificate of deposit rating of 1 or better by Duff & Phelps.
- Bankers' Acceptances must be guaranteed by an accepting bank with a minimum certificate of deposit rating of 1 by Duff & Phelps.
- Repurchase Agreements and Reverse Repurchase Agreements must be with a domestic dealer selected by the Federal Reserve as a primary dealer in U. S. Treasury securities; or a bank that is associated with a holding company meeting the commercial paper rating criteria specified above or that has a certificate of deposit rating of 1 or better by Duff & Phelps.
- Investment policies of any unaffiliated liquid investment fund must be reviewed and approved by the Vice Chancellor for Asset Management prior to investment of Fund monies in such liquid investment fund. No requirement exists that such funds conform to the above restrictions on money market instruments.
- Corporate bonds and preferred stocks must be rated a minimum of Baa3 by Moody's Investors Service, Inc. or BBB- by Standard & Poor's Corporation, respectively, when purchased unless approved by the Vice Chancellor for Asset Management. Bonds rated below A3 or A- shall not constitute an excessive portion of the total bond portfolio. Unrated bonds or preferred stocks may be purchased prior to review by the Asset Management Committee if, in the opinion of the System's investment staff, they are at least equal in quality to publicly offered securities eligible for purchase. The cost of bonds or preferred stocks rated below Baa3 or BBB-, unrated bonds, and unrated preferred stocks which have been purchased but have not been reviewed by the Asset Management Committee may not exceed 1% of the book value of the Fund.
- Less than five percent of the voting securities of a corporation may be owned unless additional ownership is specifically authorized by the Vice Chancellor for Asset Management.
- No securities may be purchased or held which would jeopardize the Fund's tax-exempt status.
- No securities may be purchased on margin or leverage.
- No transactions in short sales will be made.
- Transactions in derivative instruments (other than those received as part of an investment unit) must be authorized by the Vice Chancellor for Asset Management and may occur only as part of a hedging, asset allocation, or other program authorized by the Asset Management Committee. For purposes of this policy, derivatives shall be defined as any instrument whose value is derived, in whole or part, from

the value of any one or more underlying assets, or index of assets (such as stocks, bonds, commodities, interest rates, and currencies) and evidenced by forward, futures, swap, cap, floor, option, and other applicable contracts.

- Unaffiliated investment managers transacting solely within their assigned assets:
 - shall hold no more than 25% of their managed portfolio in any one industry at cost unless the manager was retained to concentrate in an industry or industries.
 - shall hold no more than 10% of their managed portfolio in the securities of one corporation at cost.
 - shall not hold investment in real estate, partnerships, and other such illiquid assets unless retained to manage this type of asset and shall hold no more than 10% of their managed portfolio at cost in any other asset category different than the type they were retained to manage. Short-term liquid investments are excluded from this limitation. Convertible securities are considered to be equity equivalents for purposes of this restriction.
 - shall hold no securities traded only in foreign markets unless they were retained to manage an international portfolio.

INVESTMENT MANAGEMENT FIRMS

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

FUND ADMINISTRATION

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

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

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

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

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

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

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

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

INVESTOR RESPONSIBILITY

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

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

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

The U. T. System Medical Liability Self-Insurance Fund Investment Policy Statement as amended through April 14, 1994, is set forth in its entirety on Pages 134 - 139.

MEDICAL LIABILITY SELF-INSURANCE FUND INVESTMENT POLICY STATEMENT

FUND CHARACTERISTICS

The University of Texas System Professional Medical Liability Self-Insurance Plan, authorized by Chapter 59 of the Texas Education Code went into effect on April 1, 1977, to provide malpractice insurance coverage for staff physicians, medical students, residents, and fellows at the U. T. System health components. The Self-Insurance Plan's assets, excluding the assets held in an operating account, constitute the "Medical Liability Self-Insurance Fund." Internal growth of the Fund may occur through capital appreciation and retention of income in excess of settlement payments.

RESPONSIBILITY AND MANAGEMENT OF THE FUND

Fiduciary responsibility for the Plan and the Fund rests with the Board of Regents of The University of Texas System. Pursuant to the Board of Regents Order of April 15, 1977, and the Regents' Rules and Regulations, the Office of General Counsel administers the Plan. As administrator of the Plan, the Office of General Counsel has the responsibility for interpretation and implementation of the Plan; investigation of all medical malpractice claims; decisions regarding the trial or settlement of claims; retention of outside defense counsel for malpractice litigation; selection of insurance actuaries and consultants to review and make recommendations regarding premium changes, reserve procedures, and loss experiences; coordinating and participating in all risk management programs at health components; and performing such other functions as are appropriate for administration of the Plan. The Office of Business Affairs has responsibility for the accounting for the Plan, the Plan's operating account monies, and the cash receipts and disbursements of the Plan.

The Office of the Vice Chancellor for Asset Management administers the investment of the Self-Insurance Fund. Specific investment decisions are handled by the investment staff of the Asset Management Office as well as unaffiliated investment managers, who are employed from time to time. The Board retains an Investment Advisory Committee to provide counsel concerning portfolio and economic issues affecting the Fund.

CONFLICT OF INTEREST

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

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

INVESTMENT OBJECTIVES

The primary investment objective is to appreciate the total value of the Fund, over time, through capital appreciation and income generation. Management of the Fund attempts to meet this objective by maximizing the return on the Fund's investments, consistent with an appropriate level of risk and subject to maintaining adequate cash equivalent-short term investments to meet potential near-term settlement payments. Additionally, the Fund shall be diversified at all times to

provide reasonable assurance that investment in a single security, a class of securities, or industry will not have an excessive impact on the Fund.

ASSET MIX

Asset mix is the primary determinant of Fund performance and is the responsibility of the Regents' Asset Management Committee. Asset mix may be changed from time to time based on the economic and security market outlook.

In establishing asset mix, recognition of the role of short-term investments must be considered. Cash equivalent-short-term investments provide current income, but their principal purposes are to store purchasing power to fund longer term investments and to store the ability to meet potential near-term settlement payments. In order to insure that the Fund is able to meet settlement payments without suffering principal exposure, the following levels of short-term investments will be maintained:

- A minimum of 2 times the difference between the maximum and the minimum amount to be maintained in the operating account will be held in cash equivalent-short-term investments.
- A minimum of .50 times the total of the reserves for legal expenses plus the reserves for claim liabilities will be held in investments with a maturity of six months or less.

Equity, fixed income, and other investments will be held based on their potential risk-adjusted total return.

In order to meet the Fund's investment objectives and in recognition of the role of various classes of investments, it shall be the policy to invest this Fund's assets with an annual average market value asset mix of each class of investments within the following limits:

	<u>Minimum</u>	<u>Maximum</u>	<u>Long-Term Optimal</u>
Unallocated funds	(1)	15%	5%
Fixed income securities(2)	30%	60%	40%
Equity securities(2)	35%	60%	50%
Other investments(2)	0%	10%	5%

- (1) As calculated based on the short-term investment minimum requirements established above
 (2) Includes allocated cash and cash equivalents

PERFORMANCE GOALS

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

Specific performance goals for the Fund are:

- Common Stocks - Performance equal to or greater than the Standard & Poor's 500 Index.
- Bonds - Performance equal to or greater than the Shearson Lehman Government/Corporate Bond Index or other appropriate bond index.

- Total Fund Return - Performance equal to or greater than that of other comparable funds.

Active trading of bonds is necessary to prevent deterioration of portfolio market value and may result in the realization of book losses from time to time.

PERFORMANCE MEASUREMENT

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

INVESTMENT GUIDELINES

The Fund must be invested at all times in strict compliance with the Texas Trust Code (Subtitle B, Title 9, Texas Property Code) and other applicable law. The primary and constant standard for making investment decisions is the "Prudent Person Rule."

Investment restrictions include the following:

- All investments must be U. S. dollar denominated unless held by an investment manager retained to manage an international portfolio.
- No investments may be made in securities of the South African government, its government agencies, or firms headquartered in South Africa.
- Commercial paper must be rated in the two highest quality classes by Moody's Investors Service, Inc. (P1 or P2) or Standard & Poor's Corporation (A1 or A2).
- Negotiable certificates of deposit must be with a bank that is associated with a holding company meeting the commercial paper rating criteria specified above or that has a certificate of deposit rating of 1 or better by Duff & Phelps.
- Bankers' Acceptances must be guaranteed by an accepting bank with a minimum certificate of deposit rating of 1 by Duff & Phelps.
- Repurchase Agreements and Reverse Repurchase Agreements must be with a domestic dealer selected by the Federal Reserve as a primary dealer in U. S. Treasury securities; or a bank that is associated with a holding company meeting the commercial paper rating criteria specified above or that has a certificate of deposit rating of 1 or better by Duff & Phelps.
- Investment policies of any unaffiliated liquid investment fund must be reviewed and approved by the Vice Chancellor for Asset Management prior to investment of Fund monies in such liquid investment fund. No requirement exists that such funds conform to the above restrictions on money market instruments.
- Corporate bonds and preferred stocks must be rated a minimum of Baa3 by Moody's Investors Service, Inc. or BBB- by Standard & Poor's Corporation, respectively, when purchased unless approved by the Vice Chancellor for Asset Management. Bonds rated below A3 or A- shall not constitute an excessive portion of the total bond portfolio. Unrated bonds or preferred stocks may be purchased prior to review by the Asset Management Committee if, in the opinion

of the System's investment staff, they are at least equal in quality to publicly offered securities eligible for purchase. The cost of bonds or preferred stocks rated below Baa3 or BBB-, unrated bonds, and unrated preferred stocks which have been purchased but have not been reviewed by the Asset Management Committee may not exceed 1% of the book value of the Fund.

- Less than five percent of the voting securities of a corporation may be owned unless additional ownership is specifically authorized by the Vice Chancellor for Asset Management.
- No securities may be purchased or held which would jeopardize the Fund's tax-exempt status.
- No securities may be purchased on margin or leverage.
- No transactions in short sales will be made.
- Transactions in derivative instruments (other than those received as part of an investment unit) must be authorized by the Vice Chancellor for Asset Management and may occur only as part of a hedging, asset allocation, or other program authorized by the Asset Management Committee. For purposes of this policy, derivatives shall be defined as any instrument whose value is derived, in whole or part, from the value of any one or more underlying assets, or index of assets (such as stocks, bonds, commodities, interest rates, and currencies) and evidenced by forward, futures, swap, cap, floor, option, and other applicable contracts.
- Unaffiliated investment managers transacting solely within their assigned assets:
 - shall hold no more than 25% of their managed portfolio in any one industry at cost unless the manager was retained to concentrate in an industry or industries.
 - shall hold no more than 10% of their managed portfolio in the securities of one corporation at cost.
 - shall not hold investment in real estate, partnerships, and other such illiquid assets unless retained to manage this type of asset and shall hold no more than 10% of their managed portfolio at cost in any other asset category different than the type they were retained to manage. Short-term liquid investments are excluded from this limitation. Convertible securities are considered to be equity equivalents for purposes of this restriction.
 - shall hold no securities traded only in foreign markets unless they were retained to manage an international portfolio.

INVESTMENT MANAGEMENT FIRMS

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

FUND ADMINISTRATION

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

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

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

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

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

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

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

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

INVESTOR RESPONSIBILITY

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

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

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

RECONVENE.--At 11:50 a.m., the Board reconvened as a committee of the whole to consider those items remaining on the agenda.

ITEMS FOR THE RECORD

1. U. T. Southwestern Medical Center - Dallas: Establishment of Differential Graduate Tuition Rates for the Biomedical Engineering Program - Clarification of Effective Date.--It was reported that at the February 1994 meeting the U. T. Board of Regents authorized The University of Texas Southwestern Medical Center at Dallas to establish differential graduate tuition rates for the Biomedical Engineering Program effective June 1994. The effective date should be stated as "beginning with the 1994 Summer Session."

2. U. T. Health Science Center - San Antonio: Biosciences Initiative - Repayment of Pledge by the Texas Research and Technology Foundation (TRTF), San Antonio, Texas.--At the February 1994 meeting, the U. T. Board of Regents agreed to deferral of a \$1,000,000 payment due to The University of Texas Health Science Center at San Antonio from the Texas Research and Technology Foundation (TRTF), San Antonio, Texas, for a period of 90 days with interest to be paid at the 90-day Treasury Bill Rate for reasons set forth in that Minute Order.

It is herewith reported for the record that the deferred payment in the amount of \$1,003,698.58 was paid on February 15, 1994. The remaining obligation on the part of the TRTF is \$3,000,000 to be paid in equal payments of \$1,500,000 by December 31 of 1994 and 1995.

This repayment is a part of the San Antonio Biosciences Initiative which resulted in the construction of the Institute of Biotechnology and the McDermott Clinical Sciences Building at the U. T. Health Science Center - San Antonio for which PUF Bond Proceeds were advanced with a commitment for repayment by the TRTF.

REPORT OF BOARD FOR LEASE OF UNIVERSITY LANDS

Regent Rapoport, a member of the Board for Lease of University Lands, submitted the following report on behalf of that Board:

Report

The next Board for Lease meeting will be held on May 10, 1994, in Midland, Texas.

At that time, the Board will hold its 85th Oil and Gas Lease Sale and will offer for lease 41,907 acres of Permanent University Fund lands nominated by the oil and gas industry. The Board will also make available for lease 484,759 frontier acres located in El Paso, Hudspeth, and Terrell Counties, Texas.

Regent Rapoport noted that Executive Vice Chancellor Burck and his staff have been very creative and responsive to oil and gas market conditions and have generated income from the Permanent University Fund lands which otherwise may not have occurred.

OTHER MATTERS

Presentations by Members of the Coalition of African-American Community Based Organizations and Others Related to the U. T. Dallas Presidential Search Process.--Chairman Rapoport reported that, since the Material Supporting the Agenda was printed, he had agreed to a request from Dr. Darren Reagan, representing the Coalition of African-American Community Based Organizations, to appear before the Board to discuss the presidential search process at The University of Texas at Dallas.

Chairman Rapoport then recognized Regent Holmes who noted that five individuals, all being African-American community leaders in the Dallas area, had been given permission to speak to the Board related to the U. T. Dallas presidential search process. Regent Holmes further noted that the individuals had been allotted fifteen minutes (three minutes per speaker) for their remarks and then introduced the following speakers:

Mr. Victor Smith, President of the Dallas National Association for the Advancement of Colored People (NAACP)

Dr. Ga Oloku Lagbara, Vice President of the Southern Christian Leadership Conference

Mr. Lee Alcorn, President of the Grand Prairie Chapter of the NAACP

Mr. Allen McGill, President of the Black State Employees Association of Texas

Dr. Darren Reagan, Chairman of the Black State Employees Association of Texas and American Civil Liberties Union - Dallas.

Comments of Victor Smith

Thank you to all of the distinguished presidents of The University of Texas System. Thank you to those who are here as spectators and concerned individuals. As I stand here on behalf of America, as I stand here on behalf of humanity, as I stand here as a native of this State, I simply ask for your help. You have demonstrated agreement with your written criteria. You have before you a candidate who can lead at U. T. Dallas and certainly one who meets your criteria.

At this time, I would like to commend you for a job well done, but that is not enough. The final decision will be when you make your final selection. When you look at the criteria, we have one candidate that fits the criteria very well. If you will commit to the written criteria, we know that you will choose the best person to be the leader of that

great facility in Dallas, Texas. We know that you are in tune with the times, and we pray that what you do will bring a strong commitment for humanity and a strong commitment that we are all citizens of this great State of Texas. You have told us to go and work hard and get the best possible education that we can get. We have a candidate who has worked hard, is smart, and as you make your final decision, we pray that you will look at him as a dedicated example for higher education. We pray as you search yourselves and your souls that you will find your selection to be Dr. Franklyn Jenifer and that Dr. Jenifer will be a part of the U. T. System in Dallas, Texas.

Thank you, thank you, thank you for your yeomanship and your leadership ability.

Comments of Dr. Ga Oloku Lagbara

I am the Vice President of the Southern Christian Leadership Conference in Dallas, Texas. I want to thank all of you for the work you have done. I want to tell you first of all that I have examined the process from which we have come from 180 to those that we have under consideration at this time. It is an excellent procedure and you are to be commended on the way you have gone about this process. I want to encourage this body to think about diversity as you embrace a new president.

I have served as Chairman of the English Department at Mountain View College and as Vice President for Academic Affairs at Paul Quinn College. I own the only African-American owned mall in the State and it's in Dallas. We want to transform this mall into a one-stop shopping and community center. The one-story shopping center adjoins a four-story office tower, and we are encouraging and willing to grant free rent for businesses to be a part of that needed facility. It is called Westcliff Mall.

One of the things that I want to urge is to make a part of the U. T. System one who has evidenced strong support for educational excellence, and I am referring to Dr. Franklyn Jenifer. I want to add my special thanks to all of the other representatives that spoke of diversity. We are at the point where preparation and opportunity meet, and I believe you will consider Dr. Jenifer to be the right man at the right time and place for the right position.

Thank you.

Comments of Lee Alcorn

I am President of the Grand Prairie Chapter of the NAACP, and I serve on the Board of the American Civil Liberties Union. I would like to thank the Board for the process that has yielded the kind of results that we have been clamoring for all these so many years.

It is as if you are all in a huddle (referring to the Board table arrangement), and I would like to recommend that someday you might be facing the audience so that we can get a better feel of what this Board is doing. I feel like an intruder when you are going about the public business of this State.

It has been a good process for the presidency of U. T. Dallas with one exception. When we look at the four finalists, how come we have an attorney in the four finalists and how did that come about. I hope that political concerns will not outweigh the decision to be fair and that the selection will be based on the qualifications that you set forth.

I want to talk about diversity. This is an opportunity for the Board to do what is ethical and to express your concerns. It is time to have an African-American president. It is past due, and we have found a very well-qualified candidate that just happens to be an African-American. It would be sad if we miss this opportunity that we have been chasing for so long. I encourage this Board to do the right thing and select a president who is qualified and experienced and just happens to be an African-American. If you do what is right with regard to diversity, then you will add an African-American in this university system, and we have that person with Dr. Franklyn Jenifer. I encourage you to make that selection.

Comments of Allen McGill

I am Allen McGill and I am President of the Black State Employees Association of Texas. There were four other individuals in our group who were scheduled to be here today but they were unable to make the trip. I'd like to recognize those four individuals:

Dr. Yvonne Ewell, Board member, Dallas
Independent School District

Mrs. Evelyn Mitchell

Ms. Mary Luckey, Chairwoman, Southeast
Dallas Business and Professional Women's
Association

Mr. Sam Brown, President of the Dallas
Black Chamber of Commerce.

We have followed your process with some surprise and astonishment. We are now at the point where you have to look within yourselves for that Board leadership. Perhaps someday it will be possible for diversity to no longer be a concern. It is taking place here where the rubber meets the road.

It will be a difficult decision choosing among some well qualified candidates. The best and most qualified candidate is a person who has done yeoman work throughout this country and has earned his way from being a full professor to a sitting president. He

currently manages a budget of some \$500,000,000 and he clearly understands the need to raise money and understands the difficult transition from graduate to undergraduate schools. I encourage you to take a long hard look and find it in your heart to support this effort. You know the statistics as well as we do. The demographics of the presidents within the U. T. System are terrible. We believe that Dr. Jenifer is the best qualified candidate, and this is an opportunity at the right time and at the right place.

Comments of Darren Reagan

I am Darren Reagan with the Black State Employees Association of Texas. We appreciate the opportunity to speak before you. Certainly this is a monumental and historical moment. I want to commend this Board, and this Board in particular. My experience over a number of years has not always been pleasant, but it has been rewarding and it has been a challenging experience. We appreciate that you allow public comments today. You are to be commended for that. We had some concerns that we raised in the previous presidential search at The University of Texas at Arlington and being a part of this process has made a difference on both sides -- a difference that we feel complements the process. Our input to the Board is very critical. Being able to interface with this Board is an important step and this Board is to be commended for accepting the challenge. We have a challenge before us which reflects inclusiveness and diversity. It is incumbent that this Board meet the challenge of inclusiveness as we move into the 21st century. This System currently has no African-American presidents. This is one of the most wealthy systems in the country and the world for that matter. The eyes of Texas are upon each one of you. The challenge is for you to demonstrate your commitment to diversity. To Regents Rapoport, Temple, Lebermann, Cruikshank, Hicks, Holmes, Loeffler, Ramirez, and Smiley and Chancellor Cunningham and Dr. Duncan, we thank you for making sure that all segments of the community were involved.

We are at the goal line. The rules were set and the qualifications were advertised. We went after qualified candidates and we have qualified candidates. We have cleared the hurdles and we have played the game by your rules. Don't move the goalpost. Accept the challenge today and make a statement to all of this country. The eyes of this country are on Texas and this Board. We ask that you not look at preferential treatment but select the best qualified candidate.

Thank you very much.

On behalf of the Board, Chairman Rapoport expressed appreciation for the presentations.

RECESS TO EXECUTIVE SESSION.--At 12:15 p.m., the Board recessed to convene in Executive Session pursuant to Texas Government Code, Chapter 551, Article 551.074 to consider those matters set out in the Material Supporting the Agenda.

RECONVENE.--At 1:50 p.m., the Board reconvened in open session.

EXECUTIVE SESSION OF THE BOARD OF REGENTS

Chairman Rapoport reported that the Board had met in Executive Session in Room 116 of the Biomedical Research Building to discuss matters in accordance with Texas Government Code, Chapter 551, Article 551.074. In response to Chairman Rapoport's inquiry regarding the wishes of the Board, the following action was taken:

U. T. Health Science Center - Houston and U. T. Health Science Center - San Antonio: Settlements of Medical Liability Litigation.--Chairman Rapoport reported that in Executive Session the Board heard presentations from U. T. System Administration officials concerning the two medical liability matters listed in the agenda.

Based on these presentations and upon motion of Regent Ramirez, seconded by Regent Cruikshank, the Board authorized the Chancellor and the Office of General Counsel to settle the following medical liability litigation matters in accordance with the individual proposals presented in Executive Session:

- a. On behalf of The University of Texas Health Science Center at Houston the medical liability litigation filed by Tonia Garcia, Individually and as Administratrix of the Estate of Carolyn J. French, Deceased vs. Baylor College of Medicine, et al.
- b. On behalf of The University of Texas Health Science Center at San Antonio the medical liability litigation filed by Josephine and Clark Eyer, et al.

SCHEDULED MEETING.--Chairman Rapoport announced that the next scheduled meeting of the U. T. Board of Regents would be held on June 9, 1994, at The University of Texas of the Permian Basin.

ADJOURNMENT.--There being no further business, the meeting was adjourned at 1:55 p.m.

/s/ Arthur H. Dilly
Executive Secretary

April 22, 1994