

OMISSION

Pages 3427-3930

A. Ruth Baker

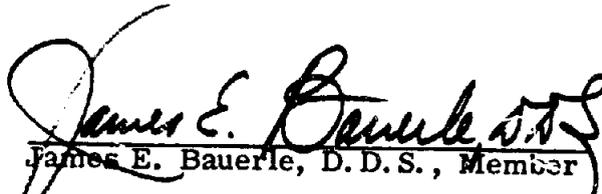
SIGNATURE OF OPERATOR

We, the undersigned members of the Board of Regents of The University of Texas System, hereby ratify and approve all actions taken at this meeting (May 14, 1976) to be reflected in the Minutes.

Signed this the 14th day of May, 1976, A. D.


Allan Shivers, Chairman


Dan Q. Williams, Vice-Chairman


James E. Bauerle, D. D. S., Member


Edward Clark, Member


Mrs. Lyndon B. Johnson, Member


Thos. H. Law, Member

A. G. McNeese, Jr., Member


Joe T. Nelson, M. D., Member


Walter G. Sterling, Member

MEETING NO. 740

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

Pages 1 - 129

May 14, 1976

Austin, Texas

MEETING NO. 740

FRIDAY, MAY 14, 1976. --The members of the Board of Regents of The University of Texas System convened in regular session at 9:10 a. m. on Friday, May 14, 1976, in Room 212 of the Main Building on the campus of The University of Texas at Austin, Austin, Texas.

ATTENDANCE. --

Present

Chairman Shivers, presiding
Vice-Chairman Williams
Regent Bauerle
Regent Clark
Regent (Mrs.) Johnson
Regent Law
Regent Nelson
Regent Sterling

Absent

*Regent McNeese

Secretary Thedford

Chancellor LeMaistre
Deputy Chancellor Walker

Chairman Shivers called the meeting to order.

BOARD OF REGENTS: APPROVAL OF MINUTES OF REGULAR MEETING ON MARCH 26, 1976. --The Minutes of the meeting of the Board of Regents of The University of Texas System held on March 26, 1976, in Austin, were approved as circulated by Secretary Thedford upon motion of Regent Sterling, seconded by Vice-Chairman Williams. The official copy is recorded in the Permanent Minutes, Volume XXIII, beginning with Page 2155.

Bond Matters

With respect to the following bond matters listed in the agenda, Chairman Shivers called attention to the recommendations that had been distributed by the Administration; and action thereon is outlined in the four items that follow:

BOARD OF REGENTS (U. T. PERMIAN BASIN): (1) RESOLUTION AUTHORIZING ISSUANCE OF BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM, THE UNIVERSITY OF TEXAS OF THE PERMIAN BASIN BUILDING AND GENERAL FEE REVENUE BONDS, SERIES 1976, \$600,000, FOR MOBILE HOMES AND SALE THEREOF TO THE FIRST NATIONAL BANK, NATIONAL BANK OF ODESSA, PERMIAN BANK AND TRUST, STATE NATIONAL BANK AND AMERICAN BANK (ALL OF ODESSA, TEXAS); (2) DESIGNATION OF NATIONAL BANK OF COMMERCE OF DALLAS, DALLAS, TEXAS, PAYING AGENT, AND (3) AWARDING OF CONTRACT TO HELMS PRINTING COMPANY, INC., DALLAS, TEXAS, FOR PRINTING THE BONDS. --(1) The resolution set out on Pages 3-14 was duly introduced

*Regent McNeese was excused on account of important business.

for the consideration of said Board and read in full. It was then duly moved by Regent Clark and seconded by Vice-Chairman Williams that said resolution be adopted; and, after due discussion, said motion carrying with it the adoption of said resolution, prevailed and carried by the following vote:

AYES: All members of said Board present voted "Aye."

NOES: None

This bond issue is for the purpose of providing part of the funds to acquire and equip housing facilities for approximately 200 students for and on behalf of The University of Texas of the Permian Basin.

The adoption of this resolution authorized issuance of Board of Regents of The University of Texas System, The University of Texas of the Permian Basin Building and General Fee Revenue Bonds, Series 1976, in the amount of \$600,000, and awarded the sale of the bonds to a Syndicate composed of the following banks in Odessa, Texas: The First National Bank, National Bank of Odessa, Permian Bank and Trust, State National Bank and American Bank, for cash for the par value thereof and accrued interest thereon to date of delivery (Page 14). The bonds shall bear interest at the rate of 5.25% per annum (Page 3).

(2) The bid of National Bank of Commerce of Dallas, Dallas, Texas, to serve as Paying Agent for the Board of Regents of The University of Texas System, The University of Texas of the Permian Basin Building and General Fee Revenue Bonds, Series 1976, in the amount of \$600,000, was accepted upon motion of Regent Clark, seconded by Vice-Chairman Williams, (Pages 4,5). In accordance with this bid, the National Bank of Commerce of Dallas will charge the Board of Regents \$0.05 per coupon and \$0.50 per bond paid.

(3) Upon motion of Regent Clark, seconded by Vice-Chairman Williams, Helms Printing Company, Inc., Dallas, Texas, the lowest and best bidder, was awarded the contract to print the Board of Regents of The University of Texas System, The University of Texas of the Permian Basin Building and General Fee Revenue Bonds, Series 1976, in the amount of \$600,000. These bonds are to be printed according to specifications with lithographed borders for the sum of \$298.50, there being one interest rate.

RESOLUTION AUTHORIZING THE ISSUANCE OF BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM, THE UNIVERSITY OF TEXAS OF THE PERMIAN BASIN, BUILDING AND GENERAL FEE REVENUE BONDS, SERIES 1976, \$600,000

WHEREAS, the Board of Regents of The University of Texas System is authorized to issue the bonds hereinafter authorized pursuant to Chapter 55, Texas Education Code.

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

Section 1. That said Board's negotiable, serial, coupon bonds to be designated the BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM, THE UNIVERSITY OF TEXAS OF THE PERMIAN BASIN, BUILDING AND GENERAL FEE REVENUE BONDS, SERIES 1976, are hereby authorized to be issued, sold, and delivered in the principal amount of \$600,000, for the purpose of providing part of the funds to acquire and equip housing facilities for approximately 200 students, for and on behalf of The University of Texas of the Permian Basin.

Section 2. That said bonds shall be dated MAY 1, 1976, shall be numbered consecutively from 1 THROUGH 120, shall be in the denomination of \$5,000 EACH, and shall mature and become due and payable serially on APRIL 1 in each of the years, and in the amounts, respectively, as set forth in the following schedule:

| <u>YEARS</u> | <u>AMOUNTS</u> |
|--------------|----------------|
| 1977 | \$125,000 |
| 1978 | 125,000 |
| 1979 | 125,000 |
| 1980 | 125,000 |
| 1981 | 100,000 |

Section 3. That said bonds shall bear interest from their date to their respective maturities at the rate of 5.25% per annum, evidenced by interest coupons which shall appertain to said bonds, and which shall be payable on the dates stated in the FORM OF BOND set forth in this Resolution.

Section 4. That said bonds, and the interest coupons appertaining thereto, shall be payable, shall have the characteristics, and shall be signed and executed (and said bonds shall be sealed), all as provided, and in the manner indicated, in the FORM OF BOND set forth in this Resolution.

Section 5. That the form of said bonds, including the form of Registration Certificate of the Comptroller of Public Accounts of the State of Texas to be printed and endorsed on each of said bonds, and the form of the aforesaid interest coupons which shall appertain and be attached initially to each of said bonds, shall be, respectively, substantially as follows:

FORM OF BOND

NO. _____ \$5,000

UNITED STATES OF AMERICA
 STATE OF TEXAS
 BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM,
 THE UNIVERSITY OF TEXAS OF THE PERMIAN BASIN,
 BUILDING AND GENERAL FEE REVENUE BOND,
 SERIES 1976

ON APRIL 1, 19 , the BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM promises to pay to bearer the principal amount of

FIVE THOUSAND DOLLARS

and to pay interest thereon, from the date hereof, at the rate of 5.25% per annum, evidenced by interest coupons payable OCTOBER 1, 1976, and semiannually thereafter on each APRIL 1 and OCTOBER 1 while this bond is outstanding.

THE PRINCIPAL of this bond and the interest coupons appertaining hereto shall be payable to bearer, in lawful money of the United States of America, without exchange or collection charges to the bearer, upon presentation and surrender of this bond or proper interest coupon, at the following, which shall constitute and be defined as the "Paying Agent" for this Series of bonds:

NATIONAL BANK OF COMMERCE OF DALLAS,
DALLAS, TEXAS.

THIS BOND is one of a Series of negotiable, serial, coupon bonds, dated MAY 1, 1976, issued in the principal amount of \$600,000, for the purpose of providing part of the funds to acquire and equip housing facilities for approximately 200 students, for and on behalf of The University of Texas of the Permian Basin.

IT IS HEREBY certified, recited, and covenanted that this bond has been duly and validly issued and delivered; that all acts, conditions, and things required or proper to be performed, exist, and be done precedent to or in the issuance and delivery of this bond have been performed, existed, and been done in accordance with law; and that the interest on and principal of this bond and the Series of which it is a part are secured by and payable from an irrevocable first lien on and pledge of the "Pledged Revenues", as defined and described in the Resolution authorizing this Series of bonds, which include the "Net Revenues of the Housing System" and the student General Fee".

SAID BOARD has reserved the right, subject to the restrictions stated in the Resolution authorizing this Series of bonds, to issue additional parity revenue bonds which also may be secured by and made payable from an irrevocable first lien on and pledge of the aforesaid Pledged Revenues.

THE HOLDER HEREOF shall never have the right to demand payment of this obligation out of any funds raised or to be raised by taxation, or from any source whatsoever other than the aforesaid "Pledged Revenues".

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

XXXXXXXXX

Secretary, Board of Regents,
The University of Texas System

XXXXXXXXX

Chairman, Board of Regents,
The University of Texas System.

FORM OF REGISTRATION CERTIFICATE:

COMPTROLLER'S REGISTRATION CERTIFICATE: REGISTER NO.

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

Witness my signature and seal this

XXXXXXXXX
Comptroller of Public Accounts of
the State of Texas.

FORM OF INTEREST COUPON:

NO. _____ \$131.25
ON _____ 1, 19__

THE BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM promises to pay to bearer the amount shown on this interest coupon, in lawful money of the United States of America, without exchange or collection charges to the bearer, upon presentation and surrender of this interest coupon, at the

NATIONAL BANK OF COMMERCE OF DALLAS,
DALLAS, TEXAS,

said amount being interest due that day on the bond, bearing the number hereinafter designated, of that issue of BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM, THE UNIVERSITY OF TEXAS OF THE PERMIAN BASIN, BUILDING AND GENERAL FEE REVENUE BONDS, SERIES 1976, DATED MAY 1, 1976. The holder hereof shall never have the right to demand payment of this obligation out of any funds raised or to be raised by taxation, or from any source whatsoever other than the "Pledged Revenues" defined in the bond to which this coupon is attached. Bond No. _____.

XXXXXXXXX
Secretary, Board of Regents Chairman, Board of Regents

Section 6. That hereinafter in this Resolution the following terms as used herein shall have the meanings set forth below, unless the text hereof specifically indicates otherwise:

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

The term "University" shall mean The University of Texas of the Permian Basin at Odessa, Texas.

The term "Bonds" shall mean the Building and General Fee Revenue Bonds, Series 1976, authorized to be issued pursuant to this Resolution.

The term "Additional Bonds" shall mean the additional parity revenue bonds permitted to be authorized in the future in this Resolution.

The term "outstanding", when used with reference to Bonds or Additional Bonds and as of a particular date, or time, shall mean all Bonds and Additional Bonds theretofore issued and not

cancelled, except Bonds or Additional Bonds for the payment or redemption of which cash, equivalent to the principal amount or redemption price thereof, with interest to date of maturity or redemption date, shall be held by the paying agent therefor, provided that if such Bonds or Additional Bonds are to be redeemed prior to date of maturity, notice of redemption shall have been given as provided in the resolution or resolutions authorizing such Bonds or Additional Bonds.

The term "Project" shall mean the facilities acquired, constructed, and equipped on the campus of the University, in part with the proceeds from the sale of the Bonds to provide housing for approximately 200 students.

The term "Gross Revenues", when used with reference to any facility or facilities, shall mean all of the revenues and income of every nature derived from the operation and ownership thereof.

The term "Current Expenses", when used with reference to any facility or facilities, shall mean all necessary operating and maintenance expenses thereof, including all expenses of reasonable upkeep and repairs, and all other expenses incident to the maintenance and operation thereof, but shall exclude depreciation and all general administrative expenses of the Board and the University.

The term "Net Revenues", when used with reference to any facility or facilities, shall mean all Gross Revenues derived therefrom, after deduction of the Current Expenses thereof.

The term "Housing System" shall mean and include the following facilities:

- (1) The Project;
- (2) Any student or faculty housing facilities which hereafter may, at the option of the Board, specifically be declared to be and made a part of the Housing System by resolution of the Board in connection with the issuance of Additional Bonds; and
- (3) All buildings, facilities, and services, of all of the foregoing, together with all improvements, extensions, and additions thereto and replacements thereof.

The term "General Fee" shall mean the gross collections of the general fee to be fixed, charged, and collected from all students (excepting any category of students now exempt from paying fees by the Education Code) enrolled at the University for the general use and availability of the University, in the manner and to the extent provided in this Resolution, and pledged to the payment of the Bonds and any Additional Bonds, as authorized by Chapter 55 of the Education Code.

The term "Pledged Revenues" shall mean collectively (a) the Net Revenues of the Housing System, (b) the General Fee, and (c) any additional revenues, income, receipts, or other resources, including, without limitation, any grants, donations, or income received or to be received from the United States Government, or any other public or private source, whether pursuant to an agreement or otherwise, which hereafter may, at the option of the Board, be pledged to the payment of the Bonds or the Additional Bonds.

Section 8. That the Bonds and any Additional Bonds and interest coupons appertaining thereto are and shall be secured by and payable from an irrevocable first lien on and pledge of the Pledged Revenues, and they shall constitute special obligations of the Board, payable solely from the Pledged Revenues, and such obligations shall not constitute a prohibited indebtedness of the University, the Board, or the State of Texas, and the holders of the Bonds and Additional Bonds and the coupons attached thereto shall never have the right to demand payment out of funds raised or to be raised by taxation.

Section 9. That there is hereby created and ordered to be established, and there shall be maintained on the books of the Board, a separate account to be entitled the "Housing System Revenue Fund" (hereinafter sometimes called the "Revenue Fund"). Commencing immediately after delivery of the Bonds, all Gross Revenues of the Housing System shall be deposited upon receipt to the credit of the Revenue Fund. The Current Expenses of the Housing System shall be paid from the Revenue Fund as a first charge against same.

Section 10. That to pay the principal of and interest on all outstanding Bonds and Additional Bonds, if any, as the same come due, there is hereby created and shall be established at an official depository of the Board, a separate fund to be entitled the "Housing System and General Fee Revenue Bonds Interest and Sinking Fund" (hereinafter sometimes called the "Interest and Sinking Fund").

Section 11. That there is hereby created and ordered to be established, at an official depository of the Board, a separate fund to be known as the "Housing System and General Fee Revenue Bonds Reserve Fund" (hereinafter sometimes called the "Reserve Fund"). The Reserve Fund shall be used finally in retiring the last of the outstanding Bonds and Additional Bonds, or for paying the principal of and interest on any outstanding Bonds and Additional Bonds, when and to the extent the amount in the Interest and Sinking Fund is otherwise insufficient for such purpose.

Section 12. Money in any Fund or account maintained pursuant to this Resolution may, at the option of the Board, be placed in secured time deposits or invested in direct obligations of, or obligations the principal of and interest on which are guaranteed by, the United States of America, and evidences of indebtedness of the Federal Land Banks, Federal Intermediate Credit Banks, Banks for Cooperatives, Federal Home Loan Banks, or Federal National Mortgage Association; provided that all such deposits and investments shall be made in such manner that the money required to be expended from any Fund or account will be available at the proper time or times. Such investments shall be valued in terms of current market value as of the last day of August of each year. Interest and income derived from such deposits and investments shall be credited to the Fund or account from which the deposit or investment was made; provided that so long as the "Required Amount" in market value is on deposit in the Reserve Fund, such interest and income derived from the Reserve Fund shall be deposited to the credit of the Interest and Sinking Fund and used for paying interest on the Bonds. All investments shall be sold promptly when necessary to prevent any default in connection with the Bonds or Additional Bonds.

Section 13. (a) That the Board covenants and agrees to fix, levy, charge, and collect the General Fee from all students (excepting any category of students now exempt from paying fees by the Education Code) enrolled at the University at each regular fall and spring semester and at each term of each summer session, for the general use and availability of the University, in such amounts, without any limitation whatsoever, as will be at least sufficient at all times to provide, together with other Pledged Revenues, the money for making all deposits required to be made to the credit of the Interest and Sinking Fund and the Reserve Fund in connection with the Bonds and any Additional Bonds.

(b) That effective with the 1976 regular fall semester a General Fee for the general use and availability of the University is hereby fixed and shall be collected from each student (excepting any student in a category now exempt from paying fees by the Education Code) enrolled at the University, as follows:

\$4.00 per registered Semester Credit Hour at each of the regular fall and spring semesters, and at each term of each summer session.

(c) That the General Fee shall be increased as and when required by this Resolution, and may be decreased so long as all Pledged Revenues are sufficient to provide the money for making all deposits required to be made to the credit of the Interest and Sinking Fund and the Reserve Fund in connection with the Bonds and any Additional Bonds. All changes in such General Fee shall be made by resolution of the Board, but such procedure shall not constitute or be regarded as an amendment of this Resolution, but merely the carrying out of the provisions hereof.

(d) It is specifically found and determined by the Board: (i) that the Bonds are issued pursuant to Section 55.17 of the Education Code, to be secured by a pledge of an unlimited use fee (the General Fee); and (ii) that no bonds payable from or secured by any kind of use fees at the University previously have been issued, and no use fees at the University are encumbered or have been pledged in any manner except as provided in this Resolution; and (iii) that the estimated maximum amount per semester hour of the General Fee (based on current enrollment and conditions) during any future semester necessary to provide for the payment of the principal of and interest on the Bonds when due does not exceed \$4.00 per semester hour.

Section 14. (a) That immediately after the delivery of the Bonds all accrued interest received from the sale of the Bonds shall be deposited to the credit of the Interest and Sinking Fund.

(b) That on or before September 25, 1976, and semiannually on or before each March 25th and September 25th thereafter, the Board shall transfer from the Pledged Revenues and deposit to the credit of the Interest and Sinking Fund the amounts as follows:

(1) an amount which, together with any other amounts then on deposit therein and available for such purpose, will be sufficient to pay the interest scheduled to come due on the Bonds on the next succeeding interest payment date; and

(2) such amounts, in approximately equal semi-annual installments, as will be sufficient to pay the principal scheduled to mature and come due on the Bonds on the next succeeding April 1.

Section 15. That immediately after the delivery of the Bonds the amount of \$139,000 from the proceeds from the sale and delivery of the Bonds shall be deposited to the credit of the Reserve Fund. When and so long as the money and investments in the Reserve Fund are at least equal in market value to the amount of the average annual principal and interest requirements of the then outstanding Bonds (the "Required Amount") then no additional deposits are required to be made therein; provided that if the Reserve Fund is at any time, or should be depleted to, less than the Required Amount in market value, then, subject to making the deposits when and as required into the Interest and Sinking Fund, all Pledged Revenues shall be deposited into the Reserve Fund until the Reserve Fund contains, or is restored to, the Required Amount in market value.

Section 16. (a) That if on any occasion there shall not be sufficient Pledged Revenues to make the required deposits into the Interest and Sinking Fund and the Reserve Fund, then such deficiency shall be made up as soon as possible from the next available Pledged Revenues, or from any other sources available for such purpose.

(b) Subject to making all deposits to the credit of the Interest and Sinking Fund and the Reserve Fund as required by this Resolution, or any resolution authorizing the issuance of Additional Bonds, the surplus Pledged Revenues may be used by the Board for any lawful purpose.

Section 17. That all money in all Funds established by this Resolution, to the extent not invested, shall be secured in the manner prescribed by law for securing funds of the Board, in principal amounts at all times not less than the amounts of money credited to such Funds, respectively.

Section 18. That whenever the total amount in the Interest and Sinking Fund and the Reserve Fund shall be equivalent to (1) the aggregate principal amount of all Bonds and Additional Bonds, if any, outstanding, plus (2) the aggregate amount of all unpaid interest coupons thereto appertaining unmatured and matured, no further payment need be made into the Interest and Sinking Fund or the Reserve Fund. In determining the amount of Bonds or Additional Bonds outstanding, there shall be subtracted the amount of any Bonds or Additional Bonds which shall have been duly called for redemption and for which funds shall have been deposited with the paying agents sufficient for such redemption.

Section 19. That the Board shall have the right and power at any time and from time to time, and in one or more Series or issues, to authorize, issue, and deliver additional parity revenue bonds (herein called "Additional Bonds") in any amounts, for any lawful purpose, including the refunding of any Bonds or Additional Bonds. Such Additional Bonds, if and when authorized, issued, and delivered in accordance with this Resolution, shall be secured and payable equally and ratably on a parity with the Bonds, and all other outstanding Additional Bonds, by an irrevocable first lien on and pledge of the Pledged Revenues.

Section 20. (a) Each resolution under which Additional Bonds are issued shall provide that the Interest and Sinking Fund and the Reserve Fund established by this Resolution shall secure and be used to pay all Additional Bonds as well as the Bonds. However, each resolution under which Additional Bonds are issued shall specifically provide and require that, in addition to the amounts required by the provisions of this Resolution and the provisions of any other resolution or resolutions authorizing Additional Bonds to be deposited to the credit of the Interest and Sinking Fund, the Board shall transfer from the Pledged Revenues and deposit to the credit of the Interest and Sinking Fund at least such amounts as are required for the payment of all principal of and interest on said Additional Bonds then being issued, as the same comes due, and that the Board shall transfer from said Pledged Revenues and deposit to the credit of the Reserve Fund at least such amounts as will, together with any other amounts already required to be deposited in the Reserve Fund in connection with the Bonds and any Additional Bonds, be sufficient to cause the Reserve Fund to accumulate and contain within a period of not to exceed five years from the date of the then proposed Additional Bonds a total amount of money and investments at least equal in market value to the average annual principal and interest requirements of all Bonds and Additional Bonds scheduled to be outstanding after the issuance of the then proposed Additional Bonds.

(b) The principal of all Additional Bonds must be scheduled to be paid or mature on April 1 of the years in which such principal is scheduled to be paid or mature; and all interest thereon must be payable on October 1 and April 1.

Section 21. Additional Bonds shall be issued only in accordance with this Resolution, but notwithstanding any provisions of this Resolution to the contrary, no installment, Series, or issue of Additional Bonds shall be issued or delivered unless:

(a) The senior financial officer of the University signs a written certificate to the effect that the Board is not in default as to any covenant, condition, or obligation in connection with all outstanding Bonds and Additional Bonds, and the resolutions authorizing same, and that the Interest and Sinking Fund and the Reserve Fund each contains the amount then required to be therein.

(b) The State Auditor of the State of Texas, or any certified public accountant, signs a written certificate to the effect that, during either the University's fiscal year, or the twelve calendar month period, next preceding the date of execution of such certificate, the Pledged Revenues were at least equal to 1.25 times the average annual principal and interest requirements of all Bonds and Additional Bonds then outstanding.

(c) The senior financial officer of the University signs a written certificate to the effect that during each University fiscal year while any Bonds or Additional Bonds are scheduled to be outstanding, beginning with the fiscal year next following the date of the then proposed Additional Bonds, the Pledged Revenues estimated to be received during each of said fiscal years, respectively, will be at least equal to 1.25 times the principal and interest requirements of all Bonds and Additional Bonds scheduled to be outstanding after the issuance of the then proposed Additional Bonds, during each of said fiscal years, respectively.

Section 22. On or before the last day of September, 1976, and on or before the last day of each March and of each September thereafter while any of the Bonds and Additional Bonds, if any, are outstanding and unpaid, there shall be made available to the paying agents therefor, out of the Interest and Sinking Fund, and/or the Reserve Fund, if necessary, money sufficient to pay such interest on and such principal of the Bonds and Additional Bonds, if any, as will accrue or mature on the October 1 or April 1 next succeeding. The paying agents shall totally destroy all paid Bonds and Additional Bonds, if any, and the coupons appertaining thereto, and shall furnish the Board with an appropriate certificate of destruction.

Section 23. The Board further covenants and agrees that:

(a) It will faithfully perform at all times any and all covenants, undertakings, stipulations, and provisions contained in this Resolution and each resolution authorizing the issuance of Additional Bonds, and in each and every Bond and Additional Bond; that it will promptly pay or cause to be paid from the Pledged Revenues the principal of and interest on every Bond and Additional Bond, on the dates and in the places and manner prescribed in such resolutions and Bond or Additional Bonds; and that it will, at the times and in the manner prescribed, deposit or cause to be deposited from the Pledged Revenues the amounts required to be deposited into the Interest and Sinking Fund and the Reserve Fund; and any holder of the Bonds or Additional Bonds may require the Board, its officials and employees, and any appropriate official of the State of Texas, to carry out, respect, or enforce the covenants and obligations of this Resolution or any resolution authorizing the issuance of Additional Bonds, by all legal and equitable means, including specifically, but without limitation, the use and filing of mandamus proceedings, in any court of competent jurisdiction, against the Board, its officials and employees, or any appropriate official of the State of Texas.

(b) It is duly authorized under the laws of the State of Texas to create and issue the Bonds; that all action on its part for the creation and issuance of the Bonds has been duly and effectively taken, and that the Bonds in the hands of the holders and owners thereof are and will be valid and enforceable special obligations of the Board in accordance with their terms.

(c) It lawfully owns and is lawfully possessed of the campus, lands, buildings, and facilities constituting the University, except for the Housing System, which it will acquire, construct, and own, and has or will have a good and indefeasible estate and title in such campus, lands, buildings, and facilities in fee simple, that it warrants that it will defend the title to all the aforesaid campus, lands, buildings, and facilities, and every part thereof, for the benefit of the holders and owners of the Bonds and Additional Bonds against the claims and demands of all persons whomsoever, that it is lawfully qualified to pledge the Pledged Revenues to the payment of the Bonds and Additional Bonds in the manner prescribed herein, and has lawfully exercised such rights.

(d) It will from time to time and before the same become delinquent pay and discharge all taxes, assessments, and governmental charges, if any, which shall be lawfully imposed upon it, or the campus, buildings, and facilities of the University, and the Housing System, that it will pay all lawful claims for rents, royalties, labor, materials, and supplies which if unpaid might by law become a lien on or charge thereon, the lien of which

would be prior to or interfere with the liens hereof, so that the priority of the liens granted hereunder shall be fully preserved in the manner provided herein, and that it will not create or suffer to be created any mechanic's, laborer's, materialman's, or other lien or charge which might or could be prior to the liens hereof, or do or suffer any matter or thing whereby the liens hereof might or could be impaired; provided, however, that no such tax, assessment, or charge, and that no such claims which might be used as the basis of a mechanic's, laborer's, materialman's or other lien or charge, shall be required to be paid so long as the validity of the same shall be contested in good faith by the Board.

(e) That while the Bonds or any Additional Bonds are outstanding and unpaid it will continuously and efficiently operate and maintain the University and the Housing System, in good condition, repair, and working order, and at a reasonable cost.

(f) That while the Bonds or any Additional Bonds are outstanding and unpaid, the Board shall not additionally encumber the Pledged Revenues in any manner, except as permitted in this Resolution in connection with Additional Bonds, unless said encumbrance is made junior and subordinate in all respects to the liens, pledges, covenants, and agreements of this Resolution.

(g) That while the Bonds or any Additional Bonds, are outstanding and unpaid, and except as provided in this Resolution, the Board shall not sell, lease, convey, mortgage, or in any manner transfer title to or otherwise dispose of the University or the Housing System, or any significant or substantial part thereof; provided that whenever the Board deems it necessary to dispose of any property, furnishings, and equipment, it may sell or otherwise dispose of such property, furnishings, and equipment when it has made arrangements to replace the same or provide substitutes therefor, unless it determines that such replacement or substitution will not adversely affect the Bonds and any Additional Bonds.

(h) The Board will fix, establish, maintain, and collect such parietal rules, rentals, rates, charges, and fees for the use and availability of the Housing System as are necessary to produce Gross Revenues of the Housing System sufficient to pay all Current Expenses of the Housing System, and sufficient, together with other Pledged Revenues, to make all payments and deposits required to be made into the Interest and Sinking Fund and the Reserve Fund, in connection with all Bonds and Additional Bonds.

(i) Proper books of record and account will be kept in which full, true, and correct entries will be made of all dealings, activities, and transactions relating to the Pledged Revenues, and all books, documents, and vouchers relating thereto shall at all reasonable times be made available for inspection upon request of any bondholder.

(j) That each year while any of the Bonds or Additional Bonds are outstanding, an audit will be made of its books and accounts relating to the Pledged Revenues by the State Auditor of the State of Texas, or any certified public accountant, such audit to be based on the fiscal year of The University of Texas System. As soon as practicable after the close of each such fiscal year, and when said audit has been completed and made available to the Board, a copy of such audit for the preceding fiscal year shall be mailed to all bondholders who shall so request in writing. Such annual audit reports shall be open to the inspection of the bondholders and their agents and representatives at all reasonable times.

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

Section 24. (a) That the Board hereby establishes and covenants to enforce, so long as any of the Bonds and Additional Bonds, if any, are outstanding or unpaid, the following parietal rules and regulations so as to assure maximum occupancy and use of the space, facilities and services afforded by the Housing System.

(b) That in the event more space, facilities, or services should become available for dormitory or other purposes or uses provided by the Housing System than are required by students applying for such space, facilities, or services, the officers of the University are hereby directed to give preference and priority to the use of the Housing System, resulting to the extent practicable in the occupancy and use of all the space, facilities, and services of the Housing System, even if such preference results in the non-use of all or a part of any other space, facilities, or services available at or to the University, or the students enrolled in the University, which may be suitable or useable for dormitory or other purposes or uses provided by the Housing System.

(c) That to the extent that any surplus space, facilities, or services shall ever become available in the Housing System while any of the Bonds and Additional Bonds, if any, remain outstanding and unpaid, it shall be the duty of the officers of the University to enforce a rule requiring occupancy and use of the Housing System to the maximum extent practicable, and this provision shall be considered as a rule for guidance of said officers.

(d) That the officers of the University are hereby directed to utilize and to cause the utilization of the Housing System in such manner as it will yield the maximum Net Revenues reasonably obtainable therefrom, so that all required deposits into the Interest and Sinking Fund and the Reserve Fund for the Bonds and Additional Bonds, if any, shall be made promptly as provided in the proceedings authorizing their issuance.

(e) That these parietal rules shall be amended from time to time as the conditions arise so as to meet changing conditions and to assure the fulfillment of this pledge.

Section 25. That the following rentals, rates, and charges for the use of the services, facilities, and supplies of the Housing System, are hereby established and shall remain in force and effect until and unless changed in accordance with covenants

contained in this Resolution:

At each of the regular fall and spring semesters,

for a single room, \$260.00 per semester, and
for a double room, \$200.00 per person per semester; and

at each term of each summer session,

for a single room, \$97.50 per term, and
for a double room, \$75.00 per person per term.

Section 26. That the Chairman of the Board is hereby authorized to have control of the Bonds and all necessary records and proceedings pertaining to the Bonds pending their delivery and their investigation, examination, and approval by the Attorney General of the State of Texas, and their registration by the Comptroller of Public Accounts of the State of Texas. Upon registration of the Bonds, said Comptroller of Public Accounts (or a deputy designated in writing to act for said Comptroller) shall manually sign the Comptroller's Registration Certificate printed and endorsed on each of the Bonds, and the seal of said Comptroller shall be impressed, or placed in facsimile, on each of the Bonds.

Section 27. That the Bonds are hereby sold and shall be delivered to a Syndicate composed of the following banks in Odessa, Texas: The First National Bank, National Bank of Odessa, Permian Bank and Trust, State National Bank, and American Bank, for cash for the par value thereof and accrued interest thereon to date of delivery.

BOARD OF REGENTS (UNIVERSITY CANCER CENTER): (1) RESOLUTION AUTHORIZING THE ISSUANCE OF BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM, THE UNIVERSITY OF TEXAS M. D. ANDERSON HOSPITAL AND TUMOR INSTITUTE AT HOUSTON, ENDOWMENT AND HOSPITAL REVENUE BONDS, SERIES 1976, \$2,500,000, FOR CENTRAL FOOD SERVICE FACILITY, AND AWARDED SALE OF THE BONDS TO FIRST CITY NATIONAL BANK OF HOUSTON, HOUSTON, TEXAS; (2) DESIGNATION OF NATIONAL BANK OF COMMERCE OF DALLAS, DALLAS, TEXAS, PAYING AGENT OR BANKERS TRUST COMPANY, NEW YORK, NEW YORK, AND (3) AWARDED CONTRACT TO HELMS PRINTING COMPANY, INC., DALLAS, TEXAS, FOR PRINTING THE BONDS. --(1) The resolution set out on Pages 16-29 was duly introduced for the consideration of said Board and read in full. It was then duly moved by Vice-Chairman Williams and seconded by Regent Sterling that said resolution be adopted; and, after due discussion, said motion carrying with it the adoption of said resolution, prevailed and carried by the following vote:

AYES: All members of said Board present voted "Aye."

NOES: None

This bond issue is for the purpose of providing part of the funds to acquire and construct a Central Services and Administration Building and related equipment and facilities for and on behalf of The University of Texas M. D. Anderson Hospital and Tumor Institute at Houston to provide centralized hospital food services and facilities.

The adoption of this resolution authorized issuance of Board of Regents of The University of Texas System, The University of Texas M. D. Anderson Hospital and Tumor Institute at Houston, Endowment and Hospital Revenue Bonds, Series 1976, in the amount of \$2,500,000, and awarded the sale of the bonds to the First City National Bank of Houston, Houston, Texas, for cash for the par value thereof and accrued interest thereon to date of delivery plus a premium of \$0.10 (Page 29) and at the interest rates reflected on Page 16. The effective interest rate is 5.528117%.

(2) Upon motion of Vice-Chairman Williams, seconded by Regent Sterling, the National Bank of Commerce of Dallas, Dallas, Texas, was designated Paying Agent or Bankers Trust Company, New York, New York, for the Board of Regents of The University of Texas System, The University of Texas M. D. Anderson Hospital and Tumor Institute at Houston, Endowment and Hospital Revenue Bonds, Series 1976, in the amount of \$2,500,000 (Pages 17, 19). The bid of the National Bank of Commerce of Dallas provides that the bank will charge the Board of Regents \$0.05 per coupon and \$0.50 per bond paid.

(3) Upon motion of Vice-Chairman Williams, seconded by Regent Sterling, Helms Printing Company, Inc., Dallas, Texas, the lowest and best bidder, was awarded the contract to print the Board of Regents of The University of Texas System, The University of Texas M. D. Anderson Hospital and Tumor Institute at Houston, Endowment and Hospital Revenue Bonds, Series 1976, in the amount of \$2,500,000. These bonds are to be printed according to specifications with lithographed borders for the sum of \$642.50, there being six interest rates.

RESOLUTION AUTHORIZING THE ISSUANCE OF BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM, THE UNIVERSITY OF TEXAS M. D. ANDERSON HOSPITAL AND TUMOR INSTITUTE AT HOUSTON, ENDOWMENT AND HOSPITAL REVENUE BONDS, SERIES 1976, \$2,500,000

WHEREAS, the Board of Regents of The University of Texas System is authorized to issue the bonds hereinafter authorized pursuant to Chapter 55, Texas Education Code.

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

Section 1. That said Board's negotiable, serial, coupon bonds to be designated the BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM, THE UNIVERSITY OF TEXAS M. D. ANDERSON HOSPITAL AND TUMOR INSTITUTE AT HOUSTON, ENDOWMENT AND HOSPITAL REVENUE BONDS, SERIES 1976, are hereby authorized to be issued, sold, and delivered in the principal amount of \$2,500,000, for the purpose of providing part of the funds to acquire and construct a Central Services and Administration Building and related equipment and facilities, for and on behalf of The University of Texas M. D. Anderson Hospital and Tumor Institute at Houston, to provide centralized hospital food services and facilities.

Section 2. That said bonds shall be dated JUN 1, 1976, shall be numbered consecutively from 1 THROUGH 500, shall be in the denomination of \$5,000 EACH, and shall mature and become due and payable serially on AUGUST 1 in each of the years, and in the amounts, respectively, as set forth in the following schedule:

| <u>YEARS</u> | <u>AMOUNTS</u> | <u>YEARS</u> | <u>AMOUNTS</u> |
|--------------|----------------|--------------|----------------|
| 1979 | \$110,000 | 1987 | \$170,000 |
| 1980 | 115,000 | 1988 | 180,000 |
| 1981 | 120,000 | 1989 | 190,000 |
| 1982 | 130,000 | 1990 | 205,000 |
| 1983 | 135,000 | 1991 | 215,000 |
| 1984 | 145,000 | 1992 | 230,000 |
| 1985 | 150,000 | 1993 | 245,000 |
| 1986 | 160,000 | | |

Said bonds may be redeemed prior to their scheduled maturities, at the option of said Board, on the dates stated, and in the manner provided, in the FORM OF BOND set forth in this Resolution.

Section 3. That said bonds scheduled to mature during the years, respectively, set forth below shall bear interest at the following rates per annum:

| | |
|-------------------------------|-------|
| maturities 1979 through 1985, | 5.00% |
| maturities 1986 through 1988, | 5.30% |
| maturities 1989, | 5.45% |
| maturities 1990 through 1991, | 5.75% |
| maturities 1992, | 5.85% |
| maturities 1993, | 6.00% |

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

Section 4. That said bonds, and the interest coupons appertaining thereto, shall be payable, shall have the characteristics, and shall be signed and executed (and said bonds shall be sealed), all as provided, and in the manner indicated, in the FORM OF BOND set forth in this Resolution.

Section 5. That the form of said bonds, including the form of Registration Certificate of the Comptroller of Public Accounts of the State of Texas to be printed and endorsed on each of said bonds, and the form of the aforesaid interest coupons which shall appertain and be attached initially to each of said bonds, shall be, respectively, substantially as follows:

FORM OF BOND:

NO. _____ \$5,000

UNITED STATES OF AMERICA
STATE OF TEXAS
BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM, THE UNIVERSITY
OF TEXAS M. D. ANDERSON HOSPITAL AND TUMOR INSTITUTE AT HOUSTON,
ENDOWMENT AND HOSPITAL REVENUE BOND,
SERIES 1976

ON AUGUST 1, 19__, the BOARD OF REGENTS OF THE UNIVERSITY
OF TEXAS SYSTEM promises to pay to bearer the principal amount of

FIVE THOUSAND DOLLARS

and to pay interest thereon, from the date hereof, at the rate of
% per annum, evidenced by interest coupons payable FEBRUARY 1,
1977, and semiannually thereafter on each AUGUST 1 and FEBRUARY 1
while this bond is outstanding.

THE PRINCIPAL of this bond and the interest coupons appertaining hereto shall be payable to bearer, in lawful money of the United States of America, without exchange or collection charges to the bearer, upon presentation and surrender of this bond or proper interest coupon, at the following, which collectively shall constitute and be defined as the "Paying Agent" for this Series of bonds:

NATIONAL BANK OF COMMERCE OF DALLAS, DALLAS, TEXAS,
OR, AT THE OPTION OF THE BEARER, AT
BANKERS TRUST COMPANY, NEW YORK, NEW YORK.

THIS BOND is one of a Series of negotiable, serial, coupon bonds, dated JUNE 1, 1976, issued in the principal amount of \$2,500,000, for the purpose of providing part of the funds to acquire and construct a Central Services and Administration Building and related equipment and facilities, for and on behalf of The University of Texas M. D. Anderson Hospital and Tumor Institute at Houston, to provide centralized hospital food services and facilities.

ON AUGUST 1, 1938, OR ON ANY INTEREST PAYMENT DATE THEREAFTER, the outstanding bonds of this Series may be redeemed prior to their scheduled maturities, at the option of said Board, for any purpose, IN WHOLE, OR IN PART, for the principal amount thereof and accrued interest thereon to the date fixed for redemption.

AT LEAST thirty days prior to the date fixed for any such redemption said Board shall cause a written notice of such redemption to be published at least once in a financial publication published in the City of New York, New York, or in the City of Austin, Texas. By the date fixed for any such redemption due provision shall be made with the "Paying Agent" for the payment of the required redemption price. If such written notice of redemption is published and if due provision for such payment is made, all as provided above, the bonds which are to be so redeemed there- by automatically shall be redeemed prior to their scheduled maturi- ties, and they shall not bear interest after the date fixed for redemption, and they shall not be regarded as being outstanding except for the purpose of being paid by the "Paying Agent" with the funds so provided for such payment.

IT IS HEREBY certified, recited, and covenanted that this bond has been duly and validly issued and delivered; that all acts, conditions, and things required or proper to be per- formed, exist, and be done precedent to or in the issuance and delivery of this bond have been performed, existed, and been done in accordance with law; and that the interest on and princi- pal of this bond and the Series of which it is a part, together with other outstanding revenue bonds, are secured by and payable from an irrevocable first lien on and pledge of the "Pledged Revenues", as defined and described in the Resolution authorizing this Series of bonds, which include the "Gross Revenues of the Hospital Facilities" of The University of Texas M. D. Anderson Hospital and Tumor Institute at Houston, and the "Gross Proceeds from the Conveyance of Endowment Land", and other specified revenues.

SAID BOARD has reserved the right, subject to the restrictions stated in said Resolution authorizing this Series of bonds, to issue additional parity revenue bonds which also may be secured by and made payable from an irrevocable first lien on and pledge of the aforesaid Pledged Revenues.

THE HOLDER HEREOF shall never have the right to demand payment of this obligation out of any funds raised or to be rais- ed by taxation, or from any source whatsoever other than the aforesaid "Pledged Revenues.

IN WITNESS WHEREOF, this bond and the interest coupons appertaining hereto have been signed with the facsimile signa- ture of the Chairman of said Board, and countersigned with the facsimile signature of the Secretary of said Board, and the offi- cial seal of said Board has been duly impressed, or placed in facsimile, on this bond.

XXXXXXXXX
Secretary, Board of Regents, Chairman, Board of Regents,
The University of Texas System The University of Texas System.

FORM OF REGISTRATION CERTIFICATE:

COMPROLLER'S REGISTRATION CERTIFICATE: REGISTER NO.

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

Witness my signature and seal this

XXXXXXXXX
Comptroller of Public Accounts of
the State of Texas.

FORM OF INTEREST COUPON:

NO. _____

\$ _____

ON _____ 1, 19__

THE BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM promises to pay to bearer the amount shown on this interest coupon, in lawful money of the United States of America, without exchange or collection charges to the bearer, unless due provision has been made for the redemption prior to maturity of the bond to which this interest coupon appertains, upon presentation and surrender of this interest coupon, at the

NATIONAL BANK OF COMMERCE OF DALLAS, DALLAS, TEXAS,
OR, AT THE OPTION OF THE BEARER, AT
BANKERS TRUST COMPANY, NEW YORK, NEW YORK,

said amount being interest due that day on the bond, bearing the number hereinafter designated, of that issue of BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM, THE UNIVERSITY OF TEXAS M. D. ANDERSON HOSPITAL AND TUMOR INSTITUTE AT HOUSTON, ENDOWMENT AND HOSPITAL REVENUE BONDS, SERIES 1976, DATED JUNE 1, 1976. The holder hereof shall never have the right to demand payment of this obligation out of any funds raised or to be raised by taxation, or from any source whatsoever other than the "Pledged Revenues" defined in the bond to which this coupon is attached. Bond No. _____.

XXXXXXXXXX

Secretary, Board of Regents

XXXXXXXXXX

Chairman, Board of Regents

Section 6. That as hereinafter used in this Resolution the following terms shall have the meanings set forth below, unless the text hereof specifically indicates otherwise:

The term "Board" shall mean the Board of Regents of The University of Texas System in its own behalf, and as Trustees of the University Cancer Foundation.

The term "Bonds" shall mean collectively the Board of Regents of The University of Texas System, The University of Texas M.D. Anderson Hospital and Tumor Institute at Houston, Endowment and Hospital Revenue Bonds, Series 1972 (the "Series 1972 Bonds") authorized by the resolution adopted by the Board on September 11, 1972, and Board of Regents of The University of Texas System, The University of Texas M. D. Anderson Hospital and Tumor Institute at Houston, Endowment and Hospital Revenue Bonds, Series 1976 (the "Series 1976 Bonds") authorized by this Resolution.

The term "Additional Bonds" shall mean the additional parity revenue bonds permitted to be authorized in this Resolution.

The term "Institute" shall mean The University of Texas M. D. Anderson Hospital and Tumor Institute at Houston, and its substations, as defined and provided for in Sections 73.101 through 73.111, Texas Education Code.

The term "Project" shall mean the Central Services and Administration Building and related equipment and facilities to provide centralized hospital food services and facilities, to be acquired and constructed, for and on behalf of the Institute, in part with the proceeds from the sale of the Series 1976 Bonds.

The term "Hospital Facilities" shall mean all of the land, hospitals, clinics, substations, buildings, structures, equipment, services, and other facilities of every nature whatsoever owned or operated by the Institute, or by the Board, or The University of Texas System, for and on behalf of the Institute, which are used for or related to the diagnosis and/or

treatment of patients, including specifically (a) the existing clinic and the approximately 250 bed hospital located in the Texas Medical Center in the City of Houston, and the approximately 330 bed hospital addition and clinic which in part were acquired, constructed, and equipped with the proceeds from the sale of the Series 1972 Bonds, (b) the Project, and (c) any and all future improvements, enlargements, and additions to any of the foregoing, and replacements thereof, acquired or constructed from any sources, including the issuance of any Additional Bonds.

The term "Gross Revenues of the Hospital Facilities" shall mean all of the revenues, income, rentals, rates, fees, and charges of every nature derived by the Institute, or by the Board, or The University of Texas System, from the operation and/or ownership of the Hospital Facilities (but specifically excluding any legislative General Revenue Fund appropriations from the State Treasury).

The term "Current Expenses" shall mean all necessary operating expenses, current maintenance charges, expenses of reasonable upkeep and repairs, properly allocated share of charges for insurance and all other expenses incident to the operation and maintenance of the Hospital Facilities, but shall exclude depreciation and all general administrative, overhead, teaching, study, and research expenses of the Institute.

The term "Endowment Land" shall mean the approximately 53,534 acres of land, including the oil, gas, and other minerals contained in and under and that may be produced or mined therefrom, located in the Counties of Charlotte, De Soto, and Highlands, State of Florida, which land has been conveyed by the Board of Regents of The University of Texas System, in its own behalf, and as Trustees of the University Cancer Foundation, to Punta Gorda Isles, Inc., a Florida Corporation, and which land is described in deeds recorded in Official Records Book 392, page 132, of the Charlotte County Records, in Official Records Book 83, page 206, of the De Soto County Records, and in Official Records Book 406, page 929 of the Highlands County Records, respectively.

The term "Gross Proceeds from the Conveyance of Endowment Land" shall mean all of the gross income, payments, royalties, proceeds, and receipts of every nature derived, coming due to, or received by, the Board, in its own behalf, or as Trustees of the University Cancer Foundation, or The University of Texas System, from any sale, lease, rental, or other conveyance of any nature of the Endowment Land, including specifically the gross proceeds and receipts from the payments to be made to the Board in its own behalf, and as Trustees of the University Cancer Foundation, by Punta Gorda Isles, Inc., a Florida Corporation, pursuant to those certain Notes dated June 20, 1972, in the total principal amount of \$13,500,257.52, with interest on the unpaid balance at the rate of 7-1/2% per annum, secured by a purchase money Mortgage Deed dated June 20, 1972, executed by Punta Gorda Isles, Inc., which Mortgage Deed is recorded in Official Records Book 392, page 143, of the Charlotte County, Florida, Records, and in Official Records Book 83, page 541, of the De Soto County, Florida, Records, and in Official Records Book 408, page 388, of the Highlands County, Florida, Records; and also including the gross proceeds and receipts from any other sale, lease, rental, or conveyance of any nature of the Endowment Land made by the Board, in its own behalf, or as Trustees of the University Cancer Foundation, due to any foreclosure of the aforesaid Mortgage Deed, or otherwise. It is further specifically covenanted and agreed by the Board, in its own behalf, and as Trustees of the University Cancer Foundation, that it will enforce and collect the aforesaid Notes, and foreclosure the aforesaid Mortgage Deed if necessary; and that in such event it will sell and convey the Endowment Land as soon as practicable at the best price or prices reasonably obtainable.

The term "Pledged Revenues" shall mean collectively (a) the Gross Revenues of the Hospital Facilities, (b) the Gross Proceeds from the Conveyance of Endowment Land, and (c) any additional revenues, income, receipts, or other resources, including, without limitation, any grants, donations, or income received or to be received from the United States Government, or any other public or private source, whether pursuant to an agreement or otherwise, which hereafter may be pledged to the payment of the Bonds or the Additional Bonds.

Section 7. (a) That the Series 1976 Bonds are "Additional Bonds" as permitted by Sections 19, 20, and 21, of the resolution authorizing the issuance of the Series 1972 Bonds, and it is hereby determined, declared, and resolved that all of the Bonds (collectively the Series 1972 Bonds and the Series 1976 Bonds) are and shall be secured and payable equally and ratably on a parity, and that Sections 6 through 22 of this Resolution are supplemental to and cumulative of Sections 6 through 22 of the resolution authorizing the issuance of the Series 1972 Bonds, with Sections 6 through 22 of this Resolution being equally applicable to all of the Bonds.

(b) That the Bonds and any Additional Bonds, and the interest thereon, are and shall be secured by and payable from an irrevocable first lien on and pledge of the Pledged Revenues.

Section 8. That there is hereby created and there shall be established on the books of the Board a separate account or accounts which individually or collectively shall be known as the "Endowment and Hospital Revenue Bonds Revenue Fund" (herein called the "Revenue Fund"). All collections of the Gross Revenues of the Hospital Facilities shall be credited to the Revenue Fund immediately upon receipt.

Section 9. That to pay the principal of and interest on all outstanding Bonds and any Additional Bonds, as the same come due, there is hereby created and there shall be established at an official depository of the Board (which must be a member of the Federal Deposit Insurance Corporation) a separate fund to be entitled the "Endowment and Hospital Revenue Bonds Interest and Sinking Fund" (herein called the "Interest and Sinking Fund").

Section 10. That there is hereby created and there shall be established at an official depository of the Board (which must be a member of the Federal Deposit Insurance Corporation) a separate fund to be entitled the "Endowment and Hospital Revenue Bonds Reserve Fund" (herein called the "Reserve Fund"). The Reserve Fund shall be used finally in retiring the last of the outstanding Bonds and Additional Bonds, or for paying principal of and interest on any outstanding Bonds and Additional Bonds, when and to the extent the amount in the Interest and Sinking Fund is insufficient for such purpose.

Section 11. That money in any Fund established pursuant to this Resolution may, at the option of the Board, be placed in time deposits or be invested in direct obligations of the United States of America, obligations guaranteed or insured by the United States of America, which, in the opinion of the Attorney General of the United States, are backed by its full faith and credit or represent its general obligations, including, but not limited to, evidences of indebtedness issued, insured, or guaranteed by such governmental agencies as the Federal Land Banks, Federal Intermediate Credit Banks, Banks for Cooperatives, Federal Home Loan Banks, Government National Mortgage Association, United States Postal Service, Farmers Home Administration, Federal Home

Loan Mortgage Association, Small Business Administration, Federal Housing Association, or Participation Certificates in the Federal Assets Financing Trust; provided that all such deposits and investments shall be made in such manner that the money required to be expended from any Fund will be available at the proper time or times. Such investments shall be valued in terms of current market value as of the last day of February and August of each year. Interest and income derived from such deposits and investments shall be credited to the Fund from which the deposit or investment was made and shall be used only for the purpose or purposes for which such Fund is required or permitted to be used. Such investments shall be sold promptly when necessary to prevent any default in connection with the Bonds or Additional Bonds.

Section 12. That money in all Funds created by this Resolution, to the extent not invested, shall be secured in the manner prescribed by law for securing funds of the Board, in principal amounts at all times not less than the amounts of money credited to such Funds, respectively.

Section 13. (a) That immediately after the delivery of the Series 1976 Bonds the Board shall deposit any accrued interest and any premium received from the sale of the Series 1976 Bonds to the credit of the Interest and Sinking Fund.

(b) That the Board shall deposit all Gross Proceeds from the Conveyance of Endowment Land hereafter received, immediately upon receipt, directly to the credit of the Interest and Sinking Fund.

(c) That the Board shall transfer from the Gross Revenues of the Hospital Facilities in the Revenue Fund, or from any other available Pledged Revenues, and deposit to the credit of the Interest and Sinking Fund the amounts, at the times, as follows:

(1) on or before June 25, 1976, and semiannually on or before each December 25th and June 25th thereafter, an amount which will be sufficient, together with other amounts, if any, then on hand in the Interest and Sinking Fund and available for such purpose, to pay the interest scheduled to accrue and come due on the Bonds on the next succeeding interest payment date; and

(2) on or before December 25, 1976, and semiannually on or before each June 25th and December 25th thereafter, an amount sufficient, together with other amounts, if any, then on hand in the Interest and Sinking Fund and available for such purpose, to pay one-half of the principal scheduled to mature and come due on the Bonds on the next succeeding August 1.

(d) That if at any time there is on deposit in the Interest and Sinking Fund an amount in excess of that required to pay all principal of and interest on the Bonds and any Additional Bonds through the next succeeding August 1, the Board may use such excess to purchase and cancel Bonds or Additional Bonds at a price not exceeding the redemption price on the next succeeding date upon which any Bonds or Additional Bonds are subject to redemption prior to maturity, or, if any Bonds or Additional Bonds are subject to redemption on the next succeeding interest payment date, the Board may use such excess to redeem Bonds or Additional Bonds on the next succeeding interest payment date, or the Board may use such excess to make any deposit required to be made into the Reserve Fund.

Section 14. That there is now on deposit in the Reserve Fund an amount in excess of \$1,800,000, which is at least equal to the average annual principal and interest requirements of the Bonds. So long as the money and investments in the Reserve Fund are not less in market value than a required amount equal to the average annual principal and interest requirements of all then outstanding Bonds and Additional Bonds, no additional deposits need be made into the Reserve Fund; but if the Reserve Fund should be depleted to less than said required amount in market value, then, subject to making the required deposits to the credit of the Interest and Sinking Fund, the Board shall transfer from the Gross Revenues of the Hospital Facilities or any other Pledged Revenues in the Revenue Fund (or from any excess in the Interest and Sinking Fund as permitted by Section 13(d) hereof), and deposit to the credit of the Reserve Fund, semi-annually, on or before each June 25th and December 25th thereafter, a sum at least equal to 1/10th of the average annual principal and interest requirements of all then outstanding Bonds and Additional Bonds, until the Reserve Fund is restored to said required amount. So long as the Reserve Fund contains said required amount, any surplus in the Reserve Fund over said required amount may be transferred and deposited into the Interest and Sinking Fund.

Section 15. (a) That if on any occasion there shall not be sufficient Pledged Revenues to make the required deposits into the Interest and Sinking Fund and the Reserve Fund, then such deficiency shall be made up as soon as possible from the next available Pledged Revenues, or from any other sources available for such purpose.

(b) That, subject to making the required deposits to the credit of the Interest and Sinking Fund and the Reserve Fund, when and as required by this Resolution, or any resolution authorizing the issuance of Additional Bonds, any surplus Gross Revenues of the Hospital Facilities or any other Pledged Revenues in the Revenue Fund shall be used by the Board for paying, to the extent not paid from other sources, the Current Expenses of the Hospital Facilities, and any remaining balance may be used for any other lawful purpose.

Section 16. On or before the last day of July, 1976, and semiannually on or before the last day of each January and of each July thereafter while any of the Bonds or Additional Bonds are outstanding and unpaid, the Board shall make available to the paying agents therefor, out of the Interest and Sinking Fund, and/or the Reserve Fund, if necessary, money sufficient to pay such interest on and such principal of the Bonds and Additional Bonds as will accrue or mature on the August 1st or February 1st immediately following. The paying agents shall totally destroy all paid Bonds and Additional Bonds, and the coupons appertaining thereto, and shall furnish the Board with an appropriate certificate of destruction.

Section 17. That at such times as the aggregate amount of money and investments in the Interest and Sinking Fund and the Reserve Fund are at least equal in market value to (1) the aggregate principal amount of all unpaid (unmatured and matured) outstanding Bonds and Additional Bonds, plus (2) the aggregate amount of all unpaid (unmatured and matured) outstanding interest coupons appertaining to such Bonds and Additional Bonds, no further deposits need be made into the Interest and Sinking Fund or Reserve Fund. In determining the amount of such Bonds and Additional Bonds, and interest coupons appertaining thereto, outstanding at any time, there shall be subtracted and excluded the amount

of any such Bonds and Additional Bonds, and interest coupons appertaining thereto, which shall have been duly called for redemption and for which funds shall have been deposited with the paying agents therefor sufficient, including any required redemption premium, for such redemption.

Section 18. That the Bonds and any Additional Bonds, and the interest coupons appertaining thereto, will constitute special obligations of the Board payable solely from the Pledged Revenues, and the holders of the Bonds and Additional Bonds, and the coupons appertaining thereto, shall never have the right to demand payment out of funds raised or to be raised by taxation.

Section 19. That the Board shall have the right and power at any time and from time to time, and in one or more Series or issues, to authorize, issue, and deliver additional parity revenue bonds (herein called "Additional Bonds"), in any amounts, for any lawful purpose relating to the Hospital Facilities, and to refund any Bonds or Additional Bonds. Such Additional Bonds, if and when authorized, issued, and delivered in accordance with this Resolution, shall be secured and payable equally and ratably on a parity with the Bonds, and all other outstanding Additional Bonds, by an irrevocable first lien on and pledge of the Pledged Revenues.

Section 20. (a) The Interest and Sinking Fund and the Reserve Fund established by this Resolution shall secure and be used to pay all Additional Bonds as well as the Bonds. However, each resolution under which Additional Bonds are issued shall provide and require that, in addition to the amounts required by the provisions of this Resolution and the provisions of any other resolution or resolutions authorizing Additional Bonds to be deposited to the credit of the Interest and Sinking Fund, the Board shall transfer from the Pledged Revenues and deposit to the credit of the Interest and Sinking Fund at least such amounts as are required for the payment of all principal of and interest on said Additional Bonds then being issued, as the same comes due; and that the aggregate amount to be accumulated and maintained in the Reserve Fund shall be increased (if and to the extent necessary) to an amount not less than the average annual principal and interest requirements of all Bonds and Additional Bonds which will be outstanding after the issuance and delivery of the then proposed Additional Bonds; and that the required additional amount shall be so accumulated by the deposit in the Reserve Fund of all or any part of said required additional amount in cash immediately after the delivery of the then proposed Additional Bonds, or, at the option of the Board, by the deposit, from Pledged Revenues, of said required additional amount (or any balance of said required additional amount not deposited in cash as permitted above) in semi-annual installments, made on or before the 25th day of each January and July following the adoption of the resolution authorizing the issuance of the then proposed Additional Bonds, of not less than 1/10th of said required additional amount (or 1/10th of the balance of said required additional amount not deposited in cash as permitted above).

(b) All calculations of average annual principal and interest requirements made pursuant to this Section are made as of and from the date of the Additional Bonds then proposed to be issued.

(c) The principal of all Additional Bonds must be scheduled to be paid or mature on August 1 of the years in which such principal is scheduled to be paid or mature; and all interest thereon must be payable on February 1 and August 1.

Section 21. Additional Bonds shall be issued only in accordance with this Resolution, but notwithstanding any provisions of this Resolution to the contrary, no installment, Series, or issue of Additional Bonds shall be issued or delivered unless:

(a) The senior financial officer of the Institute signs a written certificate to the effect that the Board is not in default as to any covenant, condition, or obligation in connection with all outstanding Bonds and Additional Bonds, and the resolutions authorizing same, and that the Interest and Sinking Fund and the Reserve Fund each contains the amount then required to be therein.

(b) The State Auditor of the State of Texas, or any certified public accountant, signs a written certificate to the effect that, during either the next preceding University of Texas System fiscal year, or any twelve consecutive calendar month period ending not more than ninety days prior to the adoption of the resolution authorizing the issuance of the then proposed Additional Bonds, the Pledged Revenues, excluding and excepting the Gross Proceeds from the Conveyance of Endowment Land, were at least equal to six times the average annual principal and interest requirements of all Bonds and Additional Bonds to be outstanding after the issuance of the then proposed Additional Bonds.

Section 22. The Board further covenants and agrees that:

(a) It will faithfully perform at all times any and all covenants, undertakings, stipulations, and provisions contained in this Resolution and each resolution authorizing the issuance of Additional Bonds, and in each and every Bond and Additional Bond; that it will promptly pay or cause to be paid from the Pledged Revenues the principal of and interest on every Bond and Additional Bond, on the dates and in the places and manner prescribed in such resolutions and Bonds or Additional Bonds; and that it will, at the times and in the manner prescribed, deposit or cause to be deposited from the Pledged Revenues the amounts required to be deposited into the Interest and Sinking Fund and the Reserve Fund; and any holder of the Bonds or Additional Bonds may require the Board, its officials and employees, and any appropriate official of the State of Texas, to carry out, respect, or enforce the covenants and obligations of this Resolution or any resolution authorizing the issuance of Additional Bonds, by all legal and equitable means, including specifically, but without limitation, the use and filing of mandamus proceedings, in any court of competent jurisdiction, against the Board, its officials and employees, or any appropriate official of the State of Texas.

(b) It is duly authorized under the laws of the State of Texas to create and issue the Bonds; that all action on its part for the creation and issuance of the Bonds has been duly and effectively taken, and that the Bonds in the hands of the holders and owners thereof are and will be valid and enforceable special obligations of the Board in accordance with their terms.

(c) It lawfully owns and is lawfully possessed of the lands, buildings, and facilities constituting the Hospital Facilities, except for the Project, which it will acquire, construct, and own, and has a good and indefeasible estate in such lands, buildings, and facilities in fee simple, that it warrants that it has, and will defend, the title to all the aforesaid lands, buildings, and facilities, and every part thereof, for the benefit of the holders and owners of the Bonds and Additional Bonds

against the claims and demands of all persons whomsoever, that it is lawfully qualified to pledge the Pledged Revenues to the payment of the Bonds and Additional Bonds in the manner prescribed herein, and has lawfully exercised such rights.

(d) It will from time to time and before the same become delinquent pay and discharge all taxes, assessments, and governmental charges, if any, which shall be lawfully imposed upon it, or the campus, buildings, and facilities of the Hospital Facilities, that it will pay all lawful claims for rents, royalties, labor, materials, and supplies which if unpaid might by law become a lien or charge thereon, the lien of which would be prior to or interfere with the liens hereof, so that the priority of the liens granted hereunder shall be fully preserved in the manner provided herein, and that it will not create or suffer to be created any mechanic's, laborer's, materialman's or other lien or charge which might or could be prior to the liens hereof, or do or suffer any matter or thing whereby the liens hereof might or could be impaired; provided, however, that no such tax, assessment, or charge, and that no such claims which might be used as the basis of a mechanic's, laborer's, materialman's or other lien or charge, shall be required to be paid so long as the validity of the same shall be contested in good faith by the Board.

(e) That while the Bonds or any Additional Bonds are outstanding and unpaid it will continuously and efficiently operate and maintain the Hospital Facilities in good condition, repair, and working order, and at a reasonable cost. The Board also covenants and agrees that the Current Expenses of the Hospital Facilities shall be paid from surplus Gross Revenues of the Hospital Facilities or any other Pledged Revenues in the Revenue Fund, as provided by Section 15(b) hereof, to the extent such surplus Pledged Revenues are available, or paid from the general funds of the Institute in the same manner as the expenses of operation and maintenance of general facilities of the Institute, or paid from any other sources or funds lawfully available to the Institute or the Board for such purpose.

(f) That while the Bonds or any Additional Bonds are outstanding and unpaid, the Board shall not additionally encumber the Pledged Revenues in any manner, except as permitted in this Resolution in connection with Additional Bonds, unless said encumbrance is made junior and subordinate in all respects to the liens, pledges, covenants, and agreements of this Resolution.

(g) That while the Bonds or any Additional Bonds, are outstanding and unpaid, the Board shall not sell, convey, mortgage, or in any manner transfer title to, or lease, or otherwise dispose of the Hospital Facilities, or any significant or substantial part thereof; provided that whenever the Board deems it necessary to dispose of any furnishings and equipment, it may sell or otherwise dispose of such furnishings and equipment when it has made arrangements to replace the same or provide substitutes therefor.

(h) That at all times hereafter the Board shall procure boiler explosion insurance on all boilers servicing the Hospital Facilities in an amount not less than \$50,000 against loss suffered by reason of a boiler explosion. Further, at all times hereafter the Board shall procure fire and extended coverage insurance on the Hospital Facilities. The foregoing boiler explosion and fire and extended coverage insurance shall be maintained so long as Bonds or Additional Bonds are outstanding and

such fire and extended coverage insurance shall be in amounts at least sufficient to provide for full recovery to the extent that the damage does not exceed 80% of full insurable value. Such insurance shall be carried with a reliable insurance company or companies. In lieu of providing fire and extended coverage insurance as required above, the Board may, at its option, provide the equivalent of such insurance under its general System-wide Fire and Extended Coverage Insurance policy, subject to a deductible provision which is reasonable in amount, provided the Board establishes and maintains a special account containing funds which are at least sufficient to offset said deductible amount and which are immediately available for such purpose. Upon the happening of any loss or damage covered by such insurance from one or more of said causes, the Board shall make due proof of loss and shall do all things necessary or desirable to cause the insuring companies to make payment in full directly to the Board. The proceeds of insurance covering such property, together with any other funds necessary and available for such purpose, shall be used forthwith by the Board for repairing the property damaged or replacing the property destroyed; provided, however, that if said insurance proceeds and other funds are insufficient for such purpose, then said insurance proceeds pertaining to the Hospital Facilities shall be used promptly as follows:

(1) for the redemption prior to maturity of the Bonds and Additional Bonds, if any, ratably in the proportion that the outstanding principal of each Series or issue of Bonds or Additional Bonds bears to the total outstanding principal of all Bonds and Additional Bonds; provided that if on any such occasion the principal of any such Series or issue is not subject to redemption, it shall not be regarded as outstanding in making the foregoing computation; or

(2) if none of the outstanding Bonds or Additional Bonds is subject to redemption, then for the purchase on the open market and retirement of said Bonds and Additional Bonds, in the same proportion as prescribed in the foregoing clause (1), to the extent practicable; provided that the purchase price for any such Bond or Additional Bonds shall not exceed the redemption price of such Bond or Additional Bond on the first date upon which it becomes subject to redemption; or

(3) to the extent that the foregoing clauses (1) and (2) cannot be complied with at the time, the insurance proceeds, or the remainder thereof, shall be deposited in a special and separate trust fund, at an official depository of the Board, to be designated the Insurance Account. The Insurance Account shall be held until such time as the foregoing clauses (1) and/or (2) can be complied with, or until other funds become available which, together with the Insurance Account, will be sufficient to make the repairs or replacements originally required, whichever of said events occurs first.

(i) At all times when the Reserve Fund does not contain the maximum aggregate amount required to be on deposit therein, the Board shall procure and maintain use and occupancy insurance on all the facilities, buildings, and structures of the Hospital Facilities, to the extent obtainable, in an amount sufficient to enable the Board to deposit into the Interest and Sinking Fund and the Reserve Fund, out of the proceeds of such insurance, an amount equal to the sums that are required to be deposited into

said Funds from the Pledged Revenues during the time the Hospital Facilities are wholly or partially unusable, as a result of loss of use or occupancy caused by the perils covered by fire and extended coverage insurance.

(j) The annual audit hereinafter required shall contain a section commenting on whether or not the Board has complied with the requirements of this Section with respect to the maintenance of insurance, and listing all policies carried, and whether or not all insurance premiums upon the insurance policies to which reference is hereinbefore made have been paid.

(k) The Board will fix, establish, maintain, and collect such rentals, rates, charges, and fees for the use and availability of the Hospital Facilities as are necessary to produce Gross Revenues of the Hospital Facilities sufficient, together with any other available resources, to pay all Current Expenses of the Hospital Facilities, and sufficient, together with other Pledged Revenues, to make all payments and deposits required to be made into the Interest and Sinking Fund, and to maintain the Reserve Fund, in connection with all Bonds and Additional Bonds.

(l) Proper books of record and account will be kept in which full, true, and correct entries will be made of all dealings, activities, and transactions relating to the Pledged Revenues, and all books, documents, and vouchers relating thereto shall at all reasonable times be made available for inspection upon request of any bondholder.

(m) That each year while any of the Bonds or Additional Bonds are outstanding, an audit will be made of its books and accounts relating to the Pledged Revenues by the State Auditor of the State of Texas, or any certified public accountant, such audit to be based on the fiscal year of The University of Texas System. As soon as practicable after the close of each such fiscal year, and when said audit has been completed and made available to the Board, a copy of such audit for the preceding fiscal year shall be mailed to all bondholders who shall so request in writing. Such annual audit reports shall be open to the inspection of the bondholders and their agents and representatives at all reasonable times.

(n) That the Board covenants that it will not permit to be deposited to the credit of any of the Funds created by this Resolution, or applied to the payment of the principal of or interest on the Bonds or any Additional Bonds, any proceeds from any grant, subsidy, donation, or income received from the United States Government, whether pursuant to agreement or otherwise, if such deposit or application would result in interest payable on the Bonds or Additional Bonds being includable in whole or in part in gross income for Federal income tax purposes.

(o) That the Board covenants that it will comply with all of the terms and conditions of any and all grant or subsidy agreements applicable to the Bonds or Additional Bonds entered into between the Board and any governmental agency in connection with any grant or debt service subsidy; and the Board will take all action necessary to enforce said terms and conditions.

(p) That the Board covenants to and with the purchasers of the Bonds that it will make no use of the proceeds of the Bonds at any time throughout the term of this issue of Bonds which, if such use had been reasonably expected on the

date of delivery of the Bonds to and payment for the Bonds by the purchasers, would have caused the Bonds to be arbitrage bonds within the meaning of Section 103(d) of the Internal Revenue Code of 1954, as amended, or any regulations or rulings pertaining thereto; and by this covenant the Board is obligated to comply with the requirements of the aforesaid Section 103(d) and all applicable and pertinent Department of the Treasury regulations relating to arbitrage Bonds. The Board further covenants that the proceeds of the Bonds will not otherwise be used directly or indirectly so as to cause all or any part of the Bonds to be or become arbitrage bonds within the meaning of the aforesaid Section 103(d), or any regulations or rulings pertaining thereto.

Section 23. That the Chairman of the Board is hereby authorized to have control of the Series 1976 Bonds and all necessary records and proceedings pertaining to the Series 1976 Bonds pending their delivery and their investigation, examination, and approval by the Attorney General of the State of Texas, and their registration by the Comptroller of Public Accounts of the State of Texas. Upon registration of the Series 1976 Bonds, said Comptroller of Public Accounts (or a deputy designated in writing to act for said Comptroller) shall manually sign the Comptroller's Registration Certificate printed and endorsed on each of the Series 1976 Bonds, and the seal of said Comptroller shall be impressed, or placed in facsimile, on each of the Series 1976 Bonds.

Section 24. That the Series 1976 Bonds are hereby sold and shall be delivered to a Syndicate headed by First City National Bank of Houston, Houston, Texas, for cash for the par value thereof and accrued interest thereon to date of delivery, plus a premium of \$0.10.

Section 25. That it is hereby officially found, determined, and declared that said Bonds have been sold at public sale to the bidder offering the lowest interest cost, after receiving sealed bids pursuant to an Official Notice of Sale and Official Statement dated April 23, 1976, prepared and distributed in connection with the sale of said Bonds. Said Official Notice of Sale and Official Statement have been and are hereby approved by the Board of Regents. It is further officially found, determined, and declared that the statements and representations contained in said Official Notice of Sale and Official Statement are true and correct in all material respects, to the best knowledge and belief of the Board of Regents.

(Copy of Official Notice of Sale and Official Statement is incorporated in the official copy of the Minutes.)

OFFICIAL NOTICE OF SALE

\$2,500,000

BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS
THE UNIVERSITY OF TEXAS M.D. ANDERSON HOSPITAL
AND TUMOR INSTITUTE AT HOUSTON
ENDOWMENT AND HOSPITAL REVENUE BONDS, SERIES 1976

BOARD OF REGENTS
THE UNIVERSITY OF TEXAS SYSTEM

| | |
|---------------|-------------|
| Chairman | Austin |
| Vice Chairman | Dallas |
| D.D.S. | San Antonio |
| | Austin |
| n B. Johnson | Stonewall |
| Law | Fort Worth |
| ese, Jr. | Houston |
| son, M.D. | Weatherford |
| Sterling | Houston |

Betty Anne Thedford, Secretary

RELATED OFFICIALS OF THE UNIVERSITY OF TEXAS SYSTEM

| | |
|---|---|
| Chancellor | Chancellor |
| Deputy Chancellor | Deputy Chancellor |
| Associate Deputy Chancellor for Investments, Trusts and Lands | Associate Deputy Chancellor for Investments, Trusts and Lands |
| Associate Deputy Chancellor for Operations | Associate Deputy Chancellor for Operations |
| Budget Director | Budget Director |
| Comptroller | Comptroller |
| General Counsel | General Counsel |
| Director, Facilities Planning and Construction | Director, Facilities Planning and Construction |

FINANCE-RELATED OFFICIALS
THE UNIVERSITY OF TEXAS M. D. ANDERSON HOSPITAL AND TUMOR INSTITUTE AT HOUSTON

| | |
|--|--|
| President | President |
| Director | Director |
| Vice President for Business and Hospital Affairs | Vice President for Business and Hospital Affairs |
| Business Manager | Business Manager |

BIDS TO BE OPENED THURSDAY, MAY 13, 1976 AT 11:00 A.M. C.D.T.

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OFFICIAL NOTICE OF SALE

\$2,500,000

BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM
THE UNIVERSITY OF TEXAS M. D. ANDERSON HOSPITAL AND TUMOR INSTITUTE AT HOUSTON
ENDOWMENT AND HOSPITAL REVENUE BONDS, SERIES 1976

Bids to be Opened
Thursday, May 13, 1976, at 11:00 A.M., C.D.T.

Place and Time of Sale: Sealed bids will be received by representatives of the Board of Regents of The University of Texas System in the Office of Investments, Trusts and Lands, 210 W. 6th Street, Austin, Texas, until 11:00 A.M., C.D.T., May 13, 1976, for the bonds described in the attached OFFICIAL STATEMENT, at which time said bids will be publicly opened and read. Award of the bonds is expected to be made by 9:30 A.M. C.D.T. by the Board of Regents at its meeting on May 14, 1976.

Address of Bids: Sealed bids, plainly marked "BID FOR ENDOWMENT AND HOSPITAL REVENUE BONDS", should be addressed to "Board of Regents, The University of Texas System c/o Mr. William L. Lobb, Associate Deputy Chancellor for Investments, Trusts and Lands, The University of Texas System, P. O. Box 7968, Austin, Texas, 78712". All bids must be submitted on the "OFFICIAL BID FORM", copies of which are enclosed herewith.

Types of Bids and Interest Rates: The bonds will be sold in one block on an "all or none" basis, and no bid of less than par and accrued interest will be considered. Bidders are invited to name the rate, or rates, of interest to be borne by the bonds, provided that the rates are stated in multiples of 1/8th or 1/20th of 1%, and that the difference between the lowest and highest interest rates named does not exceed one and one-half percent (1-1/2%). Bids involving more than six different coupon rates or five coupon changes or supplemental coupons or split interest rates will not be considered and all bonds of one maturity must bear the same rate.

Good Faith Deposit: Bidders shall be required to submit a Cashier's Check payable to the "University of Texas System" in the amount of \$50,000. This check will be considered as a good faith deposit, and the check of the successful bidder will be cashed and retained by the Board to secure performance of the contract by such bidder. In the event such bidder should fail or refuse to take up and pay for the bonds in accordance with his bid, then said good faith deposit shall be accepted by the Board as full and complete liquidated damages. Otherwise, said good faith deposit will be applied to the purchase price of the bonds. The required Cashier's Check may accompany the "Official Bid Form" or it may be submitted separately. If submitted separately, it shall be made available to the Board prior to the opening of the bids, and shall be accompanied by instructions from the bank on which drawn which authorizes its use as a good faith deposit by the successful bidder who shall be named in such instructions. No interest will be allowed on the good faith deposit of the successful bidder, and the checks of the unsuccessful bidders will be returned as soon as the best bid is determined.

Legal Opinion: The Board will furnish a complete transcript of proceedings had incident to the authorization and issuance of the bonds, including the unqualified approving legal opinion of the Attorney General of Texas to the effect that the bonds are valid and legally binding obligations of the Board, and, based upon examination of such transcript of the proceedings, the unqualified approving legal opinion of Messrs. McCall, Parkhurst & Horton, bond counsel, to a like effect and

to the effect that the interest on the bonds is exempt from federal income taxation under existing statutes, regulations and Court decisions. Messrs. McCall, Parkhurst & Horton did not take part in the preparation of the Official Notice of Sale or the Official Statement nor has such firm undertaken independently to verify any of the information contained therein, except that, in their capacity as bond counsel, such firm has reviewed the information describing the bonds in such Notice and Statement to verify that such description conforms to the provisions of the bond resolution. The legal fees to be paid Messrs. McCall, Parkhurst & Horton for services rendered in connection with the issuance of the bonds are contingent on the sale and delivery of the bonds.

No-Litigation Certificate: The Board will execute, and deliver to the successful purchaser, a certificate to the effect that no litigation of any nature has been filed or is then pending to restrain or enjoin the issuance or delivery of said bonds or the coupons appertaining thereto, or which would affect the provisions made for their payment or security, or in any manner questioning the validity of said bonds or coupons.

Certification as to Official Statement: The Board will furnish the successful bidder a certificate at the time of delivery, executed by a proper officer or officers of the Board, acting in their official capacity, to the effect that to the best of their knowledge and belief, and after reasonable investigation: (a) the Official Statement nor any amendment or supplement thereto contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made not misleading; (b) since the date of the Official Statement no event has occurred which should have been set forth in an amendment or supplement to the Official Statement which has not been set forth in such an amendment or supplement; nor (c) has there been any material adverse change in the operation of financial affairs of the Institute since the date of such Official Statement.

Printed Bonds: The Board will furnish printed bonds on lithographed borders to the purchaser. The legal opinion of Messrs. McCall, Parkhurst & Horton will be printed on the bonds.

CUSIP Numbers: It is anticipated that CUSIP identification numbers will be printed on said bonds, but neither the failure to print such number on any bond nor any error with respect thereto shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for said bonds in accordance with the terms of the purchase contract. All expenses in relation to the printing of CUSIP numbers on said bonds shall be paid for by the issuer; provided, however, that the CUSIP Service Bureau charge for the assignment of said numbers shall be the responsibility of and shall be paid for by the purchaser.

Paying Agent Banks: On the date these bonds are sold, the Board of Regents of The University of Texas System will select a Texas Bank with assets in excess of \$100,000,000 as paying agent on these bonds, and a New York City Bank as co-paying agent. The selection of paying agents will be at the sole discretion of the Board of Regents.

Delivery: Delivery of the bonds will be made at the expense of the U.T. System at a bank in Austin, Texas; provided, however, that the purchaser may arrange with the Board for delivery of the bonds at a bank in another city, at the expense of the purchaser. It is anticipated that delivery can be made on or about June 14, 1976,

and it is understood and agreed that the purchaser will accept delivery and make payment in Federal Funds of the agreed purchase price, less the amount of the Good Faith Deposit, on or before June 14, 1976, or thereafter when the bonds are tendered for delivery up to and including July 16, 1976. The purchaser shall be given at least seven days notice of the time which The University of Texas System has fixed for delivery. The purchaser shall make proper payment for the bonds prior to 12:00 noon C.D.T. on the date so fixed for delivery. If for any reason The University of Texas System is unable to tender the bonds for delivery by July 16, 1976, then the System shall immediately contact the successful bidder to allow said bidder to extend his bid for an additional 30 days. If the successful bidder does not elect to extend his offer within five days after such notification, then the Good Faith Deposit will be returned and both The University of Texas System and the successful bidder shall be relieved of further obligation.

Responsibility for Qualification of Bonds for Sale in Respective States: The Board assumes no responsibility for qualification of the bonds under the securities laws of any jurisdiction in which the bonds may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration provisions.

Additional Copies of Notice of Sale, Bid Form, and Bond Resolution: Additional copies of the Official Notice of Sale, Official Statement, Official Bid Form, and copies of the Bond Resolution may be obtained at the office of the Associate Deputy Chancellor for Investments, Trusts and Lands, The University of Texas System, P. O. Box 7968, Austin, Texas, 78712 or Russ Securities Corporation, 1605 Alamo National Building, San Antonio, Texas, 78205. The successful bidder will be furnished with up to 100 copies of the Official Statement at no expense. Arrangements have been made with the printer to supply additional copies if desired, at the successful bidder's expense.

In case of errors in net interest cost calculations, coupons named will govern, however, the Board reserves the right to reject any and all bids, and to waive any and all irregularities.

W. L. Lobb
 William L. Lobb, Associate Deputy Chancellor
 for Investments, Trusts & Lands
 The University of Texas System

April 23, 1976

This Official Statement does not constitute an offer to sell Bonds in any jurisdiction to any person to whom it is unlawful to make such offer in such jurisdiction. No dealer, salesman, or any other person has been authorized to give any information or make any representation, other than those contained herein, in connection with the offering of these Bonds, and if given or made, such information or representation must not be relied upon. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Board of Regents since the date hereof.

OFFICIAL STATEMENT

NEW ISSUE

\$2,500,000

BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM
 THE UNIVERSITY OF TEXAS M. D. ANDERSON HOSPITAL AND TUMOR INSTITUTE AT HOUSTON
 ENDOWMENT AND HOSPITAL REVENUE BONDS, SERIES 1976

Dated: June 1, 1976

Denomination: \$5,000

Principal and semi-annual interest (August 1 and February 1) payable at

First interest coupon due February 1, 1977 (8 months).

AMOUNTS, MATURITIES, COUPON RATES AND PRICE OR YIELD

| Amount | Due Aug. 1 | Coupon Rate | Price or Yield | Amount | Due Aug. 1 | Coupon Rate | Price or Yield |
|-----------|------------|-------------|----------------|-----------|------------|-------------|----------------|
| \$110,000 | 1979 | | | \$170,000 | 1987 | | |
| 115,000 | 1980 | | | 180,000 | 1988 | | |
| 120,000 | 1981 | | | 190,000 | 1989 | | |
| 130,000 | 1982 | | | 205,000 | 1990 | | |
| 135,000 | 1983 | | | 215,000 | 1991 | | |
| 145,000 | 1984 | | | 230,000 | 1992 | | |
| 150,000 | 1985 | | | 245,000 | 1993 | | |
| 160,000 | 1986 | | | | | | |

(Accrued Interest to be Added)

REDEMPTION PROVISIONS: Bonds of this issue maturing on and after August 1, 1989 will be redeemable for any purpose as a whole or in part on August 1, 1988, or on any interest payment date thereafter, at par and accrued interest.

AUTHORITY AND PURPOSE: These bonds will be issued pursuant to the Constitution and Laws of the State of Texas, particularly Chapter 55, Texas Education Code, for the purpose of providing part of the funds to acquire and construct a Central Services and Administration Building and related equipment and facilities, for and on behalf of The University of Texas M. D. Anderson Hospital and Tumor Institute at Houston, to provide centralized hospital food services and facilities.

SECURITY: These bonds will constitute special obligations of the Board of Regents of The University of Texas System acting for and in behalf of The University of Texas M. D. Anderson Hospital and Tumor Institute at Houston. These bonds will be on a parity with the presently outstanding \$16,000,000 The University of Texas

M. D. Anderson Hospital and Tumor Institute at Houston, Endowment and Hospital Revenue Bonds, Series 1972, and will be equally and ratably secured by and payable from an irrevocable first lien on and pledge of the Pledged Revenues, which include (1) the Gross Revenues of the Hospital Facilities and (2) the Gross Proceeds from the Conveyance of Endowment Land; all as fully set forth in the Bond Resolution authorizing the subject bonds.

PAYMENT RECORD: The University of Texas System has never defaulted.

LEGALITY: The Attorney General of the State of Texas and Messrs. McCall, Parkhurst & Horton, Dallas, Texas

DELIVERY: When issued; anticipated on or about June 14, 1976.

ELIGIBILITY AS INVESTMENTS

In the opinion of Bond Counsel, the bonds offered herein are legal and authorized investments in Texas for all banks, trust companies, building and loan associations, savings and loan associations, insurance companies of all kinds and types, fiduciaries, trustees, and guardians, and for all interest and sinking funds and other public funds of the State of Texas and all agencies, subdivisions, and instrumentalities thereof, including all counties, cities, towns, villages, school districts, and all other kinds and types of districts, public agencies and bodies politic. Said bonds also shall be eligible and lawful security for all deposits of public funds of the State of Texas and all agencies, subdivisions, and instrumentalities thereof, including all counties, cities, towns, villages, school districts, and all other kinds and types of districts, public agencies, and bodies politic, to the extent of the market value of said bonds, when accompanied by any unmaturing interest coupons appurtenant thereto.

DEFINITIONS

Some of the definitions to be used in the Bond Resolution authorizing the bond issue offered herein will be as follows:

The term "Board" shall mean the Board of Regents of The University of Texas System in its own behalf, and as Trustees of The University Cancer Foundation.

The term "Bonds" shall mean collectively the Board of Regents of The University of Texas System, The University of Texas M. D. Anderson Hospital and Tumor Institute at Houston, Endowment and Hospital Revenue Bonds, Series 1972 (the "Series 1972 Bonds") authorized by the resolution adopted by the Board on September 11, 1972, and Board of Regents of The University of Texas System, The University of Texas M. D. Anderson Hospital and Tumor Institute at Houston, Endowment and Hospital Revenue Bonds, Series 1976 (the "Series 1976 Bonds") authorized by this Resolution.

The term "Additional Bonds" shall mean the additional parity revenue bonds permitted to be authorized in this Resolution.

The term "Institute" shall mean The University of Texas M. D. Anderson Hospital and Tumor Institute at Houston, and its substations, as defined and provided for in Section 73.101 through 73.111, Texas Education Code.

The term "Project" shall mean the Central Services and Administration Building

and related equipment and facilities to provide centralized hospital food services and facilities, to be acquired and constructed, for and on behalf of the Institute, in part with the proceeds from the sale of the Series 1976 Bonds.

The term "Hospital Facilities" shall mean all of the land, hospitals, clinics, substations, buildings, structures, equipment, services, and other facilities of every nature whatsoever owned or operated by the Institute, or by the Board, or The University of Texas System, for and on behalf of the Institute, which are used for or related to the diagnosis and/or treatment of patients, including specifically (a) the existing clinic and the approximately 250 bed hospital located in the Texas Medical Center in the City of Houston, and the approximately 330 bed hospital addition and clinic which in part were acquired, constructed, and equipped with the proceeds from the sale of the Series 1972 Bonds, (b) the Project, and (c) any and all future improvements, enlargements, and additions to any of the foregoing, and replacements thereof, acquired or constructed from any sources, including the issuance of any Additional Bonds.

The term "Gross Revenues of the Hospital Facilities" shall mean all of the revenues, income, rentals, rates, fees, and charges of every nature derived by the Institute, or by the Board, or The University of Texas System, from the operation and/or ownership of the Hospital Facilities (but specifically excluding any legislative General Revenue Fund appropriations from the State Treasury).

The term "Current Expenses" shall mean all necessary operating expenses, current maintenance charges, expenses of reasonable upkeep and repairs, properly allocated share of charges for insurance and all other expenses incident to the operation and maintenance of the Hospital Facilities, but shall exclude depreciation and all general administrative, overhead, teaching, study, and research expenses of the Institute.

The term "Endowment Land" shall mean the approximately 53,534 acres of land, including the oil, gas, and other minerals contained in and under and that may be produced or mined therefrom, located in the Counties of Charlotte, De Soto, and Highlands, State of Florida, which land has been conveyed by the Board of Regents of The University of Texas System, in its own behalf, and as Trustees of the University Cancer Foundation, to Punta Gorda Isles, Inc., a Florida Corporation, and which land is described in deeds recorded in Official Records Book 392, page 132, of the Charlotte County Records, in Official Records Book 83, page 206, of the De Soto County Records, and in Official Records Book 406, page 929 of the Highlands County Records, respectively.

The term "Gross Proceeds from the Conveyance of Endowment Land" shall mean all of the gross income, payments, royalties, proceeds, and receipts of every nature derived, coming due to, or received by, the Board, in its own behalf, or as Trustees of the University Cancer Foundation, or The University of Texas System, from any sale, lease, rental, or other conveyance of any nature of the Endowment Land, including specifically the gross proceeds and receipts from the payments to be made to the Board in its own behalf, and as Trustees of the University Cancer Foundation, by Punta Gorda Isles, Inc., a Florida Corporation, pursuant to those certain

Notes dated June 20, 1972, in the total principal amount of \$13,500,257.52 with interest on the unpaid balance at the rate of 7-1/2% per annum, secured by a purchase money Mortgage Deed dated June 20, 1972, executed by Punta Gorda Isles, Inc., which Mortgage Deed is recorded in Official Records Book 392, page 143, of the Charlotte County, Florida, Records, and in Official Records Book 83, page 541, of the De Soto County, Florida, Records, and in Official Records Book 408, page 388, of the Highlands County, Florida, Records; and also including the gross proceeds and receipts from any other sale, lease, rental, or conveyance of any nature of the Endowment Land made by the Board, in its own behalf, or as Trustees of the University Cancer Foundation, due to any foreclosure of the aforesaid Mortgage Deed, or otherwise. It is further specifically covenanted and agreed by the Board, in its own behalf, and as Trustees of the University Cancer Foundation, that it will enforce and collect the aforesaid Notes, and foreclose the aforesaid Mortgage Deed if necessary; and that in such event it will sell and convey the Endowment Land as soon as practicable at the best price or prices reasonably obtainable.

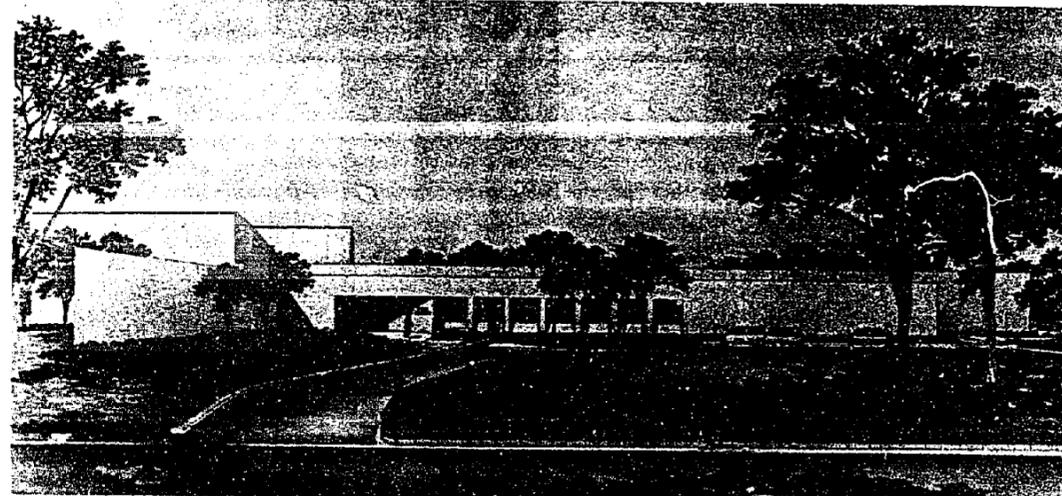
The term "Pledged Revenues" shall mean collectively (a) the Gross Revenues of the Hospital Facilities, (b) the Gross Proceeds from the Conveyance of Endowment Land, and (c) any additional revenues, income, receipts, or other resources, including, without limitation, any grants, donations, or income received or to be received from the United States Government, or any other public or private source, whether pursuant to an agreement or otherwise, which hereafter may be pledged to the payment of the Bonds or the Additional Bonds.

PROPOSED CENTRAL SERVICES AND ADMINISTRATION BUILDING

As previously stated, the proceeds from these Series 1976 Bonds will be used to pay a portion of the cost of constructing and equipping the subject Project which will be used to provide centralized hospital food services and facilities. While the Project will be staffed and operated by M. D. Anderson Hospital and Tumor Institute, it will provide food services to other University of Texas System components as well as the Institute.

The new central food service facility will be modern in every respect and will utilize the latest equipment technology and assembly line techniques. Bulk raw food products will be purchased on a centralized basis. Batch cooking, using automated equipment will permit the preparation of one menu item in the required volume in advance to supply the various institutions for from three to six weeks, depending upon the frequency of usage. A food testing laboratory will be utilized with raw and prepared food to assure both nutrient content and quality. After preparation, food items will be frozen and held for future use.

Food will be transported to participating institutions by refrigerated truck. It will arrive either on trays in pre-proportioned servings ready to be flash heated, or in pans ready to be portioned on to trays, depending upon the needs of the user. Centralization will also permit even the most exotic modifier patient diets to be produced on an assembly line basis. Initial meal volume through the Project is estimated at about 16,000 per day and designed capacities will permit the handling of anticipated future growth requirements.



Proposed Central Services and Administration Building

The Project building will be a one story structure of approximately 82,000 gross square feet and will be well located on a seven acre site about one-half mile from the M. D. Anderson Hospital and Tumor Institute and other U. T. System Houston components, which are all centrally located at the Texas Medical Center in Houston. The new building will have a reinforced concrete foundation and floor system, a steel structural frame, and precast concrete exterior walls with bronze glass in the administrative area. Over 16,000 square feet of the facility will be in refrigerated and freezer storage spaces.

The total budgeted Project cost is as follows:

| | |
|--|----------------------------|
| Construction and Built-in Equipment | \$ 6,840,000 |
| Other Equipment | 2,700,000 |
| Architects, Engineers & Consultants Fees | 725,000 |
| Supervision & Administration Expenses | 170,000 |
| Allowance for Interest During Construction | 465,075 |
| Surveys, Tests & Bond Issuance Expense | 50,750 |
| Contingency Allowance | 225,000 |
| Total Project Budget | <u>\$11,175,825</u> |

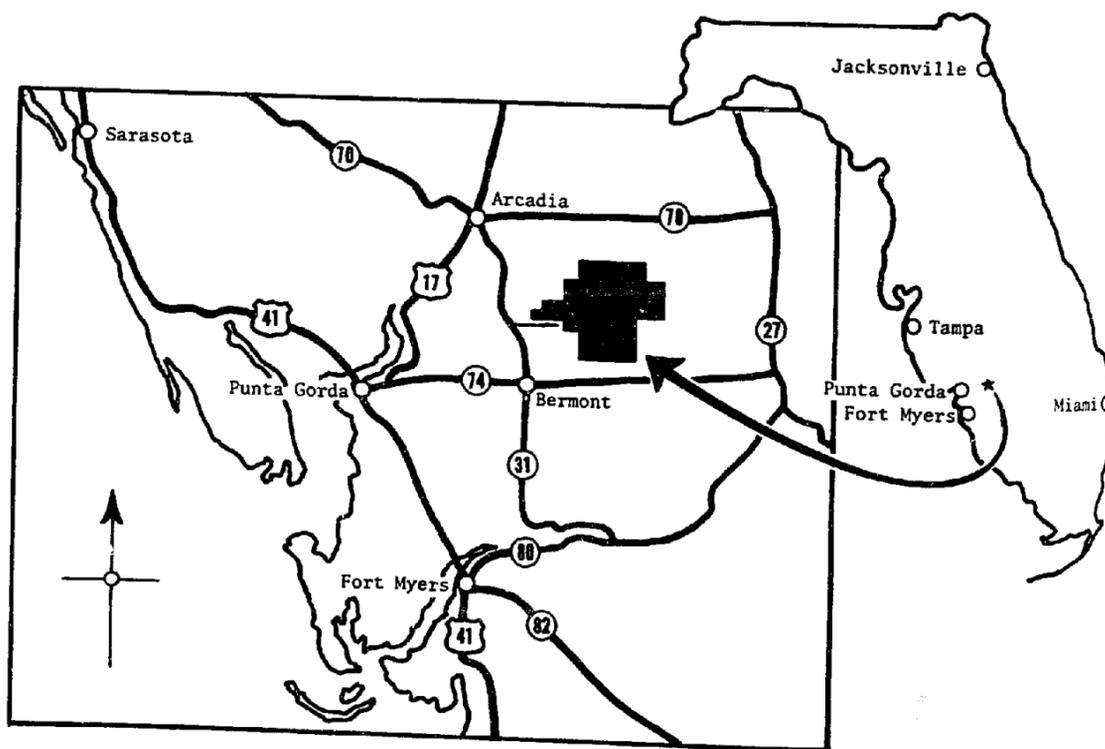
Sources of Project funds are:

| | | |
|-----------------------------------|------------------|----------------------------|
| Federal Funds | | |
| Hill Burton Grant | \$1,000,000 | |
| Hill Burton Loan | <u>4,770,000</u> | \$ 5,770,000 |
| Series 1976 Bonds (This Issue) | | 2,500,000 |
| Other Available U.T. System Funds | | <u>2,905,825</u> |
| Total Project Funds | | <u>\$11,175,825</u> |

The University of Texas System received notification of the approval of both the \$1,000,000 Hill Burton grant and the \$4,770,000 Hill Burton loan from the Department of Health, Education and Welfare in February, 1976. Under the terms of the Loan Agreement which was executed February 13, 1976, the principal of the loan can be repaid over a 25 year period. The interest rate on the loan will be based upon the last Federal National Mortgage Association auction results prior to the loan closing, minus approximately 3%. This formula at the present time would result in an interest rate on the loan of approximately 6%. The subject \$4,770,000 loan will be secured by a pledge of the Gross Revenues of the Hospital Facilities, subordinate in all respects to the lien of these Series 1976 Bonds being offered and the parity Series 1972 Bonds.

Construction bids on the Project have been received within available funds and when construction contracts are let they will be secured by both performance bonds and payment bonds. The Project is scheduled for completion by November, 1977.

LOCATION OF ENDOWMENT LAND



ENDOWMENT LAND

In 1969, the M. G. and Lillie A. Johnson Foundation, Inc. made a gift of approximately 53,370 acres of the Endowment Land. Subsequently that same year Mr. and Mrs. M. G. Johnson individually added 160 acres to the gift. Shortly thereafter the Board purchased two small parcels of land to complete the Endowment Land holdings. Title to the Endowment Land was vested in the Board of Regents of The University of Texas System, acting in their capacity as sole trustees of the University Cancer Foundation. The University Cancer Foundation is a trust created by the Board of Regents to hold, manage, operate, administer, invest and distribute funds, for among other purposes, "to foster and promote the growth, progress and development of research, education and graduate study in medicine and its related fundamental sciences, at The University of Texas M. D. Anderson Hospital and Tumor Institute at Houston, and to encourage the making of gifts to the University Cancer Foundation by deed, grant, will or otherwise for purposes agreeable to the Board of Regents".

The Endowment Land is situated in Charlotte, Highlands and De Soto Counties in Florida 26 miles northeast of Fort Myers and approximately 30 miles east of Punta Gorda, Florida. These gifts of land were made for the specific purpose of endowing the construction of additional hospital facilities at The University of Texas M. D. Anderson Hospital and Tumor Institute at Houston, and authorization was granted for the sale of the land to raise the required funds. Under the terms of the gifts the hospital addition is to be known as "The Lutheran Hospital - M. G. and Lillie A. Johnson Building". Another condition of the gift provided that if construction of the hospital addition was not commenced by March 27, 1975, the land given would revert to the M. G. and Lillie A. Johnson Foundation, Inc.

The Endowment Land was sold to Punta Gorda Isles, Inc. in 1972. The terms of this sale and the scheduled proceeds therefrom, which are pledged to the Bonds are covered in the following section entitled ESTIMATED PLEDGED REVENUES AVAILABLE AS SECURITY. Incident to this sale, the M. G. and Lillie A. Johnson Foundation furnished a Quit Claim Deed to Punta Gorda Isles, Inc. In addition, the Foundation has agreed that the pledge of the Gross Proceeds from the Conveyance of Endowment Land is unconditional and final and said Foundation has acknowledged that it has no further claim on the Endowment Land.

ESTIMATED PLEDGED REVENUES AVAILABLE AS SECURITY

- A. Gross Revenues of the Hospital Facilities - Existing Hospital Facilities of the Institute include a modern 294 bed inpatient hospital and clinic facilities capable of serving about 600 outpatients daily. In 1972, the Institute began an approximately \$50 million expansion program (hereinafter referred to as the "1972 Project") which was partially financed by the sale of the \$16 million Series 1972 Bonds. In addition to major expansion for teaching and research activities, the 1972 Project which is scheduled for completion in late 1976, includes a 330 bed hospital addition and extensive new clinic facilities to serve up to 1,200 outpatients per day. When the 1972 Project has been completed, total inpatient hospital capacity will total 588 beds, since some existing bed spaces will be converted to intensive care and other purposes. As previously indicated, the central food service facilities or current Project, are scheduled for completion and occupancy in November, 1977.

Gross Revenues of the Hospital Facilities are defined in a previous section, but in essence are the total revenues from paying patients. Historical and officially estimated Gross Revenues of the Hospital Facilities can be found on the following page.

HISTORICAL AND OFFICIALLY ESTIMATED GROSS REVENUES OF THE HOSPITAL FACILITIES

| | Fiscal Years Ending August 31: | | | | | | | | | |
|---|--------------------------------|--------------|---------------------|---------------------|--------------|---------------------|--------------|---------------------|--------------|---------------------|
| | Actual | | | Estimated | | | | Estimated | | |
| | 1973 | 1974 | 1975 | 1976 | 1977 | 1978 | 1979 | 1972 | 1972 | 1972 |
| | | | Existing Facilities | Existing Facilities | Project | Existing Facilities | Project | Existing Facilities | Project | Existing Facilities |
| Gross Revenues of the Hospital Facilities | | | | | | | | | | |
| Hospital Rooms | \$ 3,231,145 | \$ 3,759,920 | \$ 4,707,750 | \$ 6,878,000 | \$ 2,106,250 | \$ 6,318,750 | \$ 3,647,000 | \$ 7,404,000 | \$ 5,733,000 | \$ 7,005,000 |
| Operating Rooms | 486,633 | 593,875 | 711,965 | 1,040,000 | 380,000 | 1,140,000 | 592,000 | 1,201,000 | 941,000 | 1,151,000 |
| Anesthesia | 275,002 | 299,153 | 398,770 | 582,000 | 131,500 | 394,500 | 205,000 | 426,000 | 326,000 | 398,000 |
| Diagnostic Radiology | 447,672 | 611,043 | 1,246,848 | 1,822,500 | 518,750 | 1,556,250 | 808,000 | 1,640,000 | 1,285,000 | 1,571,000 |
| Therapeutic Radiology | 506,954 | 581,728 | 801,994 | 1,172,500 | 355,000 | 1,065,000 | 553,000 | 1,122,000 | 879,000 | 1,075,000 |
| Isotopes | 304,752 | 343,563 | 584,663 | 855,000 | 253,750 | 761,250 | 395,000 | 805,000 | 629,000 | 769,000 |
| Laboratory | 1,140,303 | 1,251,004 | 1,734,323 | 2,532,500 | 676,250 | 2,028,750 | 1,053,000 | 2,139,000 | 1,676,000 | 2,048,000 |
| Blood Bank | 414,071 | 407,474 | 512,297 | 745,000 | 406,250 | 1,218,750 | 633,000 | 1,284,000 | 1,007,000 | 1,230,000 |
| Physical Therapy | 52,456 | 96,710 | 113,840 | 167,500 | 48,750 | 146,250 | 76,000 | 154,000 | 120,000 | 148,000 |
| Oxygen Therapy | 410,459 | 371,814 | 623,822 | 912,500 | 212,500 | 637,500 | 331,000 | 672,000 | 527,000 | 643,000 |
| Medical Supplies | 286,743 | 591,415 | 594,625 | 867,500 | 187,500 | 562,500 | 292,000 | 593,000 | 464,000 | 568,000 |
| Pharmacy | 2,628,630 | 2,774,040 | 3,967,876 | 5,797,500 | 1,900,000 | 5,700,000 | 2,959,000 | 6,068,000 | 4,708,000 | 5,754,000 |
| Clinic Charges | 669,587 | 759,059 | 1,114,645 | 1,627,500 | 451,500 | 1,354,500 | 703,000 | 1,428,000 | 1,119,000 | 1,367,000 |
| Professional Fees | 3,959,011 | 4,439,358 | 6,346,246 | 8,800,000 | \$ 7,750,000 | | \$ 8,250,000 | | | |
| Adjustments to Income From Prior Years | 765,471 | 818,555 | 990,937 | | | | | | | |
| Central Food Facility (Project) | | | | | | | | | | |
| Sub-Totals | | | | | | | 5,971,000 | | 6,382,000 | |
| Annual Totals | \$15,578,889 | \$17,668,711 | \$24,450,601 | \$31,800,000 | \$ 7,628,000 | \$22,884,000 | \$12,247,000 | \$24,864,000 | \$19,414,000 | \$23,727,000 |
| | | | | | \$38,262,000 | | \$51,332,000 | | \$58,023,000 | |

Footnotes:

- Increases in Gross Revenues of the Hospital Facilities for the past few years are due to the following factors:
 - Increases in the number of paying (non-indigent) patients because of new government health-care programs and greater insurance coverage.
 - Increases in outpatient care volume.
 - Rate increases to offset rises in costs of maintenance and operation.
 - Utilization of more sophisticated and expensive testing and treating techniques.
- The estimated Gross Revenues for FY 1976 are based upon actual operations to date and the increases in such revenues this year are due to the factors set forth in Footnote 1. above.
- Estimated Gross Revenues from the 1972 Project and the current Project shown above are based upon gradual increases in utilization. Estimated hospital revenues from the 1972 Project are proportionately greater due to private room design of the new facility versus multiple patient occupancy rooms in the Existing Facilities. In addition, estimated Gross Revenues of the 1972 Project anticipate the major portion of total Project utilization will be paying patients. Allowances for continued treatment of indigent patients are reflected in estimates of Existing Facilities Gross Revenues.

While the Hospital Facilities revenues pledged to these Bonds are limited to the gross revenues from paying patients, the total operation of the Hospital Facilities is of interest. In addition to providing care and treatment for paying patients, the Hospital Facilities of the Institute are used extensively for indigent patient care and other purposes. To finance these latter activities and uses of the Hospital Facilities, the Institute receives legislative appropriations from the State. The following statement reflects the historical and officially estimated total operations of the Hospital Facilities. This statement is for information purposes only since, as previously pointed out, legislative appropriations are in no way pledged to the payment of the Bonds.

THE UNIVERSITY OF TEXAS
M. D. ANDERSON HOSPITAL AND TUMOR INSTITUTE AT HOUSTON
PRO-FORMA STATEMENT OF HOSPITAL FACILITIES
TOTAL INCOME AND CURRENT EXPENSES

| | Fiscal Years Ending August 31: | | | | | | |
|--|--------------------------------|--------------|--------------|--------------|---------------|---------------|---------------|
| | Actual | | | Estimated | | | |
| | 1973 | 1974 | 1975 | 1976 | 1977 | 1978 | 1979 |
| Income | | | | | | | |
| Legislative Appropriations for Indigent Care and Other | \$ 7,757,033 | \$ 8,846,196 | \$ 9,244,037 | \$13,377,754 | \$14,594,503* | \$14,598,914* | \$14,601,678* |
| Gross Revenues of the Hospital Facilities | 15,578,889 | 17,668,711 | 24,450,601 | 31,800,000 | 38,262,000 | 51,332,000 | 58,023,000 |
| Total Income | \$23,335,922 | \$26,514,907 | \$33,694,638 | \$45,177,754 | \$52,856,503 | \$65,930,914 | \$72,624,678 |
| Current Expenses | | | | | | | |
| Salaries and Wages | \$11,396,222 | \$12,715,347 | \$15,475,314 | \$21,700,893 | \$26,138,881 | \$31,213,018 | \$34,964,765 |
| Hospital Supplies, Etc. | 4,770,292 | 5,537,294 | 7,739,645 | 10,879,510 | 13,050,412 | 19,382,253 | 21,226,514 |
| Utilities | 318,402 | 377,971 | 529,135 | 1,611,425 | 1,933,710 | 2,165,755 | 2,382,330 |
| Maintenance and Repairs | 283,104 | 365,703 | 352,928 | 416,649 | 504,979 | 576,376 | 629,014 |
| Other Expenses | 1,672,799 | 2,913,946 | 2,905,306 | 3,781,683 | 4,358,019 | 5,226,581 | 5,949,240 |
| Total Current Expenses | \$18,440,819 | \$21,910,261 | \$27,002,328 | \$38,390,160 | \$45,986,001 | \$58,563,983 | \$65,151,863 |
| EXCESS INCOME OVER CURRENT EXPENSES | \$ 4,895,103 | \$ 4,604,646 | \$ 6,692,310 | \$ 6,787,594 | \$ 6,870,502 | \$ 7,366,931 | \$ 7,472,815 |

* Estimated only. State appropriations are, of course, entirely dependent upon future Legislative determination and action.

B. Gross Proceeds from the Conveyance of Endowment Land - The Endowment Land was sold on June 20, 1972 to Punta Gorda Isles, Inc. (the "Purchaser"), a Florida Corporation listed on the American Stock Exchange. The Purchaser is engaged in the business of developing and selling homesites and building custom homes and condominiums in Florida. The Purchaser's principal place of business is in Punta Gorda, Florida which is some 30 miles west of the Endowment Land.

The Endowment Land, then estimated to total 51,860 acres, was sold for a total consideration of \$15,000,000, subject to an actual survey of the property, plus the assumption by the Purchaser of an existing mortgage with the Connecticut Mutual Life Insurance Company in the amount of \$495,000. At the time of the closing \$2,000,000 was paid in cash and a Note in the amount of \$13,000,000 secured by a Purchase Money Mortgage looking only to the land was executed. Subsequently, a survey of the property increased the acreage from 51,860 to 53,534 acres and an additional note in the amount of \$500,257 was received from the additional acreage. A copy of the \$13,000,000 Purchase Money Mortgage and Note and the additional \$500,257 Note hereinafter collectively sometimes referred to as the "Mortgage Notes", are attached as an Appendix to this Official Statement.

The Mortgage Notes bear interest from the June 20, 1972 closing date at 7-1/2% and provide for cash payments calculated in installments as follows:

\$1,100,000 due June 20, 1975
 \$1,200,000 due June 20, 1976
 \$1,300,000 due June 20, 1977
 \$1,400,000 due June 20, 1978
 \$1,500,000 due June 20, 1979
 \$3,473,000 due June 20, 1980
 \$3,473,000 due June 20, 1981
 \$3,473,000 due June 20, 1982
 \$3,473,000 due June 20, 1983
 \$3,466,586 due June 20, 1984

As detailed in a subsequent section under FLOW OF FUNDS, all payments on the \$13,500,257 Mortgage Notes are deposited directly upon receipt into the Interest and Sinking Fund for the Bonds. The \$1,100,000 installment due June 20, 1975 was duly received and so deposited. In addition, \$1,740,000 from the \$2,000,000 cash down payment was deposited into the Interest and Sinking Fund at the time the Series 1972 Bonds were delivered. The balance of the cash down payment was required by the Board of the payment of closing costs and for settlement of surface lease cancellation.

Under the terms of the sale, the Board of Regents reserved certain mineral interests in connection with the Endowment Land which is now under oil and gas lease to Shell Oil Company. The Board retained a 1/16th royalty under the existing Shell Oil Company leases and a non-participating and non-executory 1/2 interest in the royalty to be provided in any future mineral lease negotiated on the Endowment Land. Any revenues received by the Board from Endowment Land mineral interest are pledged to the Bonds and will be deposited upon receipt into the Interest and Sinking Fund.

Release provisions contained in the Mortgage Notes are designed to require that the development of the Endowment Land be in an orderly manner. Terms provide

that initial development must be on a single 10,000 acre block, and no release will be issued until at least \$1,000,000 of physical improvements have been made on such block, or an additional payment of \$1,000,000 has been made to the Board on the Mortgage Notes. Subject to these conditions partial releases of individual lots will be issued upon payment of 200% of the overall principal of the Mortgage Notes on a pro-rata gross acre basis. At such time as the development of the initial 10,000 acre block has been completed, additional 10,000 acre blocks may be developed on the same basis. However, after the Mortgage Notes balance has been reduced to \$10,000,000, partial releases of individual lots will be issued upon payment of 125% of the overall Mortgage Notes principal on a pro-rata gross acre basis. For complete terms and conditions please refer to the copy of the Purchase Money Mortgage which is attached as an Appendix to this Official Statement.

RECAPITULATION OF PLEDGED HOSPITAL FACILITIES REVENUES AND COVERAGE

| | Fiscal Year Ending 8-31: | | |
|--|--------------------------|--------------|---------------------|
| | 1973 | 1974 | 1975 |
| Gross Revenues of the Hospital Facilities | \$15,578,889 | \$17,668,711 | \$24,450,601 |
| Maximum Principal and Interest Requirements on all Parity Bonds including these Series 1976 Bonds at 6% interest | | | \$1,571,270 in 1993 |
| COVERAGE | 9.91 times | 11.24 times | 15.56 times |

The foregoing figures do not include the Gross Proceeds from the Conveyance of Endowment Land which are also an important part of the Pledged Revenues, and which are deposited directly into the Interest and Sinking Fund. In the following schedule, the Mortgage Notes installment payments which mature to 1984 are compared with total principal and interest requirements on all of the Bonds, including the \$2,500,000 Series 1976 Bonds at 6% interest, for the same period:

| Fiscal Year Ending 8-31: | Scheduled Mortgage Notes Payments to Interest and Sinking Fund | Principal and Interest Requirements on all Parity Bonds, Including the \$2,500,000 Series 1976 Bonds at 6% Interest** |
|--------------------------|--|---|
| | \$2,515,546* | |
| 1976 | 1,200,000 | \$ 856,622 |
| 1977 | 1,300,000 | 1,431,622 |
| 1978 | 1,400,000 | 1,407,622 |
| 1979 | 1,500,000 | 1,517,122 |
| 1980 | 3,473,000 | 1,513,522 |
| 1981 | 3,473,000 | 1,513,122 |
| 1982 | 3,473,000 | 1,515,622 |
| 1983 | 3,473,000 | 1,515,722 |
| 1984 | 3,466,586 | 1,516,842 |
| Totals | \$25,274,132 | \$12,787,818 |

* Beginning bond fund balances on hand at 9-1-75 broken down as follows:

Interest & Sinking Fund Balance \$ 704,010
 Reserve Fund Balance 1,811,536

** \$13,785,000 of the total Parity Bonds are scheduled to mature after 1984.

BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM
 THE UNIVERSITY OF TEXAS M. D. ANDERSON HOSPITAL AND TUMOR INSTITUTE AT HOUSTON
 ENDOWMENT AND HOSPITAL REVENUE BONDS

ESTIMATED PRINCIPAL AND INTEREST REQUIREMENTS*

| F/Y Ending 8-31: | Series 1972 Bonds | \$2,500,000 Series 1976 Bonds | | Total All Parity Bonds |
|------------------------|----------------------|-------------------------------|------------------|------------------------------|
| | | Principal (8-1) | Interest @ 6% | |
| 1976 | \$ 856,622 | | | \$ 856,622 |
| 1977 | 1,256,622 | | \$175,000 | 1,431,622 |
| 1978 | 1,257,622 | | 150,000 | 1,407,622 |
| 1979 | 1,257,122 | \$110,000 | 150,000 | 1,517,122 |
| 1980 | 1,255,122 | 115,000 | 143,400 | 1,513,522 |
| 1981 | 1,256,622 | 120,000 | 136,500 | 1,513,122 |
| 1982 | 1,256,322 | 130,000 | 129,700 | 1,515,622 |
| 1983 | 1,259,222 | 135,000 | 121,500 | 1,515,722 |
| 1984 | 1,258,442 | 145,000 | 113,400 | 1,516,842 |
| 1985 | 1,267,242 | 150,000 | 104,700 | 1,521,942 |
| 1986 | 1,268,962 | 160,000 | 95,700 | 1,524,662 |
| 1987 | 1,273,862 | 170,000 | 86,100 | 1,529,962 |
| 1988 | 1,281,682 | 180,000 | 75,900 | 1,537,582 |
| 1989 | 1,287,162 | 190,000 | 65,100 | 1,542,262 |
| 1990 | 1,295,302 | 205,000 | 53,700 | 1,554,002 |
| 1991 | 1,300,415 | 215,000 | 41,400 | 1,556,815 |
| 1992 | 1,307,450 | 230,000 | 28,500 | 1,565,950 |
| 1993 | 1,311,570 | 245,000 | 14,700 | 1,571,270 |
| 1994 | 1,317,775 | | | 1,317,775 |
| 1995 | 1,324,725 | | | 1,324,725 |
| 1996 | 1,333,165 | | | 1,333,165 |
| 1997 | 1,342,825 | | | 1,342,825 |

* Cents omitted.

** 6% interest rate used for illustration purposes only.

BOND COVENANTS

The principal provisions of the Bond Resolution authorizing these Series 1976 Bonds will provide substantially as follows:

BOND SECURITY: Section 7. (a) That the Series 1976 Bonds are "Additional Bonds" as permitted by Sections 19, 20, and 21, of the resolution authorizing the issuance of the Series 1972 Bonds, and it is hereby determined, declared, and resolved that all of the Bonds (collectively the Series 1972 Bonds and the Series 1976 Bonds) are and shall be secured and payable equally and ratably on a parity, and that Sections 6 through 22 of this Resolution are supplemental to and cumulative of Sections 6 through 22 of the resolution authorizing the issuance of the Series 1972 Bonds, with Sections 6 through 22 of this Resolution being equally applicable to all of the Bonds.

(b) That the Bonds and any Additional Bonds, and the interest thereon are and shall be secured by and payable from an irrevocable first lien on and pledge of the Pledged Revenues.

FUNDS ESTABLISHED: Section 8. That there is hereby created and there shall be established on the books of the Board a separate account or accounts which individually or collectively shall be known as the "Endowment and Hospital Revenue Bonds Revenue Fund" (herein called the "Revenue Fund"). All collections of the Gross Revenues of the Hospital Facilities shall be credited to the Revenue Fund immediately upon receipt.

Section 9. That to pay the principal of and interest on all outstanding Bonds and any Additional Bonds, as the same come due, there is hereby created and there shall be established at an official depository of the Board (which must be a member of the Federal Deposit Insurance Corporation) a separate fund to be entitled the "Endowment and Hospital Revenue Bonds Interest and Sinking Fund" (herein called the "Interest and Sinking Fund").

Section 10. That there is hereby created and there shall be established at an official depository of the Board (which must be a member of the Federal Deposit Insurance Corporation) a separate fund to be entitled the "Endowment and Hospital Revenue Bonds Reserve Fund" (herein called the "Reserve Fund"). The Reserve Fund shall be used finally in retiring the last of the outstanding Bonds and Additional Bonds, or for paying principal of and interest on any outstanding Bonds and Additional Bonds, when and to the extent the amount in the Interest and Sinking Fund is insufficient for such purpose.

INVESTMENTS: Section 11. That money in any Fund established pursuant to this Resolution may, at the option of the Board, be placed in time deposits or be invested in direct obligations of the United States of America, obligations guaranteed or insured by the United States of America, which, in the opinion of the Attorney General of the United States, are backed by its full faith and credit or represent its general obligations, including, but not limited to, evidences of indebtedness issued, insured, or guaranteed by such governmental agencies as the Federal Land Banks, Federal Intermediate Credit Banks, Banks for Cooperatives, Federal Home Loan Banks, Government National Mortgage Association, United States Postal Service, Farmers Home Administration, Federal Home Loan Mortgage Association, Small Business Administration, Federal Housing Association, or Participation Certificates in the Federal Assets Financing

Trust; provided that all such deposits and investments shall be made in such manner that the money required to be expended from any Fund will be available at the proper time or times. Such investments shall be valued in terms of current market value as of the last day of February and August of each year. Interest and income derived from such deposits and investments shall be credited to the Fund from which the deposit or investment was made and shall be used only for the purpose or purposes for which such Fund is required or permitted to be used. Such investments shall be sold promptly when necessary to prevent any default in connection with the Bonds or Additional Bonds.

Section 12. That money in all Funds created by this Resolution, to the extent not invested, shall be secured in the manner prescribed by law for securing funds of the Board, in principal amounts at all times not less than the amounts of money credited to such Funds, respectively.

FLOW OF FUNDS: Section 13. (a) That immediately after the delivery of the Series 1976 Bonds the Board shall deposit any accrued interest and any premium received from the sale of the Series 1976 Bonds to the credit of the Interest and Sinking Fund.

(b) That the Board shall deposit all Gross Proceeds from the Conveyance of Endowment Land hereafter received, immediately upon receipt, directly to the credit of the Interest and Sinking Fund.

(c) That the Board shall transfer from the Gross Revenues of the Hospital Facilities in the Revenue Fund, or from any other available Pledged Revenues, and deposit to the credit of the Interest and Sinking Fund the amounts, at the times, as follows:

(1) on or before June 25, 1976, and semiannually on or before each December 25th or June 25th thereafter, an amount which will be sufficient, together with other amounts, if any, then on hand in the Interest and Sinking Fund and available for such purpose, to pay the interest scheduled to accrue and come due on the Bonds on the next succeeding interest payment date; and

(2) on or before December 25, 1976, and semiannually on or before each June 25th and December 25th thereafter, an amount sufficient, together with other amounts, if any, then on hand in the Interest and Sinking Fund and available for such purpose, to pay one-half of the principal scheduled to mature and come due on the Bonds on the next succeeding August 1.

(d) That if at any time there is on deposit in the Interest and Sinking Fund an amount in excess of that required to pay all principal of and interest on the Bonds and any Additional Bonds through the next succeeding August 1, the Board may use such excess to purchase and cancel Bonds or Additional Bonds at a price not exceeding the redemption price on the next succeeding date upon which any Bonds or Additional Bonds are subject to redemption prior to maturity, or, if any Bonds or Additional Bonds are subject to redemption on the next succeeding interest payment date, the Board may use such excess to redeem Bonds or Additional Bonds on the next succeeding interest payment date, or the Board may use such excess to make any deposit required to be made into the Reserve Fund.

REQUIRED RESERVE: Section 14. That there is now on deposit in the Reserve Fund an amount in excess of \$1,800,000, which is at least equal to the average annual principal and interest requirements of the Bonds. So long as the money and investments in the Reserve Fund are not less in market value than a required amount equal to the average annual principal and interest requirements of all then outstanding Bonds and Additional Bonds, no additional deposits need be made into the Reserve Fund; but if the Reserve Fund should be depleted to less than said required amount in market value, then subject to making the required deposits to the credit of the Interest and Sinking Fund, the Board shall transfer from the Gross Revenues of the Hospital Facilities or any other Pledged Revenues in the Revenue Fund (or from any excess in the Interest and Sinking Fund as permitted by Section 13 (d) hereof), and deposit to the credit of the Reserve Fund, semiannually, on or before each December 25th and June 25th thereafter, a sum at least equal to 1/10th of the average annual principal and interest requirements of all then outstanding Bonds and Additional Bonds, until the Reserve Fund is restored to said required amount. So long as the Reserve Fund contains said required amount, any surplus in the Reserve Fund over said required amount may be transferred and deposited into the Interest and Sinking Fund.

Section 15. (a) That if on any occasion there shall not be sufficient Pledged Revenues to make the required deposits into the Interest and Sinking Fund and the Reserve Fund, then such deficiency shall be made up as soon as possible from the next available Pledged Revenues, or from any other sources available for such purpose.

(b) That, subject to making the required deposits to the credit of the Interest and Sinking Fund and the Reserve Fund, when and as required by this Resolution, or any resolution authorizing the issuance of Additional Bonds, any surplus Gross Revenues of the Hospital Facilities or any other Pledged Revenues in the Revenue Fund shall be used by the Board for paying, to the extent not paid from other sources, the Current Expenses of the Hospital Facilities, and any remaining balance may be used for any other lawful purpose.

Section 16. On or before the last day of July, 1976, and semiannually on or before the last day of each January and of each July thereafter while any of the Bonds or Additional Bonds are outstanding and unpaid, the Board shall make available to the paying agents therefor, out of the Interest and Sinking Fund, and/or the Reserve Fund, if necessary, money sufficient to pay such interest on and such principal of the Bonds and Additional Bonds as will accrue or mature on the August 1st or February 1st immediately following. The paying agents shall totally destroy all paid Bonds and Additional Bonds, and the coupons appertaining thereto, and shall furnish the Board with an appropriate certificate of destruction.

Section 17. That at such times as the aggregate amount of money and investments in the Interest and Sinking Fund and the Reserve Fund are at least equal in market value to (1) the aggregate principal amount of all unpaid (unmatured and matured) outstanding Bonds and Additional Bonds, plus (2) the aggregate amount of all unpaid (unmatured and matured) outstanding interest coupons appertaining to such Bonds and Additional Bonds, no further deposits need be made into the Interest and Sinking Fund or Reserve Fund. In determining the amount of such Bonds and Additional Bonds, and interest coupons appertaining thereto, outstanding at any time, there shall be subtracted and excluded the amount of any such Bonds and Additional Bonds, and interest coupons appertaining thereto, which shall have been duly called for redemption and for which funds shall have been deposited with the paying agents therefor sufficient, including any required redemption premium, for such redemption.

BONDS ARE SPECIAL OBLIGATIONS: Section 18. That the Bonds and any Additional Bonds, and the interest coupons appertaining thereto, will constitute special obligations of the Board payable solely from the Pledged Revenues, and the holders of the Bonds and Additional Bonds, and the coupons appertaining thereto, shall never have the right to demand payment out of funds raised or to be raised by taxation.

ADDITIONAL BONDS: Section 19. That the Board shall have the right and power at any time and from time to time, and in one or more Series or issues, to authorize, issue, and deliver additional parity revenue bonds (herein called "Additional Bonds"), in any amounts, for any lawful purpose relating to the Hospital Facilities, and to refund any Bonds or Additional Bonds. Such Additional Bonds, if and when authorized, issued, and delivered in accordance with this Resolution, shall be secured and payable equally and ratably on a parity with the Bonds, and all other outstanding Additional Bonds, by an irrevocable first lien on and pledge of the Pledged Revenues.

Section 20. (a) The Interest and Sinking Fund and the Reserve Fund established by this Resolution shall secure and be used to pay all Additional Bonds as well as the Bonds. However, each resolution under which Additional Bonds are issued shall provide and require that, in addition to the amounts required by the provisions of this Resolution and the provisions of any other resolution or resolutions authorizing Additional Bonds to be deposited to the credit of the Interest and Sinking Fund, the Board shall transfer from the Pledged Revenues and deposit to the credit of the Interest and Sinking Fund at least such amounts as are required for the payment of all principal of and interest on said Additional Bonds then being issued, as the same comes due; and that the aggregate amount to be accumulated and maintained in the Reserve Fund shall be increased (if and to the extent necessary) to an amount not less than the average annual principal and interest requirements of all Bonds and Additional Bonds which will be outstanding after the issuance and delivery of the then proposed Additional Bonds; and that the required additional amount shall be so accumulated by the deposit in the Reserve Fund of all or any part of said required additional amount in cash immediately after the delivery of the then proposed Additional Bonds, or, at the option of the Board, by the deposit, from Pledged Revenues, of said required additional amount (or any balance of said required additional amount not deposited in cash as permitted above) in semiannual installments, made on or before the 25th day of each December and June following the adoption of the resolution authorizing the issuance of the then proposed Additional Bonds, of not less than 1/10th of said required additional amount (or 1/10th of the balance of said required additional amount not deposited in cash as permitted above).

(b) All calculations of average annual principal and interest requirements made pursuant to this Section are made as of and from the date of the Additional Bonds then proposed to be issued.

(c) The principal of all Additional Bonds must be scheduled to be paid or mature on August 1 of the years in which such principal is scheduled to be paid or mature; and all interest thereon must be payable on February 1 and August 1.

Section 21. Additional Bonds shall be issued only in accordance with this Resolution, but notwithstanding any provisions of this Resolution to the contrary, no installment, Series, or issue of Additional Bonds shall be issued or delivered unless:

(a) The senior financial officer of the Institute signs a written certificate to the effect that the Board is not in default as to any covenant, condition, or

obligation in connection with all outstanding Bonds and Additional Bonds, and the resolutions authorizing same, and that the Interest and Sinking Fund and the Reserve Fund each contains the amount then required to be therein.

(b) The State Auditor of the State of Texas, or any certified public accountant, signs a written certificate to the effect that, during either the next preceding University of Texas System fiscal year, or any twelve consecutive calendar month period ending not more than ninety days prior to the adoption of the resolution authorizing the issuance of the then proposed Additional Bonds, the Pledged Revenues, excluding and excepting the Gross Proceeds from the Conveyance of Endowment Land, were at least equal to six times the average annual principal and interest requirements of all Bonds and Additional Bonds to be outstanding after the issuance of the then proposed Additional Bonds.

OTHER COVENANTS OF THE BOARD: Section 22. The Board further covenants and agrees that:

(a) It will faithfully perform at all times any and all covenants, undertakings, stipulations, and provisions contained in this Resolution and each resolution authorizing the issuance of Additional Bonds, and in each and every Bond and Additional Bond; that it will promptly pay or cause to be paid from the Pledged Revenues the principal of and interest on every Bond and Additional Bond, on the dates and in the places and manner prescribed in such resolutions and Bonds or Additional Bonds; and that it will, at the times and in the manner prescribed, deposit or cause to be deposited from the Pledged Revenues the amounts required to be deposited into the Interest and Sinking Fund and the Reserve Fund; and any holder of the Bonds or Additional Bonds may require the Board, its officials and employees, and any appropriate official of the State of Texas, to carry out, respect, or enforce the covenants and obligations of this Resolution or any resolution authorizing the issuance of Additional Bonds, by all legal and equitable means, including specifically, but without limitation, the use and filing of mandamus proceedings, in any court of competent jurisdiction, against the Board, its officials and employees, or any appropriate official of the State of Texas.

(b) It is duly authorized under the laws of the State of Texas to create and issue the Bonds; that all action on its part for the creation and issuance of the Bonds has been duly and effectively taken, and that the Bonds in the hands of the holders and owners thereof are and will be valid and enforceable special obligations of the Board in accordance with their terms.

(c) It lawfully owns and is lawfully possessed of the lands, buildings, and facilities constituting the Hospital Facilities, except for the Project, which it will acquire, construct and own, and has a good and indefeasible estate in such lands, buildings, and facilities in fee simple, that it warrants that it has, and will defend, the title to all the foresaid lands, buildings, and facilities, and every part thereof, for the benefit of the holders and owners of the Bonds and Additional Bonds against the claims and demands of all persons whomsoever, that it is lawfully qualified to pledge the Pledged Revenues to the payment of the Bonds and Additional Bonds in the manner prescribed herein, and has lawfully exercised such rights.

(d) It will from time to time and before the same become delinquent pay and discharge all taxes, assessments, and governmental charges, if any, which shall be lawfully imposed upon it, or the campus, buildings, and facilities of the Hospital Facilities, that it will pay all lawful claims for rents, royalties,

labor, materials, and supplies which if unpaid might by law become a lien or charge thereon, the lien of which would be prior to or interfere with the liens hereof, so that the priority of the liens granted hereunder shall be fully preserved in the manner provided herein, and that it will not create or suffer to be created any mechanic's, laborer's, materialman's or other lien or charge which might or could be prior to the liens hereof, or do or suffer any matter or thing whereby the liens hereof might or could be impaired; provided, however, that no such tax, assessment, or charge, and that no such claims which might be used as the basis of a mechanic's, laborer's, materialman's or other lien or charge, shall be required to be paid so long as the validity of the same shall be contested in good faith by the Board.

(e) That while the Bonds or any Additional Bonds are outstanding and unpaid it will continuously and efficiently operate and maintain the Hospital Facilities in good condition, repair, and working order, and at a reasonable cost. The Board also covenants and agrees that the Current Expenses of the Hospital Facilities shall be paid from surplus Gross Revenues of the Hospital Facilities or any other Pledged Revenues in the Revenue Fund, as provided by Section 15 (b) hereof, to the extent such surplus Pledged Revenues are available, or paid from the general funds of the Institute in the same manner as the expenses of operation and maintenance of general facilities of the Institute, or paid from any other sources or funds lawfully available to the Institute or the Board for such purpose.

(f) That while the Bonds or any Additional Bonds are outstanding and unpaid, the Board shall not additionally encumber the Pledged Revenues in any manner, except as permitted in this Resolution in connection with Additional Bonds, unless said encumbrance is made junior and subordinate in all respects to the liens, pledges, covenants, and agreements of this Resolution.

(g) That while the Bonds or any Additional Bonds, are outstanding and unpaid, the Board shall not sell, convey, mortgage, or in any manner transfer title to, or lease, or otherwise dispose of the Hospital Facilities, or any significant or substantial part thereof; provided that when ever the Board deems it necessary to dispose of any furnishings and equipment, it may sell or otherwise dispose of such furnishings and equipment when it has made arrangements to replace the same or provide substitutes therefor.

(h) That at all times hereafter the Board shall procure boiler explosion insurance on all boilers servicing the Hospital Facilities in an amount not less than \$50,000 against loss suffered by reason of a boiler explosion. Further, at all times hereafter the Board shall procure fire and extended coverage insurance on the Hospital Facilities. The foregoing boiler explosion and fire and extended coverage insurance shall be maintained so long as Bonds or Additional Bonds are outstanding and such fire and extended coverage insurance shall be in amounts at least sufficient to provide for full recovery to the extent that the damage does not exceed 80% of full insurable value. Such insurance shall be carried with a reliable insurance company or companies. In lieu of providing fire and extended coverage insurance as required above, the Board may, at its option, provide the equivalent of such insurance under its general System-wide Fire and Extended Coverage Insurance policy, subject to a deductible provision which is reasonable in amount, provided the Board establishes and maintains a special account containing funds which are at least sufficient to offset said deductible amount and which are immediately available for such purpose. Upon the happening of any loss or damage covered by such insurance from one or more of said causes, the Board shall make due proof of

loss and shall do all things necessary or desirable to cause the insuring companies to make payment in full directly to the Board. The proceeds of insurance covering such property, together with any other funds necessary and available for such purpose, shall be used forthwith by the Board for repairing the property damaged or replacing the property destroyed; provided, however, that if said insurance proceeds and other funds are insufficient for such purpose, then said insurance proceeds pertaining to the Hospital Facilities shall be used promptly as follows:

(1) for the redemption prior to maturity of the Bonds and Additional Bonds, if any, ratably in the proportion that the outstanding principal of each Series or issue of Bonds or Additional Bonds bears to the total outstanding principal of all Bonds and Additional Bonds; provided that if on any such occasion the principal of any such Series or issue is not subject to redemption, it shall not be regarded as outstanding in making the foregoing computation; or

(2) if none of the outstanding Bonds or Additional Bonds is subject to redemption, then for the purchase on the open market and retirement of said Bonds and Additional Bonds, in the same proportion as prescribed in the foregoing clause (1), to the extent practicable; provided that the purchase price for any such Bond or Additional Bonds shall not exceed the redemption price of such Bond or Additional Bond on the first date upon which it becomes subject to redemption; or

(3) to the extent that the foregoing clauses (1) and (2) cannot be complied with at the time, the insurance proceeds, or the remainder thereof, shall be deposited in a special and separate trust fund, at an official depository of the Board, to be designated the Insurance Account. The Insurance Account shall be held until such time as the foregoing clauses (1) and/or (2) can be complied with, or until other funds become available which, together with the Insurance Account, will be sufficient to make the repairs or replacements originally required, whichever of said events occurs first.

(i) At all times when the Reserve Fund does not contain the maximum aggregate amount required to be on deposit therein, the Board shall procure and maintain use and occupancy insurance on all the facilities, buildings, and structures of the Hospital Facilities, to the extent obtainable, in an amount sufficient to enable the Board to deposit into the Interest and Sinking Fund and the Reserve Fund, out of the proceeds of such insurance, an amount equal to the sums that are required to be deposited into said Funds from the Pledged Revenues during the time the Hospital Facilities are wholly or partially unusable, as a result of loss of use or occupancy caused by the perils covered by fire and extended coverage insurance.

(j) The annual audit hereinafter required shall contain a section commenting on whether or not the Board has complied with the requirements of this Section with respect to the maintenance of insurance, and listing all policies carried, and whether or not all insurance premiums upon the insurance policies to which reference is hereinbefore made have been paid.

(k) The Board will fix, establish, maintain, and collect such rentals, rates, charges, and fees for the use and availability of the Hospital Facilities as are necessary to produce Gross Revenues of the Hospital Facilities sufficient, together with any other available resources, to pay all Current Expenses of the

Hospital Facilities, and sufficient, together with other Pledged Revenues, to make all payments and deposits required to be made into the Interest and Sinking Fund, and to maintain the Reserve Fund, in connection with all Bonds and Additional Bonds.

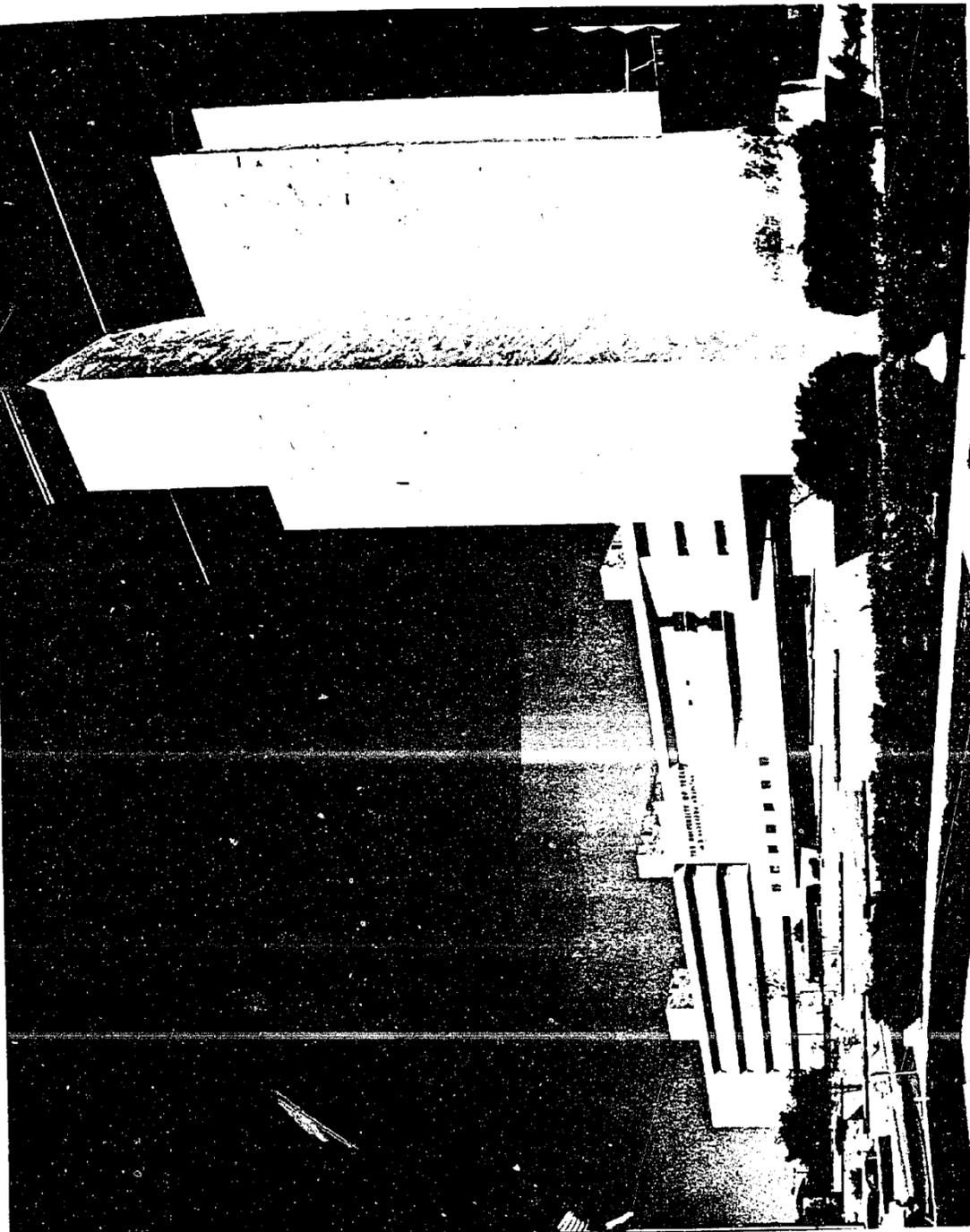
(l) Proper books of record and account will be kept in which full, true, and correct entries will be made of all dealings, activities, and transactions relating to the Pledged Revenues, and all books, documents, and vouchers relating thereto shall at all reasonable times be made available for inspection upon request of any bondholder.

(m) That each year while any of the Bonds or Additional Bonds are outstanding an audit will be made of its books and accounts relating to the Pledged Revenues by the State Auditor of the State of Texas, or any certified public accountant, such audit to be based on the fiscal year of The University of Texas System. As soon as practicable after the close of each such fiscal year, and when said audit has been completed and made available to the Board, a copy of such audit for the preceding fiscal year shall be mailed to all bondholders who shall so request in writing. Such annual audit reports shall be open to the inspection of the bondholders and their agents and representatives at all reasonable times.

(n) That the Board covenants that it will not permit to be deposited to the credit of any of the Funds created by this Resolution, or applied to the payment of the principal of or interest on the Bonds or any Additional Bonds, any proceeds from any grant, subsidy, donation, or income received from the United States Government, whether pursuant to agreement or otherwise, if such deposit or application would result in interest payable on the Bonds or Additional Bonds being includable in whole or in part in gross income for Federal income tax purposes.

(o) That the Board covenants that it will comply with all of the terms and conditions of any and all grant or subsidy agreements applicable to the Bonds or Additional Bonds entered into between the Board and any governmental agency in connection with any grant or debt service subsidy; and the Board will take all action necessary to enforce said terms and conditions.

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



M. D. Anderson Hospital and Tumor Institute

GENERAL INFORMATION
THE UNIVERSITY OF TEXAS SYSTEM CANCER CENTER
M. D. ANDERSON HOSPITAL AND TUMOR INSTITUTE

THE HISTORY OF THE M. D. ANDERSON HOSPITAL AND TUMOR INSTITUTE dates back to 1941, when it was authorized by the Texas Legislature and made a part of The University of Texas System. An initial appropriation of State funds was matched by the M. D. Anderson Foundation, established under the will of the late Monroe D. Anderson of Houston. The institution moved to its present location in the Texas Medical Center in Houston in 1954. From a beginning with 28 leased beds and a staff of 25 paid and volunteer members, the institution now occupies 580,000 square feet, approximately one-half of which is utilized for research purposes. The total staff numbers over 3,100, of whom some 284 are medical doctors and scientists. Since opening in 1944, over 113,000 patients from Texas, other states and many foreign countries have registered for treatment. In 1974-75 alone, the hospital admitted 7,220 new inpatients and about 231,000 outpatient visits were recorded at the institution's clinic facilities.

A SUMMARY OF HOSPITAL FACILITIES UTILIZATION for the past three years is shown below.

| | <u>1972-73</u> | <u>1973-74</u> | <u>1974-75</u> |
|-------------------------------------|----------------|----------------|----------------|
| Patients Seen | 19,753 | 20,288 | 21,235 |
| New Patients Registered | 6,363 | 6,524 | 7,220 |
| Outpatient Visits | 220,814 | 224,185 | 231,420 |
| Hospital Inpatient Days | 94,142 | 95,005 | 98,838 |
| Percentage of Occupancy | 87.73% | 88.53% | 92.11% |
| Surgical Procedures | 4,726 | 4,785 | 5,034 |
| X-Ray Therapy - New Lesions Treated | 1,931 | 1,994 | 1,998 |
| X-Ray Therapy - Areas Treated | 71,342 | 74,224 | 77,070 |
| Diagnostic Radiology Examinations | 62,506 | 71,476 | 71,376 |
| Anatomical Pathology Slides | 125,637 | 129,334 | 151,082 |
| Clinical Pathology Laboratory Tests | 1,737,349 | 1,975,787 | 2,282,250 |
| Hospital admissions | 7,196 | 7,328 | 7,586 |
| Hospital Discharges | 7,217 | 6,746 | 7,580 |
| Average Length of Hospital Stay | 13.04 | 14.08 | 13.04 |

M. D. Anderson was designated the flagship unit of The University of Texas System Cancer Center when it was established by the University's Board of Regents in late 1972. Today M. D. Anderson ranks as one of the three largest Comprehensive Cancer Centers in the United States.

THE PURPOSES OF THE M. D. ANDERSON HOSPITAL AND TUMOR INSTITUTE are to contribute and coordinate new scientific knowledge on the basic mechanism of cancer through research and to employ this new knowledge, without the time lag which usually precedes clinical application, in the treatment of patients with neoplastic and allied diseases. For the effective accomplishment of these goals, the activities of the institution involve research, education and patient care. Research and education functions are the responsibility of the tumor institute and patient care is the responsibility of the hospital.

Operational administration of the institution is handled through fifteen departments and one division. These include the Departments of Developmental Therapeutics, Diagnostic Radiology, Laboratory Medicine, Medicine, Pathology, Pediatrics, Radiotherapy, Rehabilitation Medicine, Surgery, Biochemistry, Biology, Biomathematics, Physics, Virology, Epidemiology and the Division of Patient Care. Specialized activities are administered by the Department of Information and Publications, Department of Medical Communication, Research Medical Library, and Offices of Clinics, Research and Education. General administration of the Cancer Center is handled by the Office of the President, with administration of M. D. Anderson Hospital and Tumor Institute assigned to the Office of the Director.

Basic cancer research is conducted in biochemistry, biology, physics and virology, while basic and applied research is conducted by the Departments of Developmental Therapeutics, Diagnostic Radiology, Medicine, Pathology, Pediatrics, Radiotherapy and Surgery. The supporting disciplines of biomathematics and epidemiology aid in defining the work of the basic and clinical research personnel. Research programs may be proposed by the individual investigator, a department head, or the chairman of a study section, and approved research programs are carried out within the limits of available resources.

Patient care is a major area of responsibility at M. D. Anderson. As stated, newly acquired research knowledge is immediately available for use in patient treatment at the hospital. Each new patient is referred by written request from his own physician either for consultation or for diagnosis and treatment. Individuals referred for consultation are examined, and a report of findings and recommendations for treatment are sent to the referring physician. Diagnosis and treatment are done only for individuals who are suspected of having cancer or an allied disease and who, in the opinion of their physicians, might benefit from further examination and treatment. Legislation creating the institution provided that both medically indigent and economically able patients would be admitted, in the manner above described, with each to pay for his care according to his ability.

INTERRELATION OF THE UNIVERSITY OF TEXAS SYSTEM HEALTH-ORIENTED COMPONENTS IN HOUSTON. Other health-oriented System institutions which are located in the Texas Medical Center in Houston include:

- (1) The University of Texas Health Science Center at Houston:
 - Dental Branch
 - Division of Continuing Education
 - Graduate School of Biomedical Sciences

Medical School
School of Public Health
School of Allied Health Sciences
Speech and Hearing Institute

(2) The University of Texas School of Nursing at Houston

Programs are carefully coordinated to prevent duplication of effort while making the best use of facilities and staff. Educational programs in clinical medicine at M. D. Anderson are carried out by the Health Science Center's Division of Continuing Education. Basic science programs at M. D. Anderson are affiliated with the Graduate School of Biomedical Sciences. Other examples of interrelation and coordination are:

--The UT Graduate School of Biomedical Sciences and the UT Medical School at Houston provide a teaching outlet for staff members of the M. D. Anderson Hospital and Tumor Institute.

--The M. D. Anderson Hospital and Tumor Institute acts not only as a teaching hospital but provides research laboratories and faculty supervision for the training of graduate students of the UT Graduate School of Biomedical Sciences.

--The M. D. Anderson Hospital and Tumor Institute and the Medical School and Dental Branch of the Health Science Center share staff members in many departments.

--M. D. Anderson Hospital and the Health Science Center's Speech and Hearing Institute share staff in a rehabilitation program for laryngectomy patients.

--The University of Texas Police Department serves both the Cancer Center and the Health Science Center.

--A Department of Dental Oncology is now being created as joint venture between the UT Dental Branch and M. D. Anderson Hospital. Patients involved in the program will be managed by the M. D. Anderson medical staff while the Dental Branch will be concerned with rehabilitation and problems related to the teeth and oral hygiene. The new department will be co-chaired by two faculty members from Anderson and the Dental Branch.

General coordination is a responsibility of the Administrative Council which includes the chief administrative officers of each of the Houston health-oriented component institutions.

NOTABLE ACTIVITIES AND ACCOMPLISHMENTS of the M. D. Anderson Hospital and Tumor Institute include the following as examples of items of special interest:

--Dr. R. Lee Clark, president of the Cancer Center, serves as the senior scientist on President Ford's three-member Cancer Panel which oversees progress of the National Cancer Program. He is also President-elect of the American Cancer Society and President of the Association of American Cancer Institutes.

--Anderson physicians and scientists designed and perfected the use of the cobalt-60 radiotherapy unit in the United States. Today cobalt-60 teletherapy units, based on this original design, are in use at approximately 1,000 U. S. hospitals.

--A 25-million electron volt linear accelerator began operation at Anderson in 1971. Because of the high energy of the accelerator's photon beam, radiation penetrates more deeply, but produces fewer superficial side effects, for the same end result in treating deep-seated tumors.

--Anderson began a joint cancer treatment program with Texas A&M University's Cyclotron Center in late 1972. Research indicates that "fast neutron" therapy with the cyclotron should be more effective than other types of radiation treatments in treating malignant tumors deficient in oxygen. Preliminary results are promising in more than 300 patients treated with "fast neutron" therapy.

--Virus-like particles were first seen by an Anderson scientist in tissues of patients with leukemia. Subsequently, a team of Anderson virologists succeeded in isolating what is believed to be a cancer virus from human tissue for the first time in 1971.

--An Anderson physician was among the first clinicians in the United States to use tissue adhesives in surgery for non-suture repair of body tissues.

--Anderson scientists perfected mammography, a technique for soft tissue roentgenography of the breast, which is now used routinely at Anderson. Thermography, a technique that measures heat emanating from hidden tumors, is now being used in conjunction with physical examinations and xeromammography, a recent development in breast image recording.

--In mid-1971, molecular biologists and geneticists on the staff of M. D. Anderson and the UT Graduate School of Biomedical Sciences developed staining procedures that allow precise identification of human chromosomes according to specific banding patterns. These techniques, which enable scientists to recognize and differentiate chromosomes, have allowed investigators to identify chromosomal abnormalities in cancer cells and prove that each type of cancer has its own chromosomal abnormality. The techniques, which are now used worldwide, also are used by scientists to pinpoint the causes of many birth defects.

--In 1969, a group of Anderson scientists was one of the first in the United States to test the effectiveness of adriamycin in treating certain cancers. Since that time, the researchers have found that when this anti-cancer drug is used in combination with other drugs, it achieves even better results in containing breast, bone, lung and stomach cancer, soft tissue sarcoma and leukemia.

--Significant progress recently has been made by Anderson physicians in the treatment of osteosarcoma or bone cancer. In recent studies using intensive combination chemotherapy regimens, as many as 67 percent of patients with osteosarcoma are free of disease after two years.

--Anderson physicians were among the first to develop immunotherapy programs for treating cancer. They are studying materials such as BCG, a vaccine developed for prevention of tuberculosis, which retards the spread of cancer by increasing the body's immune response, as well as additional immunotherapy modalities with extracts such as thymus hormones and bacterial vaccines.

FINANCIAL SUPPORT FOR THE M. D. ANDERSON HOSPITAL AND TUMOR INSTITUTE. As a state owned and operated institution a major source of Anderson's funds are derived from the State. The Texas Legislature appropriates biennially funds from the general revenues of the State, at present constituting about 36% of the Institute's budget. A summary of current income and expenses of the UT M. D. Anderson Hospital and Tumor Institute at Houston for the past three fiscal years is as follows:

| | Fiscal Year Ending 8-31: | | |
|---------------------------------------|--------------------------|---------------------|---------------------|
| | 1973 | 1974 | 1975 |
| CURRENT INCOME | | | |
| Educational and General | | | |
| Federal Funds | \$ 8,481,316 | \$10,361,706 | \$12,408,252 |
| State Appropriations | 16,205,678 | 20,957,240 | 23,959,623 |
| Private Gifts and Grants | 1,543,754 | 1,610,100 | 1,656,758 |
| Gross Revenues of Hospital Facilities | 11,619,878 | 13,229,353 | 18,104,355 |
| Endowment Income | 170,605 | 253,337 | 281,084 |
| Other Sources | 4,450,665 | 5,342,822 | 7,110,648 |
| Total Educational and General | \$42,471,896 | \$51,754,558 | \$63,520,720 |
| Auxiliary Enterprises | \$ 1,447,104 | \$ 1,730,790 | \$ 2,072,004 |
| Total Current Income | \$43,919,000 | \$53,485,348 | \$65,592,724 |
| CURRENT EXPENSES | | | |
| Educational and General | \$36,014,425 | \$45,903,357 | \$54,252,934 |
| Auxiliary Enterprises | 1,403,655 | 1,610,801 | 1,857,617 |
| Total Current Expenses | \$37,418,080 | \$47,514,158 | \$56,110,551 |
| EXCESS OF INCOME OVER EXPENSES | \$ 6,500,920 | \$ 5,971,190 | \$ 9,482,173 |

While research grants are in the main derived from federal agencies as indicated by the foregoing statements, other grant sources have been important. As of November 30, 1975, current grants and contracts from granting agencies were in effect as shown below.

| Federal | | |
|--|--------------|--------------|
| Public Health Service | \$16,495,583 | |
| U. S. Energy Research and Development Administration | 56,710 | |
| National Science Foundation | 198,100 | |
| Subcontracts | 38,530 | \$16,788,923 |

CURRENT RESEARCH GRANTS AND CONTRACTS CONT'D.

| | | |
|---------------------------------|---------|---------------------|
| Others | | |
| American Cancer Society | 492,392 | |
| Kelsey-Leary Foundation | 42,887 | |
| Welch Foundation | 206,200 | |
| Ortho Foundation | 63,500 | |
| Council for Tobacco Research | 88,115 | |
| March of Dimes | 30,000 | |
| George & Mary Hamman Foundation | 7,000 | |
| Continental Oil Company | 50,000 | 980,094 |
| Total | | \$17,769,017 |

The M. D. Anderson Hospital and Tumor Institute receives both current and capital expenditures support from the University Cancer Foundation which is administered through the Office of the President. Memorial and other gifts are made to the Foundation by grateful patients, public-spirited citizens, and others for the support of the efforts against cancer. These on occasion are major in nature as in the case of that of Mr. and Mrs. Johnson which was earmarked for the construction of the 1972 Project hospital facilities.

CURRENT ASSETS AND NET WORTH OF THE UT - M. D. ANDERSON HOSPITAL AND TUMOR INSTITUTE AT HOUSTON at the close of each of the three fiscal years ended August 31, 1973, 1974 and 1975 were as follows:

| | Fiscal Year Ending 8-31: | | |
|--|--------------------------|----------------------|----------------------|
| | 1973 | 1974 | 1975 |
| ASSETS | | | |
| Current Funds: | | | |
| General | \$ 7,098,582 | \$ 9,057,410 | \$ 11,708,015 |
| Auxiliary Enterprises | 273,490 | 377,455 | 585,598 |
| Designated | 8,113,442 | 7,982,821 | 10,963,110 |
| Restricted | 6,968,682 | 8,513,861 | 11,387,177 |
| Total Current Funds | \$ 22,454,196 | \$ 25,931,547 | \$ 34,643,900 |
| Endowment and Similiar Funds | \$ 17,215,529 | \$ 18,371,347 | \$ 20,606,555 |
| Plant Funds: | | | |
| Unexpended | \$ 51,201,693 | \$ 52,485,388 | \$ 40,802,188 |
| Investment in Plant | 46,637,086 | 81,291,129 | 101,771,032 |
| Total Plant Funds | \$ 97,838,779 | \$133,776,517 | \$142,573,220 |
| Agency Funds | \$ 10,276 | \$ 17,807 | \$ 25,793 |
| Deduct: Interfund Group Accounts | \$ 3,056,633 | \$ 4,686,061 | \$ 4,932,491 |
| Grand Total Assets | \$134,462,147 | \$173,411,157 | \$192,916,977 |
| Less: Total Liabilities | 49,908,730 | 68,435,959 | 53,453,428 |
| Fund Balances (i.e., Net Worth) | \$ 84,553,417 | \$104,975,198 | \$139,463,549 |

THE SCHEDULE OF PATIENT CHARGES at the M. D. Anderson Hospital is competitive with the rates of other hospitals in the Houston area. Rates are established on the basis of costs and the rates charged for like facilities and services in other hospitals in Houston. The Bond Resolution authorizing the issue described herein will, as previously mentioned, contain the usual rate covenant providing for increases in the rates and charges as necessary. A representation schedule of the principal present rates and charges would be:

| <u>Description</u> | <u>Amount</u> |
|---|-------------------------|
| <u>DAILY ROOM SERVICE</u> | |
| Part Day Room, Less than 8 hours | \$ 25.00 |
| Pediatric Room | 63.00 |
| Private Room | 71.00, \$77.00, \$95.00 |
| Semi-Private Room | 63.00 |
| Ward Room | 55.00 |
| Annex Room | 20.00 |
| Isolation Service | 20.00 |
| <u>OPERATING ROOM</u> | |
| First Half Hour | \$ 95.00 |
| Second Half Hour | 30.00 |
| Each Additional Half Hour | 25.00 |
| Minor Operating Room (Gimbel Wing): | |
| First Half Hour | 30.00 |
| Each Additional Half Hour | 12.00 |
| <u>POST OPERATIVE CARE</u> | |
| One - Three Hours | \$ 20.00 |
| Each Additional Hour | 6.00 |
| Maximum | 44.00 |
| <u>INTENSIVE CARE</u> | |
| Per Day | \$150.00 |
| Monitoring, Additional | 25.00 |
| <u>ANESTHESIA</u> | |
| Pay Patients: | |
| First Half Hour | \$ 42.00 |
| Second Half Hour | 18.00 |
| Third Half Hour | 12.00 |
| Each Additional Half Hour | 6.00 |
| Service Patients: | |
| First Half Hour | \$ 72.00 |
| Each Additional One-Half Hours | 25.00 |
| NOTE: If Fluothane used, additional \$12.50 Anesthesia charge. | |
| Perfusion Equipment | \$205.00 |

M. D. ANDERSON HOSPITAL - SOURCE OF PATIENT REVENUES. As previously mentioned, the legislation creating the institution provided that both medically indigent and

economically able patients would be admitted, with each to pay for his care according to his ability. The following is the approximate breakdown as to the source of patient service revenues:

| | |
|---------------------|----------------|
| Medicare | 18.73% |
| Medicaid | 1.64% |
| State of Texas* | 23.46% |
| Blue Cross | 12.47% |
| Insurance Companies | 27.67% |
| Other Patient | 16.03% |
| Total | 100.00% |

* Payments for indigent patient care

NATIONAL CANCER RESEARCH EFFORTS. The President of the United States has called for a massive national effort to be undertaken against cancer and, as a major treatment, research and educational center, M. D. Anderson Hospital and Tumor Institute is playing a major role in this national effort toward the conquest of cancer. Dr. R. Lee Clark is one of the three-member President's Cancer Panel supervising the federal cancer research efforts.

The National Cancer Act of 1971 (P.L. 92-218) authorized the appropriation by the Congress of major federal funding for a national effort against cancer. An initial \$337 million was appropriated for that year which was 1.8 times the previous year's high of \$184 million. Even greater expenditures by the federal government have followed. These budgeted appropriations have totaled some \$500 million for FY 1974, \$691 million for FY 1975 and \$744 million for FY 1976. Also, P.L. 92-218 gave additional impetus to the "War on Cancer" by directing the President to request of Congress such additional appropriations and increased authorizations as may be required for immediate pursuit of "any development in the National Cancer Program requiring prompt and expeditious support and for which regularly appropriated funds are not available." By this action the Congress has recognized and taken action against the reports that of the more than 200 million U. S. citizens alive today, nearly 50 million will be eventually afflicted with cancer. In Texas alone it has been estimated that some 3.5 million persons will be victims of cancer.

OTHER MAJOR CANCER CENTERS now include 17 federally-designated Comprehensive Cancer Centers and more than 60 federally-designated Specialized Cancer Centers, all of which are solely concerned with solutions to the control, treatment and cure of cancer. The sites of the Comprehensive Cancer Centers now include:

Sidney Farber Cancer Center...Boston, Mass.
 Roswell Park Memorial Institute...Buffalo, N. Y.
 Memorial Sloan-Kettering Cancer Center...New York, N. Y.
 Yale University School of Medicine...New Haven, Conn.
 Fox Chase Cancer Center...Philadelphia, Pa.
 University of Wisconsin Clinical Cancer Center...Madison, Wis.
 Illinois Cancer Council...Chicago, Ill.
 The University of Texas System Cancer Center...Houston, Texas
 University of Alabama...Birmingham, Ala.
 Duke University...Durham, N.C.
 University of Southern California/Los Angeles County Cancer Center...Los Angeles, Ca.

Colorado Regional Cancer Center, Inc...Denver, Col.
Fred Hutchinson Cancer Research Center...Seattle, Wash.
University of Miami...Miami, Fla.
Mayo Clinic...Rochester, Minn.
Johns Hopkins Medical Institutions...Baltimore, Md.
Howard University/Georgetown University...Washington, D.C.

The University of Texas System Cancer Center, like the other members of this select group, is deeply involved in education, general research and clinically applied research in patient care, which are regarded as the three major avenues of approach to the solution to the problems of cancer.

EXISTING PLANT FACILITIES. The Principal activities of the institution are housed in a single building containing approximately 580,000 square feet, located in the Texas Medical Center. The original portion of the building, containing the hospital, was completed in 1954. Additions containing 230,000 square feet were finished in 1969. All facilities are modern in every respect and are furnished with the latest available equipment. The hospital contains 294 beds and an outstanding radiation therapy unit, including radioisotope laboratories. Other facilities in the building include a complete medical clinic which can serve about 600 outpatients daily; clinical research areas including laboratories and research beds; basic research departments; the Research Medical Library containing some 55,500 volumes and 1,000 periodicals on diagnosis, treatment and research of neoplastic disease; educational activities space for both graduate and undergraduate physicians, dentists and basic scientists; and various supporting auxiliary enterprise facilities and ancillary services.

The Cancer Center also owns and operates three additional facilities not located in the Texas Medical Center. The former Southern Pacific Hospital was given to the institution and has been converted to a 50,500 square-foot Rehabilitation Center for non-acute patients. Another facility, which is an auxiliary enterprise, is the Anderson Mayfair, located just across Holcombe Boulevard from the main building. The Anderson Mayfair is a 15-story apartment hotel which provides housing for patients and patient families. It also is used to house visiting professional, scientific, nursing and paramedical personnel. The University of Texas Environmental Science Park, more than 1,000 acres located in Bastrop, County, is also part of the Cancer Center. The Park was designed as a center for the study of the effects of biohazards on the health and well-being of man, as well as for the development of research animal facilities. A laboratory and conference facility, valued at more than \$2.3 million, is currently under construction there.

FACILITIES EXPANSION IN ADDITION TO THE CENTRAL FOOD SERVICE PROJECT. As mentioned earlier, the 1972 Project expansion program is currently under way and will more than double the size of existing Anderson facilities. When it is completed in late 1976, the 1972 Project will have developed five major areas.

The 14-floor Lutheran Hospital Pavilion will provide 330 additional new beds. Nine floors each contain 32 private rooms which surround two triangular nursing stations to allow constant monitoring of every patient by the nursing staff. A newly engineered Enviro-Care unit surrounds the forward section of every patient's bed. The unit, specially designed for Anderson Hospital and since used by other institutions, makes special light adjustments possible and includes a swing-away bedside cabinet that lets the patient communicate with the nursing

staff and operate the radio and television from his bed. The two top floors will house the Clinical Research Center. This area serves as the institution's main facility for observation and testing of new findings important to better patient care. The Center includes 20 individual laminar airflow rooms, where patients who may be especially susceptible to infections during treatment can be housed in a protected steril environment.

The 12-floor Clinic Building will house outpatient areas capable of accommodating 1,200 persons daily. Facilities are being provided for diagnostic procedures, outpatient surgery, nuclear medicine, pediatrics and clinical chemistry. Also included are specialty areas organized according to the site of disease, such as maxillofacial therapy, orthopedics, neurology and gynecology. For the first time conference rooms and classrooms will provide adequate space for medical and dental education.

The 6th and 7th floors will be added to the existing Research Institute, Gimbel wing and center core area of the hospital. Research and laboratory space will be provided for such areas as pediatric research, biochemistry, developmental therapeutics, virology and immunology. The two floors will add 100,000 square feet to the present Anderson facilities.

A non-denominational chapel is being constructed where counseling will be available to patients and their families. The chapel will house Anderson's Department of Chaplaincy and Pastoral Education. Within the chapel building are a small sanctuary designed around a center altar, a meditation area, six chaplain's offices, conference areas for family counseling, and workroom and offices for volunteers.

Expanded radiation therapy facilities will add 23,500 square feet to Anderson's Radiotherapy Center. New equipment will include two simulators, used to reproduce the treatment field, as well as two additional 6 MEV linear accelerators.

GENERAL INFORMATION THE UNIVERSITY OF TEXAS SYSTEM

THE UNIVERSITY OF TEXAS SYSTEM is composed of the following component institutions:

The University of Texas at Arlington
The University of Texas at Austin
The University of Texas Marine Science Institute at Port Aransas
The University of Texas McDonald Observatory at Mount Locke
The University of Texas at Dallas
The University of Texas at El Paso
The University of Texas of the Permian Basin
The University of Texas at San Antonio
The University of Texas Institute of Texan Cultures at San Antonio
The University of Texas Health Science Center at Dallas
The University of Texas Southwestern Medical School at Dallas
The University of Texas Graduate School of Biomedical Sciences at Dallas
The University of Texas School of Allied Health Sciences at Dallas
The University of Texas Medical Branch at Galveston
The University of Texas Medical School at Galveston
The University of Texas Graduate School of Biomedical Sciences at Galveston
The University of Texas School of Allied Health Sciences at Galveston
The University of Texas Marine Biomedical Institute at Galveston

The University of Texas Hospitals at Galveston
 The University of Texas Health Science Center at Houston
 The University of Texas Medical School at Houston
 The University of Texas Dental Branch at Houston
 The University of Texas Graduate School of Biomedical Sciences at Houston
 The University of Texas School of Allied Health Sciences at Houston
 The University of Texas School of Public Health at Houston
 The University of Texas Speech and Hearing Institute at Houston
 The University of Texas Health Science Center at San Antonio
 The University of Texas Medical School at San Antonio
 The University of Texas Dental School at San Antonio
 The University of Texas Graduate School of Biomedical Sciences at San Antonio
 The University of Texas School of Allied Health Sciences at San Antonio
 The University of Texas System Cancer Center
 The University of Texas M. D. Anderson Hospital and Tumor Institute at Houston
 The University of Texas Environmental Science Park at Smithville
 The University of Texas System School of Nursing
 The University of Texas School of Nursing at Austin
 The University of Texas School of Nursing at El Paso
 The University of Texas School of Nursing at Fort Worth
 The University of Texas School of Nursing at Galveston
 The University of Texas School of Nursing at Houston
 The University of Texas School of Nursing at San Antonio

The System is headquartered in Austin and has an operating budget for the fiscal year ending August 31, 1976 of \$576,731,000, of which \$349,653,603 is from State appropriations. The University of Texas System employing more than 25,000 is governed by a Board of nine Regents appointed by the Governor of Texas with Senate approval. The Regents are appointed for staggered six-year terms and serve without pay.

ENROLLMENTS at the institutions of the U. T. System rank fifth among all universities in the United States. Fall semester headcount enrollments of the U. T. System teaching institutions for the last three years are shown below.

| | 1973 | 1974 | 1975 |
|-----------------------------------|--------|--------|--------|
| U. T. Austin | 40,611 | 41,841 | 42,598 |
| U. T. Arlington | 14,866 | 15,434 | 16,309 |
| U. T. El Paso | 10,980 | 11,418 | 13,614 |
| U. T. San Antonio | 1,113 | 1,620 | 4,437 |
| U. T. Permian Basin | 1,112 | 1,352 | 1,432 |
| U. T. Dallas | 382 | 700 | 3,333 |
| Galveston Medical Branch | 976 | 1,002 | 1,108 |
| Houston Health Science Center | 1,259 | 1,351 | 1,251 |
| Dallas Health Science Center | 769 | 973 | 1,113 |
| San Antonio Health Science Center | 631 | 648 | 810 |
| Nursing School (System-Wide) | 924 | 1,098 | 1,322 |
| Total | 73,623 | 77,437 | 87,327 |

THE PERMANENT UNIVERSITY FUND is an important source of revenue to the U.T. System. Initial assets of the Fund were derived from substantial grants of land by the State of Texas, which retained its public lands when the Republic of Texas became a State. Income of the Fund is divided two-thirds to the U.T. System and one-third to the Texas A&M System with the exception of certain grazing lease revenues accruing solely to the U. T. System. Total Fund assets at book value as of August 31, 1975 is shown on the following page.

| | |
|-------------------------------------|----------------------|
| Cash and Accounts Receivable | \$ 848,736 |
| Commercial Paper | 12,793,000 |
| U.S. Treasury and Agency Securities | 200,854,348 |
| F.H.A. Insured Mortgages | 11,912,451 |
| Convertible Debentures | 10,097,290 |
| Convertible Preferred Stock | 6,342,900 |
| Corporate Bonds | 284,497,804 |
| Common Stocks | 254,425,102 |
| Lands (nominal carrying value) | 10,002,383 |
| Total | <u>\$791,774,017</u> |

Approximately 2,100,000 acres of Texas land owned by the University Permanent Fund is carried at a nominal value of \$10,002,383, although much of it produces revenue from oil and gas royalty payments. The Fund is a true endowment, legal decisions having established that it shall be forever be kept intact and that all oil, gas and water royalties, gains on investments, rentals on mineral leases, lease bonuses, and land sales proceeds must be added to the principal. Net income from the Fund to The University of Texas System for the fiscal year ended August 31, 1975 was \$27.6 million.

Permanent University Fund Bonds are issued from time to time for the purpose of constructing, equipping or acquiring buildings or other permanent improvements of The University of Texas System and are secured by a pledge of the interest of The University of Texas System in income from the Permanent University Fund. The University of Texas System now has outstanding \$101,700,000 Permanent University Fund Bonds with debt service requirements of slightly more than \$11,450,000 for the current year, and declining gradually thereafter.



New Clinic Building with Hospital Addition Shown at Left

THE UNIVERSITY OF TEXAS SYSTEM
CONDENSED STATEMENT OF ASSETS AND NET WORTH
At August 31, 1975

ASSETS

| | |
|---|------------------------|
| I. Current Funds | |
| A. General | \$ 70,428,073 |
| B. Auxiliary Enterprises and Activities | 16,181,638 |
| C. Designated | 45,132,198 |
| D. Restricted | 126,479,432 |
| Total Current Funds | <u>\$ 258,221,341</u> |
| II. Loan Funds | <u>\$ 19,747,588</u> |
| III. Endowment and Similar Funds | |
| A. State (Permanent University Fund) | \$ 791,774,018 |
| B. Other than State | 92,636,034 |
| Total Endowment and Similar Funds | <u>\$ 884,410,052</u> |
| IV. Annuity and Life Income Funds | <u>\$ 4,307,700</u> |
| V. Available University Fund | <u>\$ 12,694,382</u> |
| VI. Plant Funds | |
| A. Unexpended | \$ 270,948,268 |
| B. Funds for Retirement of Indebtedness | 39,861,203 |
| C. Invested in Plant | 1,107,612,790 |
| Total Plant Funds | <u>\$1,418,422,261</u> |
| VII. Agency Funds | <u>\$ 3,676,841</u> |
| DEDUCT: Inter-Fund Group Accounts | <u>\$ 47,431,903</u> |
| GRAND TOTAL ASSETS | \$2,554,048,262 |
| Less: Total Liabilities | <u>594,599,348</u> |
| FUND BALANCES (i.e., Net Worth) | <u>\$1,959,448,914</u> |

THE UNIVERSITY OF TEXAS SYSTEM
SUMMARY STATEMENT OF CURRENT INCOME AND EXPENDITURES

| | Fiscal Year Ending 8-31: | | |
|---|--------------------------|----------------------|----------------------|
| | 1973 | 1974 | 1975 |
| CURRENT INCOME | | | |
| Federal Funds | \$ 69,485,056 | \$ 75,719,942 | \$ 94,224,321 |
| State Appropriations | 176,967,519 | 236,483,852 | 273,019,312 |
| Student Fees | 21,817,571 | 26,585,287 | 27,744,204 |
| Endowment Income (Includes transfers from Available University Fund) | 8,288,372 | 9,234,118 | 10,468,184 |
| Private Gifts | 15,702,447 | 18,334,898 | 21,122,725 |
| Organized Activities Related to Educational Departments; Professional Fees; and Hospitals and Clinics | 46,237,844 | 50,981,091 | 66,569,226 |
| Sales and Services and Other Sources | 6,861,879 | 10,133,410 | 11,615,644 |
| Total Educational and General | \$345,360,688 | \$427,472,598 | \$504,763,616 |
| Student Aid | 1,902,209 | 2,046,965 | 2,232,354 |
| Auxiliary Enterprises and Activities | 27,140,154 | 30,784,931 | 34,775,605 |
| Total Current Income | \$374,403,051 | \$460,304,494 | \$541,771,575 |
| CURRENT EXPENDITURES AND MANDATORY TRANSFERS | | | |
| Educational and General | \$310,358,018 | \$378,267,538 | \$459,870,363 |
| Student Aid | 4,553,095 | 4,754,042 | 5,267,105 |
| Auxiliary Enterprises and Activities | 23,902,669 | 26,704,923 | 30,980,381 |
| Mandatory Transfers for Debt Service | 15,553,449 | 23,014,974 | 25,346,608 |
| Total Current Expenditures and Mandatory Transfers | \$354,367,231 | \$432,741,477 | \$521,464,457 |
| EXCESS INCOME OVER EXPENDITURES AND MANDATORY TRANSFERS | <u>\$ 20,035,820</u> | <u>\$ 27,563,017</u> | <u>\$ 20,307,118</u> |

The financial data and other information set forth in this Official Statement has been obtained from records of The University of Texas System and other sources which are believed to be reliable, but it is not guaranteed as to the accuracy or completeness thereof, and its inclusion herein is not to be construed as a representation on the part of the Board of Regents to such effect. Excerpts and summaries of provisions of the Bond Resolution do not purport to be complete statements and reference should be made to such Bond Resolution for a full and complete statement of all bond provisions.

W. L. Lobb
W. L. Lobb, Associate Deputy Chancellor
for Investments, Trusts & Lands
The University of Texas System

APPENDIX

MORTGAGE NOTE

THIS MORTGAGE DEED, executed the 20th day of June, A.D., 1972, by PUNTA GORDA ISLES, INC., a corporation existing under the laws of the State of Florida, and having its principal place of business at 1625 West Marion Avenue, Punta Gorda, Charlotte County, Florida, party of the first part, hereinafter called the Mortgagor, to:

JOHN PEACE, FRANK N. IKARD, FRANK C. ERWIN, JR., JENKINS GARRETT, CLAUDIA TAYLOR JOHNSON, JOE M. KILGORE, A. G. McNEESE, JR., JOE T. NELSON, M.D., and DAN C. WILLIAMS, and their successors in office, as constituting the Board of Regents of The University of Texas System and as Trustees of the University Cancer Foundation as created by Trust Agreement dated November 7, 1957, as amended by instrument dated October 30, 1970, of 210 West Sixth, Austin, Texas, party of the second part, hereinafter called the Mortgagee;

WITNESSETH:

That for divers good and valuable considerations, and also in consideration of the aggregate sum named in the promissory note of even date herewith, hereinafter described, the said Mortgagor does grant, bargain, sell, alien, remise, release, convey and confirm unto the said Mortgagee in fee simple, all the certain tract of land, of which the said Mortgagor is now seized and possessed, and in actual possession, situated in Charlotte, Highlands and DeSoto Counties, State of Florida, described as follows:

Tract 1 - Lands situated in Charlotte County:

Sections 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, and 24, in Township 40 South, Range 27 East.

N-1/2, N-1/2 of SE-1/4, SE-1/4 of SE-1/4, NE-1/4 of SW-1/4 of Section 1, and NE-1/4, N-1/2 of NW-1/4 and SE-1/4 of NW-1/4 of Section 2; in Township 40 South, Range 26 East.

Tract 2 - Lands situated in Highlands County:

W-1/2 of Section 5, Sections 6 and 7, W-1/2 of Section 8, Sections 16, 18, 19, 21, and 28, S-1/2 of N-1/2 of NE-1/4 of Section 29, Sections 30, 31, 32, and 33, in Township 39 South, Range 28 East.

Tract 3 - Lands situated in DeSoto County:

Sections 1, 2, 3, 4, and 5, all of Section 6, excepting therefrom E-1/2 of NE-1/4 of NW-1/4 of NE-1/4; W-1/2 of SE-1/4 of NE-1/4 of NW-1/4, and W-1/2 of NE-1/4 of NW-1/4 of NW-1/4; Sections 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, and 36, in Township 30 South, Range 27 East;

S-1/2 of Section 13, Sections 24, 25, S-1/2 of Section 32, Sections 33, 34, 35, and 36, in Township 39 South, Range 26 East.

Containing 51,700 acres, more or less.

A-1

Tract 4 -

Southwest Quarter (SW-1/4) of Section Two (2), Township Forty (40) South, Range Twenty-Six (26) East, Charlotte County, Florida - containing 160 acres, more or less. Recorded in Book 317, Page 102 of the Records of Charlotte County, Florida.

Tract 5 -

The East 100 feet of Sections 1, 12, 13, 24, 25 and 36, in Township 38 South, Range 27 East, in DeSoto County, Florida. AND: A Strip of land 100 feet in width lying West of, Parallel and adjacent to the East line of Section 36, Township 37 S., Range 27 E. and extending from the South line of said Section 36 Northward 79-1/2 feet, more or less, to the South right-of-way line of State Road 70.

HAVE AND TO HOLD the Same, together with the tenements, hereditaments and appurtenances, unto the said Mortgagee in fee simple.

And said Mortgagor does covenant with said Mortgagee that said Mortgagor is indefeasibly seized of said land in fee simple; that the said Mortgagor has full power and lawful right to convey said land in fee simple as aforesaid; that it shall be lawful for said Mortgagee at all times peaceably and quietly to enter upon, hold, occupy and enjoy said land; that said land is free from all incumbrances; that said Mortgagor will make such further assurances to perfect the fee simple title to said land in said Mortgagee as may reasonably be required; and that said Mortgagor does hereby fully warrant the title to said land and will defend the same against the lawful claims of all persons whomsoever, SUBJECT HOWEVER to that certain Mortgage from Marshall G. Johnson and Lillie Appelt Johnson to the Connecticut Mutual Life Insurance Company dated December 1, 1962, which Mortgagor assumes and agrees to pay.

PROVIDED, always, that if said Mortgagor shall pay unto the said Mortgagee the certain promissory note, of which the following in words and figures is a true copy, to wit:

\$13,000,000.00 Punta Gorda, Florida - June 20, 1972.

For value received I, we or either of us promise to pay in lawful money of the United States of America to:

JOHN PEACE, FRANK N. IKARD, FRANK C. ERWIN, JR., JENKINS GARRETT, CLAUDIA TAYLOR JOHNSON, JOE M. KILGORE, A. G. McNEESE, JR., JOE T. NELSON, M.D., and DAN C. WILLIAMS, and their successors in office, as constituting the Board of Regents of the University of Texas System and as Trustees of the University Cancer Foundation as created by Trust Agreement dated November 7, 1957, as amended by instrument dated October 30, 1970,

order, at 210 West Sixth, Austin, Texas 78701,

the sum of THIRTEEN MILLION AND NO/100-----(\$13,000,000.00)-DOLLARS

with interest after date at the rate of seven and one-half percent (7-1/2%) per annum, which shall be paid in installments as follows:

\$1,100,000.00 shall be due 3 years from date hereof;

\$1,200,000.00 shall be due 4 years from date hereof;

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\$1,300,000.00 shall be due 5 years from date hereof;

\$1,400,000.00 shall be due 6 years from date hereof;

\$1,500,000.00 shall be due 7 years from date hereof;

The remaining balance of principal, plus accrued interest if any, after first having applied all of the above payments to simple interest and then to principal if any, shall be amortized over five (5) years with equal annual payments for said five (5) years which shall include simple interest.

In case the said installments, or any of them, are not paid when due, the whole of said sum then remaining unpaid shall forthwith become due and payable at the option of the holder of this note. And it is agreed by all parties liable herefor or hereon that should this note be collected by legal process or by an attorney, to pay all costs of the same and a reasonable attorney's fee. And each of us, whether maker, surety, guarantor or endorser, hereby severally waives all rights of homestead exemption, and of presentment and demand for payment, protest, notice of protest and notice of dishonor, and consents that this note, or any part hereof, may be extended without further notice.

THIS NOTE IS SECURED BY A PURCHASE MONEY MORTGAGE AND THE MORTGAGEE AND HOLDER OF THIS NOTE WILL LOOK SOLELY TO THE LAND DESCRIBED IN THE MORTGAGE FOR THE SECURITY FOR PAYMENT OF THE NOTE AND MORTGAGE.

PUNTA GORDA ISLES, INC.

By /s/ R. C. Faber (SEAL)
R. C. Faber, Vice President

Attest: /s/ Earl Drayton Farr, Jr.
Earl Drayton Farr, Jr.
Assistant Secretary

and shall perform, comply with and abide by each and every the stipulations, agreements, conditions and covenants of said promissory note and of this deed, then this deed and the estate hereby created shall cease and be null and void.

AND the said Mortgagor hereby covenants and agrees:

1. To pay all and singular the principal and interest and other sums of money payable by virtue of said promissory note and this deed, or either, promptly on the days respectively the same severally come due.

2. To pay all and singular the taxes, assessments, levies, liabilities, obligations and encumbrances of every nature on said described property each and every, and if the same be not promptly paid the said Mortgagee may at any time pay the same without waiving or affecting the option to foreclose or any right hereunder, and every payment so made shall bear interest from the date thereafter at the rate of six per cent (6%) per annum.

3. To pay all and singular the costs, charges, and expenses, including lawyer's fees, reasonably incurred or paid at any time by said Mortgagee because of the failure on the part

said Mortgagor to perform, comply with and abide by each and every the stipulations, conditions and covenants of said promissory note and this deed, or either, and every such payment shall bear interest from date at the rate of six per cent (6%) per annum.

4. To permit, commit, or suffer no waste, impairment or deterioration of said property in any part thereof.

5. To perform, comply with and abide by each and every the stipulations, agreements, conditions and covenants in said promissory note and in this deed set forth.

6. If any of said sums of money herein referred to be not promptly and fully paid within thirty (30) days next after the same severally become due and payable, or if each and every the stipulations, agreements, conditions and covenants of said promissory note and this deed either, are not duly performed, complied with and abided by, the said aggregate sum mentioned in said promissory note shall become due and payable forthwith or thereafter at the option of the Mortgagee as fully and completely as if the said aggregate sum of ----THIRTEEN MILLION AND 100---DOLLARS, was originally stipulated to be paid on such day, anything in said promissory note or herein to the contrary notwithstanding.

7. The Mortgagee may, at any time while a suit is pending to foreclose or to reform this mortgage or to enforce any claims arising hereunder, apply to the court having jurisdiction thereof for the appointment of a receiver, and such court shall forthwith appoint a receiver of the premises and all other property covered hereby, including all and singular the income, profits, rents, issues and revenues from whatever source derived and such receiver shall have all the broad and effective functions and powers in anywise entrusted by a court to a receiver and such appointment shall be made by such court as an admitted equity and a matter of absolute right to said Mortgagee and without reference to the adequacy or inadequacy of the value of the property mortgaged or to the solvency or insolvency of said Mortgagor or the Defendants, and such income, profits, rents, issues and revenues shall be applied by such receiver according to the lien of this mortgage and the practice of such court.

8. RELEASE CLAUSES: Until the principal balance remaining due on the mortgage shall be reduced unto \$10,000,000 partial releases from the lien of such purchase money mortgage may be procured at Mortgagor's expense from the Mortgagee for any of the above land at the release price of two hundred percent (200%) of the overall principal of the mortgage computed on a pro-rata gross acre basis, or portion thereof in the event of individual lot releases. In the event of individual lot releases and in further explanation thereof, it is contemplated that the Mortgagor may subdivide the first 10,000 acre parcel into lots, parcels and tracts to be sold together with streets, canals, lakes and other public or community rights-of-way as common property. In this event the parcels, lots and tracts to be sold shall be assigned an initial offering price by the Mortgagor and the entire release price of the 10,000 acre tract which will initially be approximately \$13,000,000 divided by 5, multiplied by 200% shall be spread over the aforesaid lots, parcels and tracts in the same proportion that the individual selling prices of these pieces bear to one another, the total of release prices being the aforesaid \$13,000,000 divided by 5 and multiplied by 200%. After the principal balance has been reduced to \$10,000,000, then partial releases from the lien of said purchase money mortgage may be procured at Mortgagor's expense from the Mortgagee for any of the above land at the release price of one hundred twenty-five percent (125%) of the overall principal of the mortgage computed on a pro-rata gross acre basis, or portion thereof in the event of individual lot releases.

It is agreed however that these releases may only be secured out of a 10,000 acre block to be designated by the Mortgagor at the time of closing until such time as the Mortgagor can show evidence to the Mortgagee that 75% of the tracts in the 10,000 acre tract have been sold to bona fide purchasers. At the time that 75% of the tracts in the first 10,000 acre tract

have been sold Mortgagee will allow Mortgagor to designate an additional 10,000 acre parcel out of which it may seek releases as set forth above. Subsequent 10,000 acre parcels may from time to time be released when criteria for the first and subsequent 10,000 acre tracts have been met as outlined above. Notwithstanding anything to the contrary stated herein, no partial release shall be requested by the Mortgagor or given by the Mortgagee until such time as the Mortgagor gives good and sufficient evidence to the Mortgagee that a minimum of \$1,000,000 in physical improvements have been put into the subject property. The \$1,000,000 calculated for the improvements shall be unencumbered improvements and may consist of roads, buildings, drainage canals, waterways or any other physical improvements normally incident to land development. As to any such buildings Mortgagor shall procure Fire and Extended Coverage insurance thereon to the extent of the full insurable value thereof, which policies shall designate the Mortgagee. In lieu of the \$1,000,000 or portion the Mortgagor may make payment to Mortgagee in a like amount which shall be applied to interest to the date of such payment, and the balance, if any, as a principal prepayment. All payments made from whatever source shall be applied first to interest accrued on the mortgage and the balance if any to the next principal payment thereof. Payments received from or for the account of third party purchasers of lots, tracts or acreage shall entitle Mortgagor to releases on the formal basis, even though such payments be applied in whole or in part to interest accrued on the mortgage. Payments made by the Mortgagor hereunder from time to time shall entitle Mortgagee to releases for its own account if and to the extent that such payments result in a reduction of the principal of the mortgage except that releases equal to 500 acres may be obtained by Mortgagor for its own account by the formula basis. Any credits for releases for which the Mortgagor is entitled hereunder may be accrued and releases later obtained on written request by Mortgagor. Anything to the contrary notwithstanding no partial releases on account of payments made by Mortgagor hereunder shall entitle it to partial releases if the mortgage is in default. Mortgagee shall promptly execute partial releases of mortgage when funds for the releases have been paid and the Seller has been requested to do so by Mortgagor. When the principal and interest have been paid in full, the Mortgagee shall execute and deliver to the Mortgagor or its assigns, a full release of the balance of the lands theretofore not released so that the entire tract shall be free from encumbrance of said purchase money mortgage.

It is further mutually agreed that when the land has been platted and a value of each lot or parcel determined for release purposes, that at that time Mortgagee will execute a New York Release Agreement, a proposed form of which is attached as Exhibit "A".

9. It is understood and agreed by and between the parties hereto that the Mortgagee will look solely to the land described above for the security for the payment of said note and this purchase money mortgage.

10. It is further understood and agreed that the Mortgagor shall have a thirty (30) day grace period for any and all obligations, and covenants contained herein.

11. Mortgagor covenants that it will notify Mortgagee in writing as to its compliance with the terms of the purchase money mortgage outstanding against the land described above in favor of the Connecticut Mutual Life Insurance Company as found of record in O.R. Book 144, page 637, of the Public Records of Charlotte County, Florida. Failure on the part of the Mortgagor to comply with the terms and provisions of said purchase money mortgage referred to above shall constitute a default under the terms and conditions of this purchase money mortgage and Mortgagee shall have all of the legal remedies provided in said mortgage for the cancellation and foreclosure of said purchase money mortgage.

IN WITNESS WHEREOF, the said party of the first part has caused these presents to be signed in its name by its Vice President, and its corporate seal to be affixed, attested by its Assistant Secretary the day and year above written.

PUNTA GORDA ISLES, INC.

By /s/ R. C. Faber (SEAL)
R. C. Faber, Vice President

Attest:

/s/ Earl Drayton Farr, Jr.

Earl Drayton Farr, Jr.

Assistant Secretary

Signed, Sealed & Delivered
in our presence:

/s/ Faye Sutton

/s/ N. K. Caretto

STATE OF FLORIDA

COUNTY OF CHARLOTTE

I, an officer authorized to take acknowledgements of deeds according to the laws of the State of Florida, duly qualified and acting, HEREBY CERTIFY that R. C. FABER and EARL DRAYTON FARR, Jr. respectively, as Vice President and Assistant Secretary of PUNTA GORDA ISLES, INC., to me personally known, this day acknowledged before me that they executed the foregoing mortgage as such officers of said corporation, and that they affixed thereto the official seal of said corporation; and I FURTHER CERTIFY that I know the said persons making said acknowledgements to be the individuals described in and who executed the said mortgage.

IN WITNESS WHEREOF, I Hereunto set my hand and official seal at Punta Gorda said County and State, this 20th day of June, 1972.

/s/ Faye Sutton (SEAL)
Notary Public - State of Florida

My Commission Expires:

April 11, 1976

Mortgage Release Provision

Anything in this instrument to the contrary notwithstanding, the mortgagee or any subsequent holder of this mortgage, in the event that the mortgagor or any subsequent owner of the property encumbered by this mortgage shall hereafter cause the said property or any part thereof to be platted or subdivided into enumerated lots or plots and shall cause a map or maps of said platted or subdivided property to be duly recorded in the proper governmental recording office within whose jurisdiction the said property is situated, shall execute and deliver in proper recordable form an instrument by which the lien of this mortgage shall be cancelled or released upon any specified lot or lots shown on said recorded plat or plats upon the payment to the mortgagee or any subsequent mortgagee or any subsequent holder of record of this mortgage of the sum of \$_____ per lot; such instrument of cancellation or release may be requested by the mortgagor or any subsequent owner of the mortgaged property so platted as aforesaid or by any purchaser of any such platted lot or lots upon the payment of the said sum of \$_____ per lot regardless of by whom paid, and such request may be made at any time prior to the actual sale of said mortgaged property pursuant to an order of foreclosure sale made by a court of competent jurisdiction.

Any persons who enter into contracts with the mortgagor or any subsequent owner of the property for the purchase of lots on the installment plan will have their contracts recognized by the mortgagee and will be unconditionally entitled to receive a deed upon their complying with their individual contracts, despite any default on the part of the mortgagor. In the event of a default by the mortgagor or any subsequent owner of the property, any purchaser of any lot or lots is authorized by the mortgagor herein to make payments to the mortgagee in an amount equal to the sum required to obtain a release of his lot from the lien of the mortgage, and to have such payments recognized by the mortgagor or any subsequent owner of the property or any assignee of either's rights under the contract as payments made pursuant to the contract and in reduction of the amount due thereunder.

EXHIBIT "A"

A-7

(Additional Note Received For Additional Acreage After Survey of Endowment Land)

Punta Gorda, Florida - June 20, 1972

257.52

For value received I, we or either of us promise to pay in lawful money of the United States America to:

JOHN PEACE, FRANK N. IKARD, FRANK C. ERWIN, JR., JENKINS GARRETT, CLAUDIA TAYLOR JOHNSON, JOE M. KILGORE, A. G. MCNEESE, JR., JOE T. NELSON, M.D., and DAN C. WILLIAMS, and their successors in office, as constituting the Board of Regents of the University of Texas System and as Trustees of the University Cancer Foundation as created by Trust Agreement dated November 7, 1957, as amended by instrument dated October 30, 1970.

order, at 210 West Sixth, Austin, Texas 78701.

sum of FIVE HUNDRED THOUSAND, TWO HUNDRED FIFTY SEVEN AND 52/100 DOLLARS ----- (\$500,257.52)----- interest after date at the rate of seven and one-half percent (7.50%) per annum, which shall be paid in installments as follows:

The principal plus accrued interest shall be payable in five (5) equal annual payments including simple interest. The first payment to be made the eighth year from date hereof and a like payment each year thereafter until principal and interest have been paid in full.

In the case of the said installments, or any of them, are not paid when due, the whole of said then remaining unpaid shall forthwith become due and payable at the option of the holder of this note. And it is agreed by all parties liable herefor or hereon that should this note be demanded by legal process or by an attorney, to pay all costs of the same and a reasonable attorney's fee. And each of us, whether maker, surety, guarantor or endorser, hereby severally waives all rights of homestead exemption, and of presentment and demand for payment, protest, notice of dishonor and notice of dishonor, and consents that this note, or any part hereof, may be extended without further notice.

THIS NOTE IS SECURED BY A PURCHASE MONEY MORTGAGE AND THE MORTGAGEE AND HOLDER OF THIS NOTE LOOK SOLELY TO THE LAND DESCRIBED IN THE MORTGAGE FOR THE SECURITY FOR PAYMENT OF THE NOTE MORTGAGE.

PUNTA GORDA ISLES, INC.

By /s/ John W. Douglas (SEAL)
John W. Douglas
Vice President

Attest: /s/ Earl Drayton Farr, Jr.
Earl Drayton Farr, Jr.
Assistant Secretary

A-8

BOARD OF REGENTS (UNIVERSITY CANCER CENTER): (1) RESOLUTION AUTHORIZING EXECUTION OF BOND PURCHASE AGREEMENT WITH U. S. SECRETARY OF HEALTH, EDUCATION, AND WELFARE; (2) RESOLUTION AUTHORIZING ISSUANCE OF BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM, THE UNIVERSITY OF TEXAS M. D. ANDERSON HOSPITAL AND TUMOR INSTITUTE AT HOUSTON, HOSPITAL REVENUE BONDS, SUBORDINATE LIEN SERIES 1976, \$4,770,000 FOR CENTRAL FOOD SERVICE FACILITY TO U. S. SECRETARY OF HEALTH, EDUCATION, AND WELFARE (HILL-BURTON PROGRAM); (3) DESIGNATION BY HEW CITY NATIONAL BANK OF AUSTIN, AUSTIN, TEXAS, PAYING AGENT AND REGISTRAR, AND (4) AWARD OF CONTRACT TO HELMS PRINTING COMPANY, INC., DALLAS, TEXAS, FOR PRINTING THE BONDS. --(1) The resolution authorizing execution of Bond Purchase Agreement with the U. S. Secretary of Health, Education, and Welfare set out below was adopted upon motion of Vice-Chairman Williams, seconded by Regent Sterling.

RESOLUTION

AUTHORIZING EXECUTION OF A BOND PURCHASE AGREEMENT

THE STATE OF TEXAS :
THE UNIVERSITY OF TEXAS SYSTEM :

WHEREAS, it is necessary and advisable that a Bond Purchase Agreement be authorized between the Board and the U. S. Secretary of Health, Education, and Welfare.

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

1. That, for and on behalf of the Board of Regents of The University of Texas System, the Chairman of said Board is hereby authorized and directed to sign, and the Secretary of said Board is hereby authorized and directed to attest and seal, a Bond Purchase Agreement in substantially the form set forth in "Exhibit A", which is attached hereto and made a part hereof for all purposes.

2. That upon execution of said Bond Purchase Agreement by the parties thereto it shall be irrevocably binding upon the Board.

The Direct Loan Bond Purchase Agreement is set out on Pages 31-37 .

"EXHIBIT A"DIRECT LOAN
BOND PURCHASE AGREEMENT

\$4,770,000

Board of Regents of The University of Texas System,
The University of Texas M. D. Anderson Hospital and
Tumor Institute at Houston, Hospital Revenue Bonds

Board of Regents,
The University of Texas System:

The undersigned, Secretary of Health, Education, and Welfare of the United States, or his designee acting for and on behalf of said Secretary (collectively herein called the "Secretary"), pursuant to the Direct Loan Agreement dated February 13, 1976, by and between the Secretary and Board of Regents of The University of Texas System (the "Board"), a copy of which is attached hereto as Exhibit "A" and by this reference is made a part hereof, hereby offers to enter into this Direct Loan Bond Purchase Agreement (this "Agreement") with you for the purchase by the Secretary and the sale by the Board of the bonds of the Board more fully described below. Upon acceptance of this offer by you, this Agreement shall be in full force and effect in accordance with its terms and shall be binding upon both the Secretary and the Board.

1. Upon the terms and conditions and upon the basis of the representations, warranties, and covenants set forth herein, the Secretary, pursuant to the Direct Loan Agreement, hereby agrees to purchase from you, and you agree to sell to the Secretary, all (but not less than all) of \$4,770,000 aggregate principal amount of Board of Regents of The University of Texas System, The University of Texas M. D. Anderson Hospital and Tumor Institute at Houston, Hospital Revenue Bonds, Subordinate Lien Series 1976, dated July 1, 1976, (hereinafter called the "Bonds"), having the maturities (July 1 of each year) and bearing interest from their date at the rate stated below, such interest being payable on January 1, 1977, and semiannually thereafter on July 1 and January 1 of each year, at the purchase price of \$4,770,000, plus interest accruing on the Bonds from their date to the date of delivery, as hereinafter defined:

| <u>Year of Maturity</u> | <u>Principal Amount</u> | <u>Interest Rate</u> |
|-----------------------------|-----------------------------|--------------------------|
| 1979 | \$105,000 | 6.02% |
| 1980 | 110,000 | 6.02% |
| 1981 | 115,000 | 6.02% |
| 1982 | 125,000 | 6.02% |
| 1983 | 135,000 | 6.02% |
| 1984 | 145,000 | 6.02% |
| 1985 | 155,000 | 6.02% |
| 1986 | 165,000 | 6.02% |
| **** | ***** | ***** |
| 2000 | 3,715,000 | 6.02% |

The Board represents and warrants that the Bonds shall be subject to redemption as set forth in the Resolution adopted by the Board on the 14th day of May, 1976 (the "Resolution"), authorizing the issuance of the Bonds, and shall in all other respects be the same bonds described in the Resolution.

2. You represent and warrant to the Secretary (and it shall be a condition of the obligation of the Secretary to purchase and accept delivery of the Bonds that you shall so represent and warrant) that: The Board has complied and will comply at the Delivery in all material respects in connection with the issuance of the Bonds with the Constitution and laws of the State of Texas, particularly Chapter 55, Texas Education Code, and has full legal right, powers, and authority to enter into the Direct Loan Agreement and this Agreement, to adopt the Resolution, pledge the revenues, and to issue, sell, and deliver the Bonds to the Secretary as provided herein and to carry out and consummate all other transactions contemplated by each of the aforesaid documents.

3. On July 8, 1976, or on such other date as shall have been mutually agreed upon, you shall deliver to the Secretary the Bonds in definitive form, duly executed and authenticated, together with the other documents hereinafter mentioned, and the Secretary shall accept such delivery and pay the purchase price for the Bonds as set forth in Paragraph 1 hereof, by check or checks drawn upon the Treasury of the United States of America, payable to the order of "Board of Regents of The University of Texas System". Delivery and payment as aforesaid shall be made at such place as shall have been mutually agreed upon. This payment and delivery is herein called the "Delivery".

4. The Secretary's obligation hereunder to purchase and pay for the Bonds shall be subject to the performance by you of your obligations to be performed hereunder at or prior to the Delivery and the accuracy in all material respects of your representations and warranties contained herein and shall be subject to the following:

(a) That at the time of the Delivery, as indicated by a certificate, dated at or prior to the date of Delivery, of an appropriate officer of the Board, the Resolution shall have been duly adopted by the Board and shall be in full force and effect, and shall not have been amended, modified, or supplemented, except as may have been agreed to by the undersigned; and that there shall have been taken in connection with the issuance of the Bonds such actions as, in the opinion of McCall, Parkhurst & Horton, bond counsel, shall be necessary and appropriate in connection with the transaction contemplated hereby:

(b) That at or prior to the Delivery, the undersigned shall receive the following documents:

(i) The final approving opinion, dated the date of Delivery, of McCall, Parkhurst & Horton, bond counsel to the Board;

(ii) A copy of the opinion of the Attorney General of the State of Texas approving the validity of the Bonds;

(iii) A certificate by the State Comptroller, evidencing the registration of the Bonds in his office;

(iv) A certificate, dated the date of Delivery by an appropriate officer of the Board to the effect that no litigation is pending or threatened (either in State or Federal Courts)

MAY 14 1976

3330

to restrain or enjoin the issuance, execution, or delivery of the Bonds or in any manner questioning the proceedings or authority for the issuance of same or affecting directly or indirectly the validity of the obligations or of any provision made or authorized for their payment or contesting the existence of the Board or the title of any of its members or officers to their respective offices (but in lieu of such certificate, the Secretary may accept certificates by bond counsel and the Board's counsel acceptable to it in form and substance, that in their opinion the issues raised in any such pending or threatened litigation are without substance or that the contentions of any plaintiffs therein are without merit).

5. This Agreement is made solely for the benefit of you and the Secretary (including his successors in office or authority) and no other person shall acquire or have any right hereunder or by virtue hereof. All of your representations, warranties, and agreements in this Agreement shall remain operative and in full force and effect, regardless of any investigation made by or on behalf of the Secretary and of delivery of and payment for the Bonds hereunder.

6. This Agreement shall become effective upon the execution of the acceptance hereof by the Chairman of the Board, and shall be valid and enforceable as of the time of such acceptance.

Very truly yours,

SECRETARY OF HEALTH, EDUCATION,
AND WELFARE

By _____

Accepted:

This _____ day of May, 1976.

BOARD OF REGENTS OF THE
UNIVERSITY OF TEXAS SYSTEM

By _____
Chairman, Board of Regents

ATTEST:

Secretary, Board of Regents

(SEAL)

Direct Loan Agreement

shall be constructed to completion in accordance with the applicable provisions of the Act and the Regulations and with plans and specifications and the terms, conditions, and assurances set forth in the Application, which Application is attached hereto as Appendix A and is hereby incorporated by reference and made a part of this Agreement as though fully set forth herein.

b. The principal amount of the loan, together with interest thereon at the rate per annum to be established by the Secretary at the time of closing of the loan, shall be repayable over a period of not to exceed 25 years, beginning on the date of closing of the loan, as follows:

(i) Interest on the unpaid principal balance of the loan from the date of closing, at the rate so specified by the Secretary, shall be payable semiannually each year on dates fixed by the Secretary at or prior to the time of loan closing.

(ii) The principal of the loan shall be repayable in installments, in amounts prescribed by the Secretary, beginning on a date fixed by the Secretary falling between the second and third anniversaries of the closing of the loan and continuing annually thereafter on the same date until the loan is fully paid, except that the final installment(s) plus accrued interest (if not sooner paid) shall be due and payable on a date fixed by the Secretary not later than the 25th anniversary of the closing of the loan: Provided, however, that upon request of the Borrower the Secretary may, at or prior to the time of loan closing, fix a date for the repayment of the first annual installment not later than 11 month(s) following the third anniversary of the closing of the loan.

c. The loan made pursuant to this Agreement shall be evidenced by bonds or other similar instruments of debt (hereinafter called "bonds"), which shall have terms and provisions and be in form and substance acceptable to the Secretary, shall be in denominations of \$5,000 each unless a smaller denomination is prescribed by the Secretary, and shall be secured by such security as the Secretary finds reasonably sufficient to insure repayment, which bonds, together with any security instruments, shall be delivered to the Secretary at the time of loan closing. Bonds maturing during a period determined by the Secretary, not in excess, however, of the first 10 years following the closing of the loan, shall be in serial form, and bonds issued for the remaining years shall be term bonds maturing on a date fixed by the Secretary for payment of the final

Direct Loan Agreement

1

installment of the loan. The bonds shall be noncallable by the Borrower for the above period determined by the Secretary from the date of closing, and for the remaining years the term bonds shall be callable by lot by the Borrower or its trustee or other fiduciary, and during the remaining years there shall be an annual call for redemption pursuant to a mandatory annual sinking fund in amounts determined by the Secretary in accordance with 2b(ii) above. To the extent that any call is made beyond amounts necessary to fulfill the annual sinking fund requirements, such call may be made at such premiums as may be prescribed by the Secretary and stated in the trust indenture or similar instrument.

d. The Secretary may at any time sell and assign the bonds and guarantee the payment thereof, and in such case, though the bonds are not held by the Secretary, all payments thereon shall continue to be paid to the Secretary as collection agent for the purchaser. Where the Secretary has sold and guaranteed the bonds and incurs any loss by reason of the Borrower's default, the Secretary shall be subrogated to all rights of the purchaser of such bonds for recovery of such loss from the Borrower.

e. If the Borrower shall default in making payment, when due, of the principal and interest on the loan made pursuant to this Agreement, and such default is not cured within 90 days after the happening thereof, the Secretary shall have the right to declare the entire unpaid principal amount of the loan, plus interest accrued and unpaid, due and payable immediately and to proceed to collect such unpaid amount in any manner provided by law.

f. Closing of any loan made pursuant to this Agreement shall be accomplished prior to the beginning of construction on the project, and shall be held at such time and place as may be specified by the Secretary.

g. Construction on the project shall begin not later than 30 days after closing on the loan: Provided, however, that in the event of flood, earthquake, windstorm or other act of God, labor difficulties, fire or other similar happening, upon request of the Borrower the Secretary may, if he finds such act of God or other happening of sufficient severity to constitute just cause for postponing the beginning of construction, approve a delay in construction beyond the thirty days.

Direct Loan Agreement

h. This Agreement shall be subject to the provisions of the Act and the Regulations, and any further regulations of the Secretary not inconsistent with the express provisions hereof.

The Secretary of Health, Education, and Welfare

By: Floyd A. Norman

Typed Name: Floyd A. Norman, M.D.

Title: Regional Health Administrator, Region VI

Date: February 13, 1976

ACCEPTANCE BY BORROWER:
Board of Regents of The
University of Texas System
(Name of Borrower)

By: _____

Typed Name: R. S. Kristoferson
Director, Office of Facilities

Title: Planning and Construction

Date: February 13, 1976

(Where Applicable:)

I hereby acknowledge receipt of an executed copy of this Direct Loan Agreement, and understand its terms and effect.

(name of co-applicant non-profit private institution)

By: _____

Typed Name: _____

Title: _____

Date: _____

Attachments:
Appendix A (Application)

(2) The resolution authorizing issuance of Board of Regents of The University of Texas System, The University of Texas M. D. Anderson Hospital and Tumor Institute at Houston, Hospital Revenue Bonds, Subordinate Lien Series 1976, in the amount of \$4,770,000 to U. S. Secretary of Health, Education, and Welfare (Hill-Burton Program) was duly introduced for the consideration of said Board and read in full. It was then duly moved by Vice-Chairman Williams and seconded by Regent Sterling that said resolution be adopted; and, after due discussion, said motion carrying with it the adoption of said resolution, prevailed and carried by the following vote:

AYES: All members of said Board present voted "Aye."

NOES: None

This bond issue is for the purpose of providing part of the funds to acquire and construct a Central Services and Administration Building and related equipment and facilities for and on behalf of The University of Texas M. D. Anderson Hospital and Tumor Institute at Houston to provide centralized hospital food services and facilities.

The adoption of this resolution authorized issuance of bonds in the amount of \$4,770,000 as described above, and awarded the sale of the bonds to the U. S. Secretary of Health, Education, and Welfare (Hill-Burton Program) for a price of par and accrued interest to the date of delivery (Page 50). The bonds shall bear interest at the rate of 6.02 % per annum (Page 39).

(3) The City National Bank of Austin, Austin, Texas, was designated by the U. S. Government, Department of Health, Education, and Welfare, to serve as Paying Agent and Registrar for the Board of Regents of The University of Texas System, The University of Texas M. D. Anderson Hospital and Tumor Institute at Houston, Hospital and Revenue Bonds, Subordinate Lien Series 1976, in the amount of \$4,770,000, and this designation was formally approved by the Board of Regents upon motion of Vice-Chairman Williams, seconded by Regent Sterling.

(4) Upon motion of Vice-Chairman Williams, seconded by Regent Sterling, Helms Printing Company, Inc., Dallas, Texas, the lowest and best bidder, was awarded the contract to print the Board of Regents of The University of Texas M. D. Anderson Hospital and Tumor Institute at Houston, Hospital Revenue Bonds, Subordinate Lien Series 1976, in the amount of \$4,770,000. These bonds are to be printed according to specifications with lithographed borders for the sum of \$734.50, there being one interest rate.

RESOLUTION AUTHORIZING THE ISSUANCE OF BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM, THE UNIVERSITY OF TEXAS M. D. ANDERSON HOSPITAL AND TUMOR INSTITUTE AT HOUSTON, HOSPITAL REVENUE BONDS, SUBORDINATE LIEN SERIES 1976, \$4,770,000

WHEREAS, the Board of Regents of The University of Texas System is authorized to issue the bonds hereinafter authorized pursuant to Chapter 55, Texas Education Code.

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

Section 1. That said Board's negotiable, serial bonds to be designated the BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM, THE UNIVERSITY OF TEXAS M. D. ANDERSON HOSPITAL AND TUMOR INSTITUTE AT HOUSTON, HOSPITAL REVENUE BONDS, SUBORDINATE LIEN SERIES 1976, are hereby authorized to be issued, sold, and delivered in the principal amount of \$4,770,000, for the purpose of providing part of the funds to acquire and construct a Central Services and Administration Building and related equipment and facilities, for and on behalf of The University of Texas M. D. Anderson Hospital and Tumor Institute at Houston, to provide centralized hospital food services and facilities.

Section 2. That said bonds shall be dated JULY 1, 1976, shall be numbered consecutively from 1 THROUGH 954, shall be in the denomination of \$5,000 EACH, and shall mature and become due and payable serially on JULY 1 in each of the years, and in the amounts, respectively, as set forth in the following schedule:

| <u>YEARS</u> | <u>AMOUNTS</u> | <u>YEARS</u> | <u>AMOUNTS</u> |
|--------------|----------------|--------------|----------------|
| 1979 | \$105,000 | 1984 | \$145,000 |
| 1980 | 110,000 | 1985 | 155,000 |
| 1981 | 115,000 | 1986 | 165,000 |
| 1982 | 125,000 | **** | ***** |
| 1983 | 135,000 | 2000 | 3,715,000 |

Said bonds may or shall be redeemed prior to their scheduled maturities, on the dates stated, and in the manner provided, in the FORM OF BOND set forth in this Resolution.

Section 3. That said bonds shall bear interest from their date until maturity or redemption at the rate of 6.02% per annum, which shall be payable on the dates stated and in the manner provided in the FORM OF BOND set forth in this Resolution.

Section 4. That said bonds shall be payable, shall have the characteristics, and shall be signed, executed, and sealed, all as provided, and in the manner indicated, in the FORM OF BOND set forth in this Resolution.

Section 5. That the form of said bonds, including the form of Registration Certificate of the Comptroller of Public Accounts of the State of Texas to be printed and endorsed on each of said bonds, shall be, respectively, substantially as follows:

MAY 14 1976

3337

FORM OF BOND

\$5,000

NO. _____

UNITED STATES OF AMERICA
STATE OF TEXAS
BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM, THE UNIVERSITY
OF TEXAS M. D. ANDERSON HOSPITAL AND TUMOR INSTITUTE AT HOUSTON,
HOSPITAL REVENUE BOND,
SUBORDINATE LIEN SERIES 1976

ON JULY 1, _____, the BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM (the "Board"), for value received, hereby promises to pay to the order of the United States of America, Secretary of Health, Education, and Welfare or his or her successor (the "Payee"), but solely from the sources and in the manner hereinafter set forth, the principal amount of FIVE THOUSAND DOLLARS (\$5,000), upon presentation and surrender of this bond at the CITY NATIONAL BANK OF AUSTIN, AUSTIN, TEXAS, which place shall be the paying agent and also the Registrar for this Series of bonds. The Board also promises to pay to the Payee interest on said principal amount from the date hereof at the rate of 6.02% per annum, until payment of such principal amount, with such interest being payable on JANUARY 1, 1977, and semiannually thereafter on each JULY 1 and JANUARY 1 while this bond is outstanding.

BOTH THE PRINCIPAL OF AND INTEREST ON THIS BOND are payable in lawful money of the United States of America, without exchange or collection charges to the Payee. The interest on this bond shall be paid by check or draft drawn by the Board payable to the Payee, and mailed by registered or certified mail to the address designated in writing to the Registrar by the Payee, which address must be on file with the Registrar at least two weeks prior to each interest payment date, with the address initially designated by the Payee being the Parklawn Building, Rockville, Maryland.

IF THE PAYEE SELLS THIS BOND, he or she shall act as the agent for the purchaser or holder in collecting such payments of principal and interest and remitting them to such purchaser or holder.

THIS BOND is one of a Series of bonds dated JULY 1, 1976, issued by the Board in the principal amount of \$4,770,000, for the purpose of providing part of the funds to acquire and construct a Central Services and Administration Building and related equipment and facilities, for and on behalf of The University of Texas M. D. Anderson Hospital and Tumor Institute at Houston, to provide centralized hospital food services and facilities.

ON JULY 1, 1986, or on any interest payment date thereafter, the outstanding bonds of this Series may be redeemed prior to their scheduled maturities, at the option of the Board, in whole or in part, for the principal amount thereof and accrued interest to date of redemption; and the bonds of this Series maturing on July 1, 2000, are subject to mandatory redemption prior to maturity in part, with the particular bonds to be redeemed to be selected by lot by the Board, on July 1 in each of the years, and in the amounts, respectively, as follows:

| <u>YEARS</u> | <u>AMOUNTS</u> | <u>YEARS</u> | <u>AMOUNTS</u> |
|--------------|----------------|--------------|----------------|
| 1987 | \$175,000 | 1994 | \$265,000 |
| 1988 | 185,000 | 1995 | 280,000 |
| 1989 | 195,000 | 1996 | 300,000 |
| 1990 | 210,000 | 1997 | 320,000 |
| 1991 | 220,000 | 1998 | 340,000 |
| 1992 | 235,000 | 1999 | 360,000 |
| 1993 | 250,000 | | |

At least thirty days prior to the date fixed for any such redemption the Board shall cause a written notice of such redemption (a) to be mailed by registered or certified mail to the Payee at the address at which interest payments on this bond are otherwise required to be mailed, and (b) to be published at least once in a financial publication published in The City of New York, New York. By the date fixed for any such redemption due provision shall be made with the paying agent for the payment of the principal amount of the bonds which are to be so redeemed and accrued interest thereon to the date fixed for redemption, and the Payee shall surrender this bond for payment of such principal and interest by the date fixed for redemption. If such written notice of redemption is given and published, and if due provision for such payment is made, all as provided above, the bonds which are to be so redeemed, thereby automatically shall be redeemed prior to their scheduled maturities, and they shall not bear interest after the date fixed for redemption, and they shall not be regarded as being outstanding except for the purpose of being paid by the paying agent with the funds so provided for such payment.

IT IS HEREBY certified, recited, and covenanted that this bond and the Series of which it is a part have been duly and validly authorized, issued and delivered in accordance with the Constitution and laws of the State of Texas, including Chapter 55, Texas Education Code; that all acts, conditions, and things required or proper to be performed, exist, and be done precedent to or in the issuance and delivery of this bond have been performed, existed, and been done in accordance with law; and that the interest on and principal of this bond and the Series of which it is a part, are secured by and payable from an irrevocable lien on and pledge of the surplus "Gross Revenues of the Hospital Facilities" of The University of Texas M. D. Anderson Hospital and Tumor Institute at Houston, as defined and described in the Resolution authorizing this Series of bonds, with said lien and pledge being subject and subordinate only to the irrevocable prior first lien on and pledge of the "Gross Revenues of the Hospital Facilities" heretofore created in favor of the "First Lien Bonds", and all deposits and payments required by the resolutions authorizing the issuance of the "First Lien Bonds", as described and defined in the Resolution authorizing this Series of bonds.

THE HOLDER HEREOF shall never have the right to demand payment of this obligation out of any funds raised or to be raised by taxation, or from any source whatsoever other than the aforesaid surplus "Gross Revenues of the Hospital Facilities".

IN WITNESS WHEREOF, this bond has been signed with the facsimile signature of the Chairman of said Board, and countersigned with the facsimile signature of the Secretary of said Board, and the official seal of said Board has been duly impressed, or placed in facsimile, on this bond.

XXXXXXXXX
 Secretary, Board of Regents,
 The University of Texas System

XXXXXXXXX
 Chairman, Board of Regents,
 The University of Texas System.

FORM OF REGISTRATION CERTIFICATE:

COMPTROLLER'S REGISTRATION CERTIFICATE: REGISTER NO.

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

Witness my signature and seal this

XXXXXXXXXX

 Comptroller of Public Accounts of
 the State of Texas.

Section 6. That as hereinafter used in this Resolution the following terms shall have the meanings set forth below, unless the text hereof specifically indicates otherwise:

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

The term "First Lien Bonds" shall mean collectively (a) the Board of Regents of The University of Texas System, The University of Texas M. D. Anderson Hospital and Tumor Institute at Houston, Endowment and Hospital Revenue Bonds, Series 1972 (the "Series 1972 Bonds") authorized by the resolution adopted by the Board on September 11, 1972, (b) the Board of Regents of The University of Texas System, The University of Texas M. D. Anderson Hospital and Tumor Institute at Houston, Endowment and Hospital Revenue Bonds, Series 1976 (the "Series 1976 Bonds") authorized by the resolution adopted by the Board on May 14, 1976, and (c) all "Additional Bonds" issued in the future as defined and permitted in said resolutions authorizing the Series 1972 Bonds and the Series 1976 Bonds.

The term "Bonds" shall mean the subordinate lien revenue bonds authorized by this Resolution.

The term "Institute" shall mean The University of Texas M. D. Anderson Hospital and Tumor Institute at Houston, and its substations, as defined and provided for in Sections 73.101 through 73.111, Texas Education Code.

The term "Project" shall mean the Central Services and Administration Building and related equipment and facilities to provide centralized hospital food services and facilities, to be acquired and constructed, for and on behalf of the Institute, in part with the proceeds from the sale of the Bonds.

The term "Hospital Facilities" shall mean all of the land, hospitals, clinics, substations, buildings, structures, equipment, services, and other facilities of every nature whatsoever owned or operated by the Institute, or by the Board, or The University of Texas System, for and on behalf of the Institute, which are used for or related to the diagnosis and/or treatment of patients, including specifically (a) the existing clinic and the approximately 250 bed hospital located in the Texas Medical Center in the City of Houston, and the approximately 288 bed hospital addition and clinic which were acquired, constructed, and equipped with the proceeds from the sale of the Series 1972 Bonds, (b) the Project, and (c) any and all future improvements, enlargements, and additions to any of the foregoing, and replacements thereof, acquired or constructed from any

sources, including the issuance of any "Additional Bonds" in the future as defined and permitted in the resolutions authorizing the First Lien Bonds.

The terms "Gross Revenues of the Hospital Facilities" or "Gross Revenues" shall mean all of the revenues, income, rentals, rates, fees, and charges of every nature derived by the Institute, or by the Board, or The University of Texas System, from the operation and/or ownership of the Hospital Facilities (but specifically excluding any legislative General Revenue Fund appropriations from the State Treasury).

The term "Current Expenses" shall mean all necessary operating expenses, current maintenance charges, expenses of reasonable upkeep and repairs, properly allocated share of charges for insurance and all other expenses incident to the operation and maintenance of the Hospital Facilities, but shall exclude depreciation and all general administrative, overhead, teaching, study, and research expenses of the Institute.

Section 7. That the Bonds and the interest thereon, are and shall be secured by and payable from an irrevocable lien on and pledge of the surplus Gross Revenues of the Hospital Facilities, subject and subordinate only to the prior first lien on the Gross Revenues of the Hospital Facilities heretofore created in favor of the First Lien Bonds and all deposits and payments required by the resolutions authorizing the issuance of the First Lien Bonds.

Section 8. That there have been created and there shall be maintained, pursuant to the resolutions authorizing the First Lien Bonds and this Resolution, on the books of the Board a separate account or accounts which individually or collectively shall be known as the "Endowment and Hospital Revenue Bonds Revenue Fund" (herein called the "Revenue Fund"). All collections of the Gross Revenues of the Hospital Facilities shall be credited to the Revenue Fund immediately upon receipt.

Section 9. That for the sole purpose of paying the principal of and interest on the Bonds as the same come due, there is hereby created and there shall be established at the City National Bank of Austin, Austin, Texas, a separate fund to be entitled the "Subordinate Lien Hospital Revenue Bonds Interest and Sinking Fund" (herein called the "Interest and Sinking Fund").

Section 10. That there is hereby created and there shall be established at the City National Bank of Austin, Austin, Texas, a separate fund to be entitled the "Subordinate Lien Hospital Revenue Bonds Reserve Fund" (herein called the "Reserve Fund"). The Reserve Fund shall be used finally in retiring the last of the outstanding Bonds, or for paying principal of and interest on any Bonds when and to the extent the amount in the Interest and Sinking Fund is insufficient for such purpose.

Section 11. That money in any Fund maintained pursuant to this Resolution may, at the option of the Board, be placed in time deposits or be invested in direct obligations of the United States of America, obligations guaranteed or insured by the United States of America, which, in the opinion of the Attorney General of the United States, are backed by its full faith and credit or represent its general obligations, including, but not limited to, evidences of indebtedness issued, insured, or guaranteed by such governmental agencies as the Federal Land Banks, Federal Intermediate Credit Banks, Banks for Cooperatives, Federal Home Loan Banks, Government National Mortgage Association, United States Postal Service, Farmers

Home Administration, Federal Home Loan Mortgage Association, Small Business Administration, Federal Housing Association, or Participation Certificates in the Federal Assets Financing Trust; provided that all such deposits and investments shall be made in such manner that the money required to be expended from any Fund will be available at the proper time or times. Such investments shall be valued in terms of current market value as of the last day of February and August of each year. Interest and income derived from such deposits and investments shall be credited to the Fund from which the deposit or investment was made and shall be used only for the purpose or purposes for which such Fund is required or permitted to be used. Such investments shall be sold promptly when necessary to prevent any default in connection with the Bonds or Additional Bonds.

Section 12. That money in all Funds maintained pursuant to this Resolution, to the extent not invested, shall be secured in the manner prescribed by law for securing funds of the Board, in principal amounts at all times not less than the amounts of money credited to such Funds, respectively.

Section 13. (a) That on or before December 25, 1976, and semiannually on or before each June 25th and December 25th thereafter, the Board shall make all deposits and payments required by the resolutions authorizing the issuance of the First Lien Bonds; and all deposits and payments required by this Resolution shall be made and paid, subject and subordinate to all deposits and payments required by the resolutions authorizing the issuance of the First Lien Bonds. It is specifically recognized that the Board has the power to authorize "Additional Bonds" as permitted by the resolutions authorizing the issuance of the First Lien Bonds, and that said "Additional Bonds" if and when issued, shall constitute First Lien Bonds for all purposes.

(b) That immediately after the delivery of the Bonds the Board shall deposit any accrued interest to the credit of the Interest and Sinking Fund.

(c) That the Board shall transfer from the surplus Gross Revenues of the Hospital Facilities in the Revenue Fund remaining after all deposits and payments have been made as required by the resolutions authorizing the First Lien Bonds and deposit to the credit of the Interest and Sinking Fund the amounts, at the times, as follows:

(1) on or before December 26, 1976, and semiannually on or before each June 26th and December 26th thereafter, an amount which will be sufficient, together with other amounts, if any, then on hand in the Interest and Sinking Fund and available for such purpose, to pay the interest scheduled to accrue and come due on the Bonds on the next succeeding interest payment date; and

(2) on or before December 26, 1978, and semiannually on or before each June 26th and December 26th thereafter, to and including June 26, 1986, and on or before December 26, 1999, and on or before June 26, 2000, an amount sufficient, together with other amounts, if any, then on hand in the Interest and Sinking Fund and available for such purpose, to pay one-half of the principal scheduled to mature and come due on the Bonds on the next succeeding July 1.

(d) on or before December 26, 1986, and semiannually on or before each June 26th and December 26th thereafter, to and

including June 26, 1999, such amounts, in equal semiannual installments, as will be sufficient to accumulate and provide annually, by June 26 of each year, the aggregate amounts, respectively, in each of the years, respectively, as follows:

| <u>AMOUNTS</u> | <u>YEARS</u> | <u>AMOUNTS</u> | <u>YEARS</u> |
|----------------|--------------|----------------|--------------|
| \$175,000 | 1987 | \$265,000 | 1994 |
| 185,000 | 1988 | 280,000 | 1995 |
| 195,000 | 1989 | 300,000 | 1996 |
| 210,000 | 1990 | 320,000 | 1997 |
| 220,000 | 1991 | 340,000 | 1998 |
| 235,000 | 1992 | 360,000 | 1999 |
| 250,000 | 1993 | | |

and the amounts so specified, respectively, shall be used by the Board on the next succeeding July 1, to retire and cancel a like principal amount of outstanding Bonds scheduled to mature on July 1, 2000, (with accrued interest to be paid from the deposit under (c)(1) above), by redemption, prior to maturity, in the manner provided for mandatory redemption in the FORM OF BOND set forth in this Resolution; and the Board shall select the particular Bonds to be redeemed by lot, call such Bonds for redemption, give the required notice of redemption at least thirty days prior to each such July 1, and redeem such Bonds on each such July 1.

Section 14. On or before December 26, 1976, and semiannually on or before each June 26th and December 26th thereafter, there shall be deposited into the Reserve Fund an amount equal to 1/10th of the average annual principal and interest requirements of the Bonds until there has been accumulated in the Reserve Fund an amount at least equal to the average annual principal and interest requirements of the Bonds (the "Required Amount"). No deposits shall be required to be made into the Reserve Fund as long as the money and investments in the Reserve Fund are at least equal to the Required Amount, but if and whenever the Reserve Fund is reduced below said Required Amount, such deposits shall be resumed and continued until such time as the Reserve Fund has been restored to said Required Amount. So long as the Reserve Fund contains said Required Amount, any surplus in the Reserve Fund over said Required Amount shall be transferred and deposited into the Interest and Sinking Fund.

Section 15. (a) That if on any occasion there shall not be sufficient surplus Gross Revenues to make the required deposits into the Interest and Sinking Fund and the Reserve Fund, then such deficiency shall be made up as soon as possible from the next available surplus Gross Revenues, or from any other sources available for such purpose. This subsection shall in no event be construed as relieving the Board of its obligation to comply with the provisions of Section 19(j) hereof.

(b) That, subject to making the required deposits and payments when and as required by the resolutions authorizing the issuance of the First Lien Bonds and this Resolution, any remaining surplus Gross Revenues of the Hospital Facilities in the Revenue Fund may be used for any lawful purpose.

Section 16. On or before December 26, 1976, and semiannually on or before the 26th day of each June and December thereafter while any of the Bonds are outstanding and unpaid, the Board shall (a) mail to the Payee of the Bonds and the interest

accruing and coming due on the Bonds (excepting any which have been called for redemption prior to maturity) on the January 1 or July 1 immediately following; and (b) make available to the paying agent therefor money sufficient to pay such principal of the Bonds as will accrue or mature or be redeemed prior to maturity on the January 1 or July 1 immediately following.

Section 17. That at such times as the aggregate amount of money and investments in the Interest and Sinking Fund and the Reserve Fund are at least equal in market value to (1) the aggregate principal amount of all unpaid (unmatured and matured) outstanding Bonds, plus (2) the aggregate amount of all unpaid interest on such Bonds, no further deposits need be made into the Interest and Sinking Fund or Reserve Fund. In determining the amount of such Bonds and interest outstanding at any time, there shall be subtracted and excluded the amount of any such Bonds and interest thereon which shall have been duly called for redemption and for which funds shall have been deposited with the paying agent therefor sufficient for such redemption.

Section 18. That the Bonds and the interest thereon will constitute special obligations of the Board payable solely from the surplus Gross Revenues, and the holders of the Bonds shall never have the right to demand payment out of funds raised or to be raised by taxation.

Section 19. The Board further covenants and agrees that:

(a) It will faithfully perform at all times any and all covenants, undertakings, stipulations, and provisions contained in this Resolution, and in each and every Bond; that it will promptly pay or cause to be paid from the surplus Gross Revenues the principal of and interest on every Bond, on the dates and in the places and manner prescribed in such resolutions and Bonds; and that it will, at the times and in the manner prescribed, deposit or cause to be deposited from the surplus Gross Revenues the amounts required to be deposited into the Interest and Sinking Fund and the Reserve Fund; and any holder of the Bonds may require the Board, its officials and employees, and any appropriate official of the State of Texas, to carry out, respect, or enforce the covenants and obligations of this Resolution, by all legal and equitable means, including specifically, but without limitation, the use and filing of mandamus proceedings, in any court of competent jurisdiction, against the Board, its officials and employees, or any appropriate official of the State of Texas.

(b) It is duly authorized under the laws of the State of Texas to create and issue the Bonds; that all action on its part for the creation and issuance of the Bonds has been duly and effectively taken, and that the Bonds in the hands of the holders and owners thereof are and will be valid and enforceable special obligations of the Board in accordance with their terms.

(c) It lawfully owns and is lawfully possessed of the lands, buildings, and facilities constituting the Hospital Facilities, except for the Project, which it will acquire, construct, and own, and has a good and indefeasible estate in such lands, buildings, and facilities in fee simple, that it warrants

that it has, and will defend, the title to all the aforesaid lands, buildings, and facilities, and every part thereof, for the benefit of the holders and owners of the Bonds against the claims and demands of all persons whomsoever, that it is lawfully qualified to pledge the surplus Gross Revenues to the payment of the Bonds in the manner prescribed herein, and has lawfully exercised such rights.

(d) It will from time to time and before the same become delinquent pay and discharge all taxes, assessments, and governmental charges, if any, which shall be lawfully imposed upon it, or the campus, buildings, and facilities of the Hospital Facilities, that it will pay all lawful claims for rents, royalties, labor, materials, and supplies which if unpaid might by law become a lien or charge thereon, the lien of which would be prior to or interfere with the liens hereof, so that the priority of the liens granted hereunder shall be fully preserved in the manner provided herein, and that it will not create or suffer to be created any mechanic's, laborer's, materialman's, or other lien or charge which might or could be prior to the liens hereof, or do or suffer any matter or thing whereby the liens hereof might or could be impaired; provided, however, that no such tax, assessment, or charge, and that no such claims which might be used as the basis of a mechanic's, laborer's, materialman's, or other lien or charge, shall be required to be paid so long as the validity of the same shall be contested in good faith by the Board.

(e) That while the Bonds are outstanding and unpaid it will continuously and efficiently operate and maintain the Hospital Facilities in good condition, repair, and working order, and at a reasonable cost. The Board also covenants and agrees that the Current Expenses of the Hospital Facilities shall be paid from the general funds of the Institute in the same manner as the expenses of operation and maintenance of general facilities of the Institute, or be paid from any other general sources or general funds lawfully available to the Institute or the Board for such purpose, or to the extent such foregoing sources and funds are not available or sufficient, be paid from surplus Gross Revenues in the Revenue Fund, all as required and permitted by the resolutions authorizing the First Lien Bonds and this Resolution.

(f) That while the Bonds are outstanding and unpaid, the Board shall not additionally encumber the Gross Revenues in any manner, except as permitted in this Resolution in connection with "Additional Bonds" (which shall become First Lien Bonds) issued pursuant to the resolutions authorizing the issuance of First Lien Bonds, unless said encumbrance is made junior and subordinate in all respects to the liens, pledges, covenants, and agreements of this Resolution. It is further covenanted, however, that the Board shall not issue any such "Additional Bonds" as First Lien Bonds unless the State Auditor of the State of Texas, or any certified public accountant, signs a written certificate to the effect that, during either the next preceding University of Texas System fiscal year, or any twelve consecutive calendar month period ending not more than ninety days prior to the adoption of the resolution authorizing the issuance of the then proposed "Additional Bonds", the Gross Revenues of the Hospital Facilities were at least equal to six times the average annual principal and interest requirements of all the First Lien Bonds and the Bonds to be outstanding after the issuance of the then proposed "Additional Bonds".

(g) That while the Bonds are outstanding and unpaid, the Board shall not sell, convey, mortgage, or in any manner transfer

title to, or lease, or otherwise dispose of the Hospital Facilities, or any significant or substantial part thereof; provided that whenever the Board deems it necessary to dispose of any furnishings and equipment, it may sell or otherwise dispose of such furnishings and equipment when it has made arrangements to replace the same or provide substitutes therefor.

(h) That at all times hereafter the Board shall procure boiler explosion insurance on all boilers servicing the Hospital Facilities in an amount not less than \$50,000 against loss suffered by reason of a boiler explosion. Further, at all times hereafter the Board shall procure fire and extended coverage insurance on the Hospital Facilities. The foregoing boiler explosion and fire and extended coverage insurance shall be maintained so long as any Bonds are outstanding and such fire and extended coverage insurance shall be in amounts at least sufficient to provide for full recovery to the extent that the damage does not exceed 80% of full insurable value. Such insurance shall be carried with a reliable insurance company or companies. In lieu of providing fire and extended coverage insurance as required above, the Board may, at its option, provide the equivalent of such insurance under its general System-wide Fire and Extended Coverage Insurance policy, subject to a deductible provision which is reasonable in amount, provided the Board establishes and maintains a special account containing funds which are at least sufficient to offset said deductible amount and which are immediately available for such purpose. Upon the happening of any loss or damage covered by such insurance from one or more of said causes, the Board shall make due proof of loss and shall do all things necessary or desirable to cause the insuring companies to make payment in full directly to the Board. The proceeds of insurance covering such property, together with any other funds necessary and available for such purpose, shall be used forthwith by the Board for repairing the property damaged or replacing the property destroyed; provided, however, that if said insurance proceeds and other funds are insufficient for such purpose, then said insurance proceeds pertaining to the Hospital Facilities shall be used promptly as provided in Section 22(h)(1), (2), and (3) of the resolutions authorizing the issuance of the First Lien Bonds. To the extent any such proceeds then remain, they shall be used as follows:

(1) for the redemption prior to maturity of the Bonds; or

(2) if none of the outstanding Bonds is subject to redemption, then for the purchase on the open market and retirement of said Bonds to the extent practicable; provided that the purchase price for any such Bond shall not exceed the redemption price for such Bond on the first date upon which it becomes subject to redemption; or

(3) to the extent that the foregoing clauses (1) and (2) cannot be complied with at the time, the insurance proceeds, or the remainder thereof, shall be deposited in a special and separate trust fund, at an official depository of the Board, to be designated the Subordinate Lien Insurance Account. The Subordinate Lien Insurance Account shall be held until such time as the foregoing clauses (1) and/or (2) can be complied with.

(i) The annual audit hereinafter required shall contain a section commenting on whether or not the Board has complied with the requirements of this Section with respect to the maintenance of insurance, and listing all policies carried, and whether or not all insurance premiums upon the insurance policies to which reference is hereinbefore made have been paid.

(j) The Board will fix, establish, maintain, and collect such rentals, rates, charges, and fees for the use and availability of the Hospital Facilities as are necessary to produce Gross Revenues of the Hospital Facilities sufficient, together with any other available resources, to pay all Current Expenses of the Hospital Facilities, and sufficient, together with any other revenues pledged to the payment of the First Lien Bonds, to make all payments and deposits required to be made by the resolutions authorizing the First Lien Bonds, and to make all payments and deposits required to be made into the Interest and Sinking Fund and the Reserve Fund, in connection with the Bonds, as provided in this Resolution.

(k) Proper books of records and account will be kept in which full, true, and correct entries will be made of all dealings, activities, and transactions relating to the Gross Revenues, and all books, documents, and vouchers relating thereto shall at all reasonable times be made available for inspection upon request of any bondholder.

(l) That each year while any of the Bonds are outstanding, an audit will be made of its books and accounts relating to the Gross Revenues by the State Auditor of the State of Texas, or any certified public accountant, such audit to be based on the fiscal year of The University of Texas System. As soon as practicable after the close of each such fiscal year, and when said audit has been completed and made available to the Board, a copy of such audit for the preceding fiscal year shall be mailed to all bondholders who shall so request in writing. Such annual audit reports shall be open to the inspection of the bondholders and their agents and representatives at all reasonable times.

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

Section 20. That immediately after the sale and delivery of the Bonds, the Board shall deposit all of the proceeds from the sale and delivery of the Bonds (excluding accrued interest) into a special Construction Fund, which is hereby created and shall be established and maintained at an official depository bank of the Board (which must be a member of the Federal Deposit Insurance Corporation). The Construction Fund shall be

used solely to pay costs of acquiring and constructing the Project which are eligible under Title 6 of the United States Public Health Service Act, as amended by United States Public Law No. 91-296. Any surplus in the Construction Fund remaining after completion of the Project shall be deposited to the credit of the Interest and Sinking Fund and shall reduce, to the extent of such deposit, the amounts which otherwise would be required to be deposited therein.

Section 21. That the Chairman of the Board is hereby authorized to have control of the Bonds and all necessary records and proceedings pertaining to the Bonds pending their delivery and their investigation, examination, and approval by the Attorney General of the State of Texas, and their registration by the Comptroller of Public Accounts of the State of Texas. Upon registration of the Bonds, said Comptroller of Public Accounts (or a deputy designated in writing to act for said Comptroller) shall manually sign the Comptroller's Registration Certificate printed and endorsed on each of the Bonds, and the seal of said Comptroller shall be impressed, or placed in facsimile, on each of the Bonds.

Section 22. That the Bonds are hereby sold and shall be delivered to the United States of America, acting by and through the Secretary of the Department of Health, Education, and Welfare, for the price of par and accrued interest to the date of delivery.

PERMANENT UNIVERSITY FUND BONDS, \$16,000,000, NEW SERIES 1976: AUTHORIZATION TO ISSUE; APPOINTMENT OF VINSON, ELKINS, SEARLS, CONNALLY & SMITH, HOUSTON, TEXAS, BOND COUNSEL, AND APPROPRIATION FOR MISCELLANEOUS EXPENSES RELATING THERETO. --Upon motion of Regent Sterling, seconded by Regent Bauerle, authorization was given to issue Board of Regents of The University of Texas System Permanent University Fund Bonds, New Series 1976, in the maximum amount permitted by law, estimated to be approximately \$16,000,000. Associate Deputy Chancellor Lobb was directed to advertise for bids for the sale of the bonds, paying agency and printing. The bids will be submitted to the Board of Regents at its next regular meeting, July 9, 1976.

The firm of Vinson, Elkins, Searls, Connally & Smith, Houston, Texas, was named Bond Counsel.

An appropriation of \$20,000 was authorized to establish an account "Miscellaneous Costs - Permanent University Fund Bonds, New Series 1976," for the purpose of paying Bond Counsel fees, printing of the bonds, postage and other miscellaneous costs of the issue. The funds for this appropriation will be paid out of bond proceeds.

Officials of The Texas A&M University System plan also to issue Permanent University Fund Bonds. As in the past, they will join with officials of The University of Texas System in advertising and receiving bids on the respective bond issues though the governing boards of these two institutions will meet separately to award the sale of the bonds.

INTRODUCTION OF GUESTS AND STUDENT REPRESENTATIVES. --
 During the course of the meeting, Chairman Shivers welcomed Representative Jim Kaster of El Paso, Representative Mickey Leland of Houston, and the following student representatives:

U. T. Austin

Jay Adkins, President of Student Government
 "Skip" Slyfield, Vice President of Student Government

U. T. Dallas

Glen Perser, President of Student Congress
 Kathy McElveen, Vice President of Student Congress
 Jo Barnes, Secretary of Student Congress
 Rick Littrell, Treasurer of Student Congress
 Lydia Turner, Parliamentarian of Student Congress

U. T. Arlington

Frank Sherrod, Editor of the Shorthorn

Galveston Medical Branch

Ann Hooper, Vice President of Student Body

Chairman Shivers also introduced Mr. Bob Hardesty, the newly appointed Deputy Chancellor for Administration; Mr. James Fitzpatrick, the General Counsel for The University of Texas System; and Mr. Billy Carr, the Land Agent and Oil Supervisor of University Lands, of Midland, Texas.

TEXAS MEDICAL ASSOCIATION DISTINGUISHED SERVICE AWARD TO REGENT JOE T. NELSON. --Chairman Shivers announced that at a luncheon meeting in Dallas on Saturday, May 8, 1976, the Texas Medical Association presented its highest award, Texas Medical Association Distinguished Service Award, to "our fellow Regent, Dr. Joe T. Nelson."

RESOLUTION COMMEMORATIVE OF THE LATE HARRY RANSOM. --Chairman Shivers read the following resolution:

Memorial Resolution

Harry Ransom

The career of HARRY RANSOM at The University of Texas spanned forty years, during which he held in succession all of the academic ranks and the offices of Assistant and Associate Dean of the Graduate School, Dean of the College of Arts and Sciences, Vice-President and Provost, President, Chancellor of The University of Texas System, and Chancellor Emeritus. At the time of his death on 19 April 1976 he was engaged in writing the history of The University up to his accession to the Presidency. When that history is completed and brought up to the present, it is inconceivable that anyone else in its pages will have played so important a part in that history or have left so great an impression upon The University.

As teacher and administrator, HARRY RANSOM never lost sight of the primary function of a university--to educate students. To educate them to the utmost of their capacity, he knew that The University must have an eminent faculty, fully-equipped laboratories, and great libraries. Essentially he was a man of vision and a dreamer of great dreams, all of which converged into the one great dream of making The University of Texas into a university of the first class. If others before him had had a similar dream, they lacked the "golden tongue" to persuade higher authorities to cooperate in translating that dream into reality. It is not too much to assert that when he came to The University in 1935, he found it a provincial university of medium size and that when he retired from the Chancellorship in 1971, he left behind him a great university of international distinction. Although such an accomplishment could not have been the work of any one man, for many years his was the inspiration and his was the guiding hand. Many of those who survive him will remember "THE RANSOM YEARS" as the halcyon years of The University.

When all else may be forgotten, The Academic Center and what was formerly called The Humanities Research Center will stand as monuments to his genius and his foresight. Libraries to him were never conceived of as museums: The Academic Center is an important tool in the education of the vast number of undergraduate students; The Humanities Research Center a necessary tool for graduate students and scholars the world over. For fifteen years HARRY RANSOM was universally recognized as the greatest single builder of libraries in the world. The primary result was The Humanities Research Center, a misnomer since it was not limited to books and manuscripts in the humanities. Recently it was given a place in Anthony Hobson's GREAT LIBRARIES as one of the five great libraries in the United States. In 1974 the Board of Regents renamed it fittingly THE HARRY RANSOM CENTER; therefore,

BE IT RESOLVED, That the Board of Regents takes cognizance of HARRY RANSOM'S manifold contributions to The University of Texas and its sense that in his death we have suffered a grievous loss; and

BE IT FURTHER RESOLVED, That a copy of this resolution be transmitted to his wife, HAZEL RANSOM, with our expression of gratitude for the life and work of HARRY RANSOM and our deep sympathy with her in our shared loss.

Upon motion of Chairman Shivers, duly seconded, it was ordered that this resolution be properly prepared and that the names of all the members of the Board of Regents be added thereto. By the same motion, this resolution commemorative of the late Harry Ramson was unanimously adopted by standing vote. At this point in the meeting, all official representatives, together with the entire audience, stood in memory of the late Chancellor Emeritus Ransom.

U. T. AUSTIN: ESTABLISHMENT OF HARRY RANSOM MEMORIAL RARE BOOK FUND. --Chairman Shivers reported that he had received many inquiries about donations in memory of Dr. Ransom. With permission, and on behalf, of the Board of Regents he announced the establishment of the Harry Ransom Memorial Rare Book Fund for The University of Texas at Austin and said that donations thereto could be sent to Secretary Thedford.

RECESS FOR COMMITTEE MEETINGS AND EXECUTIVE SESSION OF THE COMMITTEE OF THE WHOLE. --At 9:15 a. m., the Board of Regents recessed in order for the Committees to meet. Immediately following the Open Session of the Committee of the Whole, the Board of Regents convened in Room 209 as a Committee of the Whole in Executive Session pursuant to Article 6252-17, Sections 2(e) and (g), V. T. C. S. to consider:

1. Contemplated and/or Pending Litigation
2. Personnel Matters

RECONVENE. --Immediately after the meeting of the Executive Session of the Committee of the Whole (12:55 p. m.), the Board of Regents reconvened in Room 212 with the same attendance as at the earlier session.

REPORTS OF STANDING COMMITTEES

Chairman Shivers called for the reports of the Committees. With the exception of the Executive Session of the Committee of the Whole, all meetings had been conducted in open session in Room 212.

REPORT OF SYSTEM ADMINISTRATION COMMITTEE (Pages 53-74). -- The following Report of the meeting of the System Administration Committee was submitted by Vice-Chairman Williams, Chairman of the System Administration Committee. He reported that the recommendations in this report were considered in open session and he moved that the report be adopted. The report was adopted, and the recommendations and actions therein were ratified and in all things confirmed.

Report

In open session this morning, the System Administration Committee approved the following recommendations by the Administration which had been circulated to the members of the System Administration Committee since its last meeting on March 26, 1976. These recommendations are now submitted in this report for formal approval by the Board of Regents:

1. U. T. Arlington, U. T. Austin, U. T. Dallas, U. T. El Paso, Dallas Health Science Center and its Dallas Southwestern Medical School, Galveston Medical Branch (Galveston Medical School), Houston Health Science Center (Houston Medical School), San Antonio Health Science Center (San Antonio Medical School) and University Cancer Center (M. D. Anderson): Amendments to the 1975-76 Budgets (7-B-76 and 8-B-76). --It is recommended by the appropriate chief administrative officers, concurred in by System Administration, that the amendments to the 1975-76 Budgets for The University of Texas at Arlington, The University of Texas at Austin, The University of Texas at Dallas, The University of Texas at El Paso, The University of Texas Health Science Center at Dallas and its Southwestern Medical School, The University of Texas Medical Branch at Galveston (Galveston Medical School), The University of Texas Health Science Center at Houston (Houston Medical School), The University of Texas Health Science Center at San Antonio (San Antonio Medical School) and The University of Texas System Cancer Center (M. D. Anderson) (Pages 54 - 61) be approved.

THE UNIVERSITY OF TEXAS AT ARLINGTON
 AMENDMENTS TO THE 1975-76 OPERATING BUDGET
 Source of Funds - Departmental Appropriations
 (Unless Otherwise Specified)

| Item No. | Explanation | Present Status | Proposed Status | Effective Dates |
|----------|---|---|--|-----------------|
| 6. | Plant Funds - Purchase of Land Transfer of Funds | From: Unappropriated Plant Funds - Interest on Bond Proceeds | To: Purchase of Land (Authorized November 4, 1966) | |
| | Amount of Transfer | \$ 300,000 | \$ 300,000 | --- |

THE UNIVERSITY OF TEXAS AT AUSTIN
 AMENDMENTS TO THE 1975-76 OPERATING BUDGET
 Source of Funds - Departmental Appropriations
 (Unless Otherwise Specified)

| Item No. | Explanation | Present Status | Proposed Status | Effective Dates |
|----------|---|---|---|-----------------|
| 29. | Auxiliary Enterprises - Intercollegiate Athletics for Men Transfer of Funds | From: Intercollegiate Athletics for Men - Unappropriated Balance | To: Intercollegiate Athletics for Men Operating Budget - Other Expenses \$ 11,925 Longhorn Dining Hall - Salaries 1,134 Other Operating Expenses 7,623 Equipment 850 <u>\$ 21,532</u> | |
| | Amount of Transfer | \$ 21,532 | | --- |

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THE UNIVERSITY OF TEXAS AT AUSTIN
 AMENDMENTS TO THE 1975-76 OPERATING BUDGET
 Source of Funds - Departmental Appropriations
 (Unless Otherwise Specified)
 (Continued)

| Item No. | Explanation | Present Status | Proposed Status | Effective Dates |
|----------|--|--|---|-----------------|
| 30. | Plant Funds - Major Repair and Rehabilitation Projects Transfer of Funds | From: Available University Fund Unappropriated Balance (Allocation for Operations and Capital Improvements) | To: U. T. Austin - Major Repair and Rehabilitation Projects - Department of Microbiology | |
| | Amount of Transfer | \$472,000 | \$ 472,000 | --- |
| 31. | College of Business Administration - Office of the Dean Transfer of Funds | From: Available University Fund Unappropriated Balance (Allocation for Operations and Capital Improvements) | To: College of Business Administration - Office of the Dean - Classified Personnel \$ 20,550 Wages <u>6,500</u> | |
| | Amount of Transfer | \$ 27,050 | <u>\$ 27,050</u> | --- |
| 32. | Library Transfer of Funds | From: Available University Fund Unappropriated Balance (Allocation for Operations and Capital Improvements) | To: Library - Wages | |
| | Amount of Transfer | \$ 50,000 | \$ 50,000 | --- |
| 33. | Auxiliary Enterprises - Student Government Transfer of Funds | From: Student Government Unappropriated Balance via Estimated Income | To: Student Government Operating Budget - Other Expenses | |
| | Amount of Transfer | \$ 2,911 | \$ 2,911 | --- |

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THE UNIVERSITY OF TEXAS AT AUSTIN
 AMENDMENTS TO THE 1975-76 OPERATING BUDGET
 Source of Funds - Departmental Appropriations
 (Unless Otherwise Specified)
 (Continued)

| Item No. | Explanation | Present Status | Proposed Status | Effective Dates |
|----------|---|--|--|-----------------|
| 34. | Auxiliary Enterprises - U. T. Austin Student Publications Transfer of Funds | From: Student Publications Unappropriated Balance via Estimated Income | To: Student Publications - Budgeted Expenses \$ 29,127 Increase in Balances 34,974 <u>\$ 64,101</u> | --- |
| | Amount of Transfer | \$ 64,101 | | |

The pertinent sources of the increased income include \$47,900 from advertising, \$17,000 from contract printing (non-TSP publications); receipts from subscriptions are down \$7,000, and receipts from student fees are up \$5,700. The expenses are increased for wages by \$16,000 and for operating expenses by \$13,000. The excess income over these expenses is added to the ending fund balances (now estimated at \$290,000).

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THE UNIVERSITY OF TEXAS AT DALLAS
 AMENDMENTS TO THE 1975-76 OPERATING BUDGET
 Source of Funds - Departmental Appropriations
 (Unless Otherwise Specified)

| Item No. | Explanation | Present Status | Proposed Status | Effective Dates |
|----------|---|-------------------------------------|-------------------------------------|-----------------|
| 7. | Carla W. Gray Natural Sciences and Mathematics Salary Rate Source of Funds: Contracts and Grants | Research Scientist \$ 11,868 | Research Scientist \$ 15,000 | 4/1/76 |

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THE UNIVERSITY OF TEXAS AT EL PASO
 AMENDMENTS TO THE 1975-76 OPERATING BUDGET
 Source of Funds - Departmental Appropriations
 (Unless Otherwise Specified)

| Item No. | Explanation | Present Status | | Proposed Status | | Effective Dates |
|----------|--|--|--|---|--|-----------------|
| | | | | | | |
| 6. | Plant Funds - Computers Transfer of Funds | From: Unappropriated Balance - Unexpended Plant Funds | | To: Purchase of Computer (IBM 360, Model 65) | | --- |
| | Amount of Transfer | \$ 538,000 | | \$ 538,000 | | |

THE UNIVERSITY OF TEXAS HEALTH SCIENCE CENTER AT DALLAS
 AMENDMENTS TO THE 1975-76 OPERATING BUDGET
 Source of Funds - Departmental Appropriations
 (Unless Otherwise Specified)

| Item No. | Explanation | Present Status | | | Proposed Status | | | Effective Dates |
|----------|---|----------------|--------------|--------------------|-----------------|--------------|--------------------|-----------------|
| | | Salary Rate | Augmentation | Total Compensation | Salary Rate | Augmentation | Total Compensation | |
| 57. | Dallas Southwestern Medical School James T. Willerson (Tenure) Internal Medicine Associate Professor | \$ 40,000 | \$ 4,000 | \$ 44,000 | \$ 40,000 | \$ 10,000 | \$ 50,000 | 3/1/76 |
| | Source of Funds: Unallocated Faculty Salaries and MSRDP | | | | | | | |

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THE UNIVERSITY OF TEXAS HEALTH SCIENCE CENTER AT DALLAS
 AMENDMENTS TO THE 1975-76 OPERATING BUDGET
 Source of Funds - Departmental Appropriations
 (Unless Otherwise Specified)
 (Continued)

| Item No. | Explanation | Present Status | | | Proposed Status | | | Effective Dates |
|----------|---|--|--------------|--------------------|---|--------------|--------------------|-----------------|
| | | Salary Rate | Augmentation | Total Compensation | Salary Rate | Augmentation | Total Compensation | |
| 58. | Randall K. Holmes (Tenure) Internal Medicine and Microbiology Associate Professor (Internal Medicine), Assistant Professor (Microbiology) Source of Funds: Unallocated Faculty Salaries and MSRDP | 36,400 | 1,200 | 37,600 | 37,600 | 5,000 | 42,600 | 3/1/76 |
| 59. | Donald W. Seldin (Tenure) Internal Medicine William Buchanan Professor of Medicine and Chairman Source of Funds: MSRDP <u>Dallas Health Science Center</u> | \$ 46,764 | \$ 19,736 | \$ 66,500 | \$ 46,764 | \$ 28,236 | \$ 75,000 | 4/1/76 |
| 60. | Various Projects Transfer of Funds | From: Unappropriated Balance via Estimated Income | | | To: Staff Benefits - Sick Leave \$ 300,000 Special Equipment 800,000 Minor Repair and Renovation of Facilities 300,000 Parking Structure 900,000 <u>\$ 2,300,000</u> | | | --- |
| | Amount of Transfer | \$ 2,300,000 | | | | | | |

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THE UNIVERSITY OF TEXAS MEDICAL BRANCH AT GALVESTON
 AMENDMENTS TO THE 1975-76 OPERATING BUDGET
 Source of Funds - Departmental Appropriations
 (Unless Otherwise Specified)

| Item No. | Explanation | Present Status | | | Proposed Status | | | Effective Dates |
|---------------------------------|---|----------------|--------------|--------------------|-----------------|--------------|--------------------|-----------------|
| | | Salary Rate | Augmentation | Total Compensation | Salary Rate | Augmentation | Total Compensation | |
| <u>Galveston Medical School</u> | | | | | | | | |
| 7. | Joseph G. Bertrand (Non-tenure) Radiology Instructor Source of Funds: MSRDP | \$ 22,000 | \$ 8,000 | \$ 30,000 | \$ 22,000 | \$ 11,000 | \$ 33,000 | 4/1/76 |
| 8. | Caroline W. Rowe (Non-tenure) Radiology Clinical Associate Professor Source of Funds: Radiology MSRDP Funds | 24,467 | --- | 24,467 | 29,090 | --- | 29,090 | 4/1/76 |

THE UNIVERSITY OF TEXAS HEALTH SCIENCE CENTER AT HOUSTON
 AMENDMENTS TO THE 1975-76 OPERATING BUDGET
 Source of Funds - Departmental Appropriations
 (Unless Otherwise Specified)

| Item No. | Explanation | Present Status | | | Proposed Status | | | Effective Dates |
|-------------------------------|--|----------------|--------------|--------------------|-----------------|--------------|--------------------|-----------------|
| | | Salary Rate | Augmentation | Total Compensation | Salary Rate | Augmentation | Total Compensation | |
| <u>Houston Medical School</u> | | | | | | | | |
| 14. | Mohammed Akhtor (Non-tenure) Pathology Assistant Professor Source of Funds: MSRDP | \$ 29,000 | \$ 11,000 | \$ 40,000 | \$ 29,000 | \$ 14,500 | \$ 43,500 | 3/1/76 |

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THE UNIVERSITY OF TEXAS HEALTH SCIENCE CENTER AT SAN ANTONIO
 AMENDMENTS TO THE 1975-76 OPERATING BUDGET
 Source of Funds - Departmental Appropriations
 (Unless Otherwise Specified)

| Item No. | Explanation | Present Status | | | Proposed Status | | | Effective Dates |
|-----------------------------------|---|----------------|--------------|--------------------|-----------------|--------------|--------------------|-----------------|
| | | Salary Rate | Augmentation | Total Compensation | Salary Rate | Augmentation | Total Compensation | |
| <u>San Antonio Medical School</u> | | | | | | | | |
| 5. | George A. Bannayan (Tenure) Pathology Associate Professor Source of Funds: MSRDP | \$ 40,000 | \$ 11,000 | \$ 51,000 | \$ 40,000 | \$ 13,000 | \$ 53,000 | 4/1/76 |

THE UNIVERSITY OF TEXAS SYSTEM CANCER CENTER
 AMENDMENTS TO THE 1975-76 OPERATING BUDGET
 Source of Funds - Departmental Appropriations
 (Unless Otherwise Specified)

| Item No. | Explanation | Present Status | | | Proposed Status | | | Effective Dates |
|-----------------------|--|----------------|--------------|--------------------|-----------------|--------------|--------------------|-----------------|
| | | Salary Rate | Augmentation | Total Compensation | Salary Rate | Augmentation | Total Compensation | |
| <u>M. D. Anderson</u> | | | | | | | | |
| 6. | Karel A. Dicke (Non-tenure) Developmental Therapeutics Visiting Professor in Residence Source of Funds: Government Contract Funds | \$ 30,000 | \$ --- | \$ 30,000 | \$ 38,000 | \$ --- | \$ 38 000 | 4/1/76 |

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THE UNIVERSITY OF TEXAS SYSTEM CANCER CENTER
 AMENDMENTS TO THE 1975-76 OPERATING BUDGET
 Source of Funds - Departmental Appropriations
 (Unless Otherwise Specified)
 (Continued)

| Item No. | Explanation | Present Status | | | Proposed Status | | | Effective Dates |
|----------|----------------------------------|----------------|--------------|--|---|---------------------|--------------------|-----------------|
| | | Salary Rate | Augmentation | Total Compensation | Salary Rate | Augmentation | Total Compensation | |
| | <u>M. D. Anderson</u> | | | | | | | |
| 7. | Plant Funds Transfer of Funds | | | | | | | |
| | | | | From: Unappropriated Balance via Estimated Income | | | | |
| | | | | | To: Plant Funds - Remodel Existing Building (Project 703-291) - Allotment Account | \$ 2,198,100 | | |
| | | | | | Expansion of M. D. Anderson Hospital (Project 703-78) - Furnishings and Equipment | <u>2,801,900</u> | | |
| | Amount of Transfer | | \$ 5,000,000 | | | <u>\$ 5,000,000</u> | --- | |

2. U. T. Austin: Extension and Amendment of (a) Affiliation Agreement Between the Board of Regents and the Clayton Foundation for Research; and (b) Subsidiary Three Party Affiliation Agreements Among the Board of Regents, the Clayton Foundation for Research and (b-1) U. T. Austin Student Health Center and (b-2) Bexar County Hospital District (2-M-76). -- Upon request of the Clayton Foundation for Research to extend the below listed affiliation agreements for an additional five years, the following letter agreements have been executed by Chairman Shivers; and it is recommended that the Chairman's action in executing these agreements be approved and in all things ratified:

- a. Letter agreement amending and thereby extending the affiliation agreement between the Board of Regents of The University of Texas System for and on behalf of The University of Texas at Austin and the Clayton Foundation for Research, executed on April 8, 1971, and terminating April 7, 1976 (Pages 62-63)
- b. Letter agreements amending and thereby extending the subsidiary three party affiliation agreements among the Board of Regents of The University of Texas System for and on behalf of The University of Texas at Austin, the Clayton Foundation and
 - (b-1) the Student Health Center of The University of Texas at Austin, executed April 14, 1971, terminating April 13, 1976 (Pages 64-65)
 - (b-2) Bexar County Hospital District, executed May 11, 1971, and terminating May 10, 1976 (Pages 66-67)



THE UNIVERSITY OF TEXAS SYSTEM
BOARD OF REGENTS

April 1, 1976

SHIVERS
NATIONAL BANK BUILDING
HOUSTON, TEXAS 77001

Clayton Foundation For Research
West Loop National Bank Bldg., Suite 810
2100 West Loop South
Houston, Texas 77027

Attention: Mr. M. T. Launius, Jr.
Trustee

RE: Affiliation Agreement between
The Board of Regents of The
University of Texas System for
and on behalf of The University
of Texas at Austin, and the
Clayton Foundation For Research,
Executed April 8, 1971.

Gentlemen:

As presently written, the above captioned agreement will expire upon the expiration of five years from the date of execution. By letter of February 24, 1976, addressed to Dr. Loiene Rogers, President, The University

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of Texas at Austin, it has been proposed that such agreement be extended for an additional five-year period, and The University of Texas at Austin is agreeable to such an extension.

Therefore, subject to approval and ratification by the Board of Regents of The University of Texas System, for and on behalf of The University of Texas at Austin, this letter, when accepted by you in the space provided below, shall amend Paragraph 5 of said agreement to read as follows:

"5. Period of Agreement:

This Agreement is for a period of ten (10) years from the date of execution hereof, unless terminated by either party upon giving the other party six (6) months' written notice of intention to terminate. Amendment of this Agreement shall be only by writing, signed and approved by the University and the Foundation."

Except as amended herein, said agreement shall remain in full force and effect.

This letter is written in duplicate and if it is satisfactory to you, please sign both copies in the space provided below and return one copy to us for our file.

Very truly yours,

Allan Shivers
Allan Shivers, Chairman

Accepted in all its terms and conditions this 5th day of April, 1976.

CLAYTON FOUNDATION FOR RESEARCH

By *Barbara J. Lanning* Trustee
(Title)

MAY 14 1976

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THE UNIVERSITY OF TEXAS SYSTEM
BOARD OF REGENTS

April 1, 1976

HIVERS
NATIONAL BANK BUILDING
AS 78701

Clayton Foundation For Research
West Loop National Bank Bldg., Suite 810
2100 West Loop South
Houston, Texas 77027

Attention: Mr. M. T. Launius, Jr.
Trustee

The Student Health Center
The University of Texas at Austin
105 West 26th Street
Austin, Texas 78705

Attention: Dr. P. C. Trickett
Director

RE: Affiliation Agreement between
The Board of Regents of The
University of Texas System for
and on behalf of The University
of Texas at Austin, the Clayton
Foundation For Research and The
Student Health Center of The
University of Texas at Austin,
executed April 14, 1971.

Gentlemen:

As presently written, the above captioned agreement will expire upon the expiration of five years from the date of execution. By letter of February 24, 1976, addressed to Dr. Lorene Rogers, President, The University of Texas at Austin, it has been proposed that such agreement be extended for an additional five-year period, and The University of Texas at Austin is agreeable to such an extension.

Therefore, subject to approval and ratification by the Board of Regents of The University of Texas System, for and on behalf of The University of Texas at Austin, this letter, when accepted by each of you in the

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Clayton Foundation For Research
The Student Health Center of The
University of Texas at Austin
April 1, 1976
Page Two

appropriate space provided below, shall amend Paragraph 5
of said agreement to read as follows:

"5. Period of Agreement:

This Agreement is for a period of ten (10)
years from the date of execution hereof, un-
less terminated by either party upon giving
the other party six (6) months' written
notice of intention to terminate. Amendment
of this Agreement shall be only by writing,
signed and approved by the University and
the Foundation."

Except as amended herein, said agreement shall re-
main in full force and effect.

This letter is written in triplicate and if it is
satisfactory to you, please sign all copies in the space
provided below and return one copy to us for our file.

Very truly yours,


Allan Shivers, Chairman

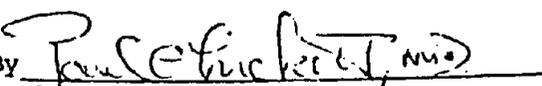
Accepted in all its terms and
conditions this 5th day of
April, 1976.

CLAYTON FOUNDATION FOR RESEARCH

By 
President

Accepted in all its terms and
conditions this 1st day of
April, 1976.

STUDENT HEALTH CENTER OF THE
UNIVERSITY OF TEXAS AT AUSTIN

By 
Director

MAY 14 1976

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THE UNIVERSITY OF TEXAS SYSTEM
BOARD OF REGENTS

April 1, 1976

UNIVERSITY OF TEXAS
WEST LOOP NATIONAL BANK BUILDING
HOUSTON, TEXAS 77027

Clayton Foundation For Research
West Loop National Bank B1-g., Suite 810
2100 West Loop South
Houston, Texas 77027

Attention: Mr. M. T. Launius, Jr.
Trustee

Bexar County Hospital District
4502 Medical
San Antonio, Texas 78229

Attention: Mr. Warren G. Harding
Administrator

RE: Affiliation Agreement between
The Board of Regents of The
University of Texas System for
and on behalf of The University
of Texas at Austin, the Clayton
Foundation For Research and
Bexar County Hospital District,
executed May 11, 1971.

Gentlemen:

As presently written, the above captioned agreement will expire upon the expiration of five years from the date of execution. By letter of February 24, 1976, addressed to Dr. Lorene Rogers, President, The University of Texas at Austin, it has been proposed that such agreement be extended for an additional five-year period, and The University of Texas at Austin is agreeable to such an extension.

Therefore, subject to approval and ratification by the Board of Regents of The University of Texas System, for and on behalf of The University of Texas at Austin, this letter, when accepted by each of you in the appropriate space provided below, shall amend Paragraph 5 of said agreement to read as follows:

Clayton Foundation For Research
Bexar County Hospital District
April 1, 1976
Page Two

"5. Period of Agreement:

This agreement is for a period of ten (10) years from the date of execution hereof, unless terminated by either party upon giving the other party six (6) months' written notice of intention to terminate. Amendment of this Agreement shall be only by writing, signed and approved by the University and the Foundation."

Except as amended herein, said agreement shall remain in full force and effect.

This letter is written in triplicate and if it is satisfactory to you, please sign all copies in the space provided below and return one copy to us for our file.

Very truly yours,

Allan Shivers
Allan Shivers, Chairman

Accepted in all its terms and conditions this 5th day of April, 1976.

CLAYTON FOUNDATION FOR RESEARCH

By *Maurice J. Lawrence*, Trustee
(Title)

Accepted in all its terms and conditions this 15 day of April, 1976.

BEXAR COUNTY HOSPITAL DISTRICT

By *Waverly S. Harding*
Administrator

3. U. T. El Paso: Revised Student Association Constitution (3-M-76). --
It is recommended that the proposed revision of the Constitution of the Student Association of The University of Texas at El Paso submitted by President Templeton be amended by deleting Article VIII and substituting in lieu thereof the following:

"This Constitution, and any amendment thereto, shall not be effective unless and until approved by the Board of Regents of The University of Texas System; and, shall otherwise in all respects be subject to the Rules and Regulations of said Board of Regents. Notwithstanding any such approval, any provision of this Constitution, or any amendment thereto, which is in conflict with said Rules and Regulations (as determined by the Board of Regents) shall be null and void."

It is further recommended with the foregoing incorporated that the Constitution be approved as set out below. This Constitution was last revised on July 27, 1973 (Pages 68-73):

PROPOSED
CONSTITUTION OF THE STUDENT ASSOCIATION
OF
THE UNIVERSITY OF TEXAS AT EL PASO
1976

PREAMBLE

We, the students of The University of Texas at El Paso, in order to establish a democratic student government representing all students regardless of race, sex, religion, and political or social belief, in providing the official voice through which student opinion may be expressed, in encouraging the development of student participation in the overall policies in the decision-making process of the University and in providing means for responsible and effective participation in the organization of student affairs and in the planning of its activities and in defending the rights of each student of the University, do hereby establish this Constitution.

ARTICLE I

- Section 1. The students at The University of Texas at El Paso shall be known as the Student Association of The University of Texas at El Paso.
- Section 2. Each student enrolled at this institution shall be a member of the Student Association and shall have the privilege of voting in Student Association elections and referenda.
- Section 3. The Student Association shall contain a governing body and that body shall be organized into two branches: the Student Council and the Judicial Branch.

- Section 4. Each student duly elected or appointed to office in the Student Association shall, before assuming the duties of that office, take the following oath administered by the Dean of Students or his representative: "I (officer repeats full name) do solemnly affirm that I will, to the best of my ability, fulfill, defend, and further the purpose and goals of the Student Association of The University of Texas at El Paso as stated in the Constitution."

ARTICLE II

- Section 1. All Executive and Legislative powers shall be vested in a Student Council composed of fifteen Members and five Alternate Members selected at-large in a General Election of the Student Association.
- Section 2. To qualify for all offices in the Student Association, a student must be enrolled during his or her tenure for a minimum of six (6) credit hours; must have and maintain at least a 2.5 cumulative grade point average during his or her tenure; must have completed at least thirty (30) credit hours at The University of Texas at El Paso at the time he or she takes office; and must not be on disciplinary or scholastic probation of any kind.
- Section 3. The Council seats, except the seat of the Student Association President, shall be filled by the required number of candidates receiving the greatest number of votes. Each student shall vote for no more than three candidates for Council seats.
- Section 4. The office of Student Association President shall be filled by the candidate receiving a majority of the votes cast in a General Election.
- Section 5. A vacant seat on the Council shall be filled by the Alternate Member who received the greatest number of votes in the General Election.
- Section 6. Any office-holder of the Student Association shall be removed from office upon conviction in an impeachment trial or upon suspension for improper conduct.
- Section 7. Monthly Stipends for officers of the Student Association shall be as follows:
- | | |
|---------------------------------|-------|
| Student Association President | \$190 |
| Student Activities Coordinator | \$190 |
| Internal Affairs Vice-President | \$140 |
| External Affairs Vice-President | \$140 |
| Council Member | \$ 40 |
- Section 8. The term of office for all officers shall be one year commencing on June 1 and ending May 31.

ARTICLE III

- Section 1. The Student Association President shall have the following powers and duties:
- a. To act as Chief Executive of the Student Association.
 - b. To act with the Council to enforce this Constitution and legislation of the Student Association.
 - c. To call Special Sessions of the Council and to call the First Sessions of the Council after a General Election if the Council has not met by the third week of its tenure.
 - d. To sit as a non-voting Member of the Council and all of its Committees.
 - e. To veto legislation but not resolutions of the Council in totality but not in item.
 - f. To sit as Chairman of the Executive Committee of the Council.
- Section 2. The Council shall elect, by 2/3 Roll Call Vote, from among its membership an Internal Affairs Vice-President who shall have the following powers and duties:
- a. To preside over Sessions of the Council if not acting as Student Association President.
 - b. To become Student Association President if the office becomes vacant and to assume the office of President if the President is absent or disabled.
 - c. To call Special Sessions of the Council.
- Section 3. The Council shall elect, by 2/3 Roll Call Vote, from among its membership an External Affairs Vice-President who shall have the following powers and duties:
- a. To act as liaison between the Student Association and local, state, and national student organizations.
 - b. To preside over Sessions of the Council in the absence of the Internal Affairs Vice-President.
 - c. To recommend to the Council students to travel on Student Association funds.
- Section 4. The Council shall appoint, by 2/3 Roll Call Vote, a Student Activities Coordinator who shall have the following powers and duties in conjunction with the Director of Student Activities:
- a. To plan, coordinate, and carry out Student Activities on campus.
 - b. To appoint committees to help in planning Student Activities.
 - c. To spend, contract, and/or arbitrate the use of funds allocated to Student Activities.
- Section 5. Alternate Members of the Council shall have the same privileges as Members except the privilege of voting in Council and Committee Sessions.
- Section 6. The Council shall appoint an Attorney General to represent the Student Association in the University Judicial System and to prosecute violations of the Constitution, legislation of the Student Association, and any other regulations within the jurisdiction of the Student Association.

Section 7. The Council shall appoint a Public Defender to represent students accused of violation of the Constitution, legislation of the Student Association, and any other regulations within the jurisdiction of the Student Association.

ARTICLE IV

Section 1. The Council shall appoint, on or before its fourth Session, an Executive Committee composed of the Student Association President, the Internal and External Affairs Vice-Presidents, the Activities Coordinator, and the Chairpersons of the Finance and Ways and Means Committees. The Executive Committee shall have the following powers and duties:

- a. To recommend to the Council applicants to fill appointive positions in the Student Association.
- b. To recommend to the Council the formation of Student Association Ad Hoc Committees.
- c. To formulate, and recommend to the Council, goals and policies for the Student Association.

Section 2. The Council shall appoint from among its membership, on or before its fourth Session, a Ways and Means Committee to advise the Council on all procedural matters of the Student Association.

Section 3. The Council shall appoint from among its membership, on or before its fourth Session, a Finance Committee to advise the Council on all financial matters of the Student Association.

Section 4. The Council shall appoint an Election Commission to compile an Election Code to set forth all necessary regulations for Student Association elections. The Election Code shall be submitted to the Council for approval by a 2/3 Roll Call Vote.

Section 5. A majority of the Roll of the Council shall constitute a quorum for the transaction of business and shall be called a Session of the Council.

Section 6. The Council shall approve by a 2/3 Roll Call Vote all rules and regulations necessary to its expedient and proper operation.

Section 7. The Council shall have the sole power of impeachment by a 2/3 Roll Call Vote. Any member of the Student Association may initiate impeachment charges. The Chief Justice of the Supreme Court shall preside over the Council in an impeachment trial except in cases involving members of the Judicial Branch in which case the Internal Affairs Vice-President shall preside.

Section 8. All Sessions of the Council and its Committees shall be open.

ARTICLE V

- Section 1. All judicial powers shall be vested in a Supreme Court and such inferior courts as may be established by the Council. The Supreme Court shall consist of seven students appointed by the Council from those students submitting petitions. Justices shall remain in their positions unless they are disqualified, impeached and convicted, or resign.
- Section 2. The Supreme Court shall have original jurisdiction over cases involving the Constitution, statutes of the Student Association, and any other case referred to it by the Council, as stipulated by the Constitution, and/or the Office of Student Affairs.
- Section 3. If any statute of the Student Association, in part or in its entirety, be found contrary to the Constitution, said statute shall be declared null and void by the Supreme Court.
- Section 4. The Supreme Court shall have appellate jurisdiction over all inferior court decisions.
- Section 5. The Supreme Court shall approve by 2/3 Roll Call Vote all rules and regulations necessary for its proper and expedient operation and the proper and expedient operation of the Judicial Branch.
- Section 6. The Supreme Court shall publish three bound copies of its official proceedings at the end of each long semester to be permanently located at the following places:
- a. Office of the Student Association.
 - b. Office of Student Affairs.
 - c. Office of the University Librarian.

ARTICLE VI

- Section 1. Legislation may be initiated by any member of the Student Association.
- Section 2. A Presidential veto of an act passed by the Council may be overridden by a 2/3 Roll Call Vote of the Council.
- a. All legislation passed by the Council and signed by the Student Association President shall be embodied in the law of the Student Association.
 - b. If the Student Association President does not sign an act of the Council within ten days of its passage, the act shall become law.

- Section 3. All official records, orders, journals, and proceedings of the Council shall become an official record of the University and shall be distributed as follows:
- a. The Office of the Student Association.
 - b. The Office of Student Affairs.
 - c. The Office of the University Librarian.

ARTICLE VII

- Section 1. An Amendment to the Constitution may be initiated by the Council or by petition of fifty (50) members of the Student Association.
- Section 2. If a proposed amendment receives the support of a majority of the Roll of the Council in Regular Session, it shall be submitted to the student electorate for a vote. Proposed amendments must be presented to the University newspaper in full text with the request that it be printed in two issues immediately preceding its presentation to the student electorate for approval. Full texts must be made available to all Student Association members prior to the election upon request.
- Section 3. A majority of the ballots cast upon an amendment shall be necessary for the amendment to become part of this Constitution.
- Section 4. All amendments to the Constitution shall be placed in an "Amendments" section of this Constitution.

ARTICLE VIII

This Constitution, and any amendment thereto, shall not be effective unless and until approved by the Board of Regents of The University of Texas System; and, shall otherwise in all respects be subject to the Rules and Regulations of said Board of Regents. Notwithstanding any such approval, any provision of this Constitution, or any amendment thereto, which is in conflict with said Rules and Regulations (as determined by the Board of Regents) shall be null and void.

4. University Cancer Center (M. D. Anderson) - Lutheran Hospital Addition and Outpatient Clinic Expansion: Award of Contract for Base Bid "A" (General Furniture) and Base Bid "C" (Office Landscape Furniture) to Abel Contract Furniture and Equipment Company, Inc., Austin, Texas (4-M-76). --System Administration reported that the bids on Base Bids "A" and "C" for furniture and furnishings for the Lutheran Hospital Addition and Outpatient Clinic Expansion at The University of Texas M. D. Anderson Hospital and Tumor Institute at Houston of The University of Texas System Cancer Center had been further evaluated since the meeting on March 26, at which time the bid of Litton Office Products Centers on Base Bid "C" had been withdrawn without penalty because of an error made in the preparation of the bid. Based on the re-evaluation, System Administration recommended that a contract be awarded to Abel Contract Furniture and Equipment Company, Inc., Austin, Texas, the lowest and best acceptable bidder, as follows:

| | |
|---|-------------------|
| Base Bid "A" (General Furniture) | \$ 229,987 |
| Base Bid "C" (Office Landscape Furniture) | <u>68,998</u> |
| Total Contract Award | <u>\$ 298,985</u> |

REPORT OF ACADEMIC AND DEVELOPMENTAL AFFAIRS COMMITTEE (Pages 75 - 84). --Committee Chairman (Mrs.) Johnson submitted, and moved approval of, the following Report of the Academic and Developmental Affairs Committee. She stated that all actions had been taken in open session. The report was unanimously adopted, and the actions therein were ratified.

1. U. T. System: Deputy Chancellor's Docket No. 6 (Attachment No. 1) (Catalog Change). --Committee Chairman (Mrs.) Johnson reported that no exception had been received to Deputy Chancellor's Docket No. 6. In consideration of this Docket, no objections were offered at the meeting and the Docket was unanimously approved in the form distributed by the Secretary. It is attached (Attachment No. 1) following Page 129 and made a part of these Minutes.

It was ordered that any item included in this Docket that is normally published in the catalogs of the various institutions be reflected in the first catalog published hereafter by the respective institution.

2. U. T. Austin: Appointment of Kenneth E. Boulding Distinguished Visiting Tom Slick Professor of World Peace in the Lyndon B. Johnson School of Public Affairs. --Kenneth E. Boulding, presently a Professor in the Institute of Behavioral Science, University of Colorado, Boulder, Colorado, was appointed Distinguished Visiting Professor of World Peace in the Lyndon B. Johnson School of Public Affairs at The University of Texas at Austin for the period September 1, 1976 through May 31, 1977. This appointment was in accordance with the trust agreement of July 21, 1972, establishing this professorship.

Professor Boulding, who will be the first occupant of this Chair, brings with him a reputation of being a distinguished international scholar with a breadth of intellectual interests essential in the solving of problems related to peace and war.

3. U. T. Austin: Authorization to Seek Permission from Coordinating Board to Establish Master of Arts Degree in Comparative Literature (Catalog Change). --Upon recommendation of President Rogers, concurred in by System Administration, authorization was given to seek permission from the Coordinating Board, Texas College and University System to establish a Master of Arts Degree in Comparative Literature for The University of Texas at Austin.

The Master of Arts Degree program will be in the College of Humanities and will complement the existing Ph.D. degree program. For this reason, no new facilities, equipment, library holdings or administrative personnel will be required. The total budget for the next three years will be met through formula generated funds.

If this program is approved by the Coordinating Board, it was ordered that the first catalog published thereafter by U. T. Austin be amended to conform.

4. U. T. Austin: Authorization for Dean James T. Doluisio to Accept Employment as National Consultant in Pharmacy to Surgeon General, USAF. --Committee Chairman (Mrs.) Johnson presented the request of James T. Doluisio, Dean of the College of Pharmacy at The University of Texas at Austin, for permission to serve as National Consultant in Pharmacy to the Surgeon General, United States Air Force, for approximately six to ten days per year for the three-year period September 1, 1976 through August 31, 1979. Committee Chairman (Mrs.) Johnson commented that people who receive this type of appointment have special expertise in their fields of study.

The Committee approved Dean Doluisio's request which had been presented and recommended through appropriate channels pursuant to Sections 13.1, 13.9, 13.10 and 13.11 of Chapter III of Part One of the Regents' Rules and Regulations. At this point Dean Doluisio was introduced to the audience.

5. U. T. Dallas: Approval of Basic Institutional Faculty Legislation, Subchapter B of Chapter 21, Title III (Academic Affairs) in Proposed Handbook of Operating Procedures. --In accordance with Subsection 2.3, Chapter IV, Part One of the Regents' Rules and Regulations and upon recommendation of President Jordan, concurred in by System Administration, the following basic institutional faculty legislation for The University of Texas at Dallas was considered. Thereafter, the Academic and Developmental Affairs Committee adopted this legislation which will become Subchapter B of Chapter 21, Title III (Academic Affairs) of the U. T. Dallas Handbook of Operating Procedures:

SUBCHAPTER B. BASIC LEGISLATION

Section 21.06 GENERAL

(a) Subject to the authority of the Board of Regents of The University of Texas System and the authority vested by the Board of Regents of The University of Texas System in the administrative officers of The University of Texas System and The University of Texas at Dallas, the faculty of The University of Texas at Dallas, through its legislative bodies, shall have a major role in the governance of the University in the following areas:

- (1) general academic policies and welfare;
- (2) student life and activities;
- (3) requirements of admissions and graduation;
- (4) honors and scholastic performance;
- (5) approval of candidates for degrees; and
- (6) faculty rules of procedure.

Specific issues or the details of specific issues covered by the areas above are spelled out in other sections of the Handbook or in committee charges.

(b) A legislative action is a recommendation pertaining to the areas listed in Section 21.06(a) to the academic administration by a legislative body, and which requires response to that body from the academic administration in due course.

Section 21.07 LEGISLATIVE BODIES

(a) The legislative bodies at The University of Texas at Dallas are:

- (1) the voting membership of the General Faculty;
- (2) the Academic Senate;
- (3) the Academic Council;
- (4) the faculties of the Schools; and
- (5) other disciplinary groupings within and among these Schools established in accordance with appropriate legislation of the Academic Senate.

(b) Because of the common qualifications to be required for those called upon for graduate and undergraduate instruction, a separate Graduate or Undergraduate faculty and concomitant legislative bodies at The University of Texas at Dallas will not be established.

Section 21.08 PROVISIONS COMMON TO SEVERAL LEGISLATIVE BODIES

(a) The President of The University of Texas at Dallas and the Vice President for Academic Affairs of The University of Texas at Dallas are nonvoting members of all legislative bodies.

(b) Voting rights in elections in any legislative body shall continue during an approved leave of absence.

(c) Ordinary meetings of any legislative body may be called by the presiding officers of that body or at the request of twenty percent of its voting members. Extraordinary meetings of any legislative body may be called by the Academic Senate or the President of the University, and at such meetings the President of the University shall preside.

(d) The term of office of an elected member of any legislative body shall begin on September 1 of a year and end on August 31 of an appropriate year (depending on the length of the elected term).

(e) The business of all legislative bodies will be conducted according to Robert's Rules of Order, Current Edition. However, these rules may be temporarily suspended, unless more than two members of a legislative body object.

(f) Subject to the provisions of this section and Section 21.10(e) of this Subchapter, each legislative body shall establish its own internal organization.

(g) Voting membership in the Academic Senate can be held only by those persons possessing the requirements for voting membership in the General Faculty. Schools and disciplines will determine their own voting membership beyond those persons already members of the General Faculty. Individuals may vote in more than one of the disciplinary groupings established under Section 21.07(a)(5).

(h) Each legislative body shall establish bylaws which, after review, as to compliance with the Handbook of Operating Procedures and the Regents' Rules, shall be published as numbers in the Serial Policy Memoranda to be issued by the President.

Section 21.09 GENERAL FACULTY

(a) The General Faculty of The University of Texas at Dallas consists of all persons who, pursuant to Section 1.8 of Chapter III of Part One of the Regents' Rules, hold the following academic titles at The University of Texas at Dallas: Professor, Associate Professor, Assistant Professor, Visiting Professor, Visiting Associate Professor, Visiting Assistant Professor, Instructor, Lecturer, Adjunct Professor, Adjunct Associate Professor, Adjunct Assistant Professor, Professor Emeritus, Associate Professor Emeritus, Research Scientists holding appointments outside the classified pay plan of the University, and Research Associates holding appointments outside the classified pay plan of the University.

(b) The President and the Vice President for Academic Affairs of The University of Texas at Dallas are ex officio members of the General Faculty.

(c) There are two classes of membership in the General Faculty as follows:

- (1) Voting members - Professors, Associate Professors, Assistant Professors and Instructors holding appointments of half-time or more.
- (2) Nonvoting members - all persons holding titles listed in subsections (a) and (b) of this section but not listed in subsection (c) (1) of this section.

(d) The voting members of the General Faculty shall elect annually 10% of its membership established as it exists as of March 1 of each year, not to exceed 51 members or be less than 23, to the Academic Senate to serve one year terms, pursuant to the procedures in Section 21.10(a).

(e) The General Faculty shall meet annually, on a date set by the Academic Council at its first meeting of each academic year, to hear a "State of the University" report from the President and to discuss matters of university interest. It shall meet on special occasions at the call of the President or Academic Senate, or on petition to the Senate by at least 20% of the voting members of the General Faculty. The General Faculty, when formally convened, shall have power to review any legislative action taken by the Academic Senate, and the vote of a majority of the voting membership of the General Faculty shall constitute an authoritative legislative act of The University of Texas at Dallas, insofar as this provision is consistent with the Regents' Rules.

(f) The President and the Vice President for Academic Affairs of The University of Texas at Dallas are, respectively, President and Vice President of the General Faculty. The President shall preside at the annual meeting of the General Faculty. He shall invite to attend the meeting of the General Faculty those persons who he anticipates will be necessary to provide adequate resources for discussion of items of university interest. The Secretary of the Academic Council (See Section 21.11(g)) shall serve as Secretary of the General Faculty.

(g) The business of the General Faculty shall be conducted according to Robert's Rules of Order, Current Edition.

Section 21.10 THE ACADEMIC SENATE

(a) The Academic Senate consists of the President and Vice President for Academic Affairs of The University of Texas at Dallas and 10% of the voting members of the General Faculty, not to exceed 51 or be less than 23, elected annually pursuant to the following procedures:

- (1) Any three voting members of the General Faculty may nominate by petition to membership in the Senate any one voting member of the General Faculty, except that no one may sign more than one petition or his own petition.
- (2) Nominating petitions are due in the office of the Secretary of the Academic Council (as Secretary of the Faculty) on the first Friday in April.
- (3) The Secretary of the Academic Council will inform the person delivering the petition whether or not the person being nominated has been previously nominated. The Secretary will ascertain the willingness of each nominee to serve if elected. The names of those who do not wish to serve will not be placed on the ballot.
- (4) Ballots, including all those nominated who are willing to serve, are to be distributed to the voting members of the General Faculty by the Secretary of the Academic Council before the second Friday in April. Ballots cast by members of different schools will be colored differently or otherwise kept separate.
- (5) Each voter will indicate with a "1" his first choice for a representative, with a "2" his second choice, with a "3" his third choice, and so on for as many choices as he desires. Ballots are to be returned to the office of the Speaker of the Faculty by the first Friday in May. Ballots shall be secret.
- (6) Ballots from each of the schools in the university shall first be counted separately by the Hare System (modified so as to eliminate the element of chance), ignoring all choices for any candidates from other schools, to determine the candidate from that school most favored by the faculty of that school.
- (7) All ballots will be combined and counted by the Hare System ignoring choices for the candidate already elected from each school, to select the remaining candidates to be elected.
- (8) The Secretary of the Academic Council and an Ad Hoc Election Committee appointed by the President, with the advice of the Council, shall implement procedures which will insure that the fairness of the process is inviolate.

((TEMPORARY PROVISION))

(#) In the first election after the approval of this Subchapter by the Board of Regents of The University of Texas System, the provisions of this section will apply, except that:

- (1) The President and the present Academic Council agree on an appropriate time schedule for election of the Academic Senate;
- (2) Persons elected shall serve until August 31 next, plus one year.

(*) In all publications of this Chapter occurring after the first election, these provisions shall be considered executed and deleted therefrom.

(b) There are two classes of membership in the Academic Senate as follows:

- (1) Voting - the elected voting members of the General Faculty and those appointed under subsection (d) of this section, if any; and
- (2) Nonvoting - the other members of the Academic Senate are nonvoting members except that the presiding officers shall vote in case of a tie.

(c) The President and the Vice President for Academic Affairs are, respectively, President and Vice President of the Academic Senate. In the absence of both, the Speaker of the Faculty shall preside. The Secretary of the Academic Council shall serve as Secretary of the Academic Senate.

(d) If it becomes apparent, in the judgment of the President, that the regularly elected Senate fails to represent some important segment or segments of the faculty, the President, with the consent of the majority vote of the Academic Council, may rectify this situation by the appointment from that segment of not more than three voting members from among the voting members of the General Faculty during the year to serve until the next election for the Academic Senate. The President shall not, in any case, appoint more than three such members of the Senate during the year.

(e) When it chooses to exercise its authority, the voting membership of the General Faculty is the primary legislative body of The University of Texas at Dallas. Otherwise, its authority remains delegated to the Academic Senate. As such, the Senate has:

- (1) legislative authority, consistent with the Regents' Rules over the items of faculty cognizance listed in Section 21.06 of this Subchapter;
- (2) jurisdiction over matters affecting more than one legislative body;

- (3) the right to review and disapprove actions taken by other legislative bodies, if those actions fall within its jurisdiction; and
- (4) the right to advise the President of The University of Texas at Dallas in regard to policy and operations in any matter affecting the general academic welfare of the University.

(f) Questions of jurisdiction between the Senate and other legislative bodies shall be decided by the President.

(g) Any item of faculty legislation requiring the approval of the Board of Regents of The University of Texas System shall not be presented to the Board until it has been approved by the Academic Senate and shall not be effective until it has received the consideration and recommendation of the President of The University of Texas at Dallas, the Deputy Chancellor of The University of Texas System and the approval of the Board of Regents of The University of Texas System.

(h) The Senate-elect shall annually elect from its voting membership seven members to the Academic Council for one year terms pursuant to the procedures in Section 21.11(a)

(i) If a member of the Senate resigns his seat or leaves The University of Texas at Dallas for a period expected to exceed four months, his seat shall be filled by making a Hare System (modified so as to eliminate the element of chance) recount of the original ballots which elected him, in which recount choices for the resigning candidate are ignored and elimination of any other already elected candidate is prevented.

(j) The President and/or the Speaker may invite to meetings of the Academic Senate those persons believed to be necessary to assist the Senate in the conduct of its business.

(k) Meetings of the Academic Senate are open to the General Faculty except when the Senate is in executive session.

(l) To have effect, an action of the Senate must be passed by a majority of those present and voting or by one-third of the total voting membership of the Senate whichever is greater. If the President disagrees with any action taken, he may order a second vote by mail ballot. If by communication to the President or the Speaker one-third (1/3) of the total voting membership of the Senate disagrees with any action taken, a second vote by mail ballot shall be taken. Passage by mail ballot requires the affirmative vote of a majority of the voting members of the Senate.

Section 21.11 ACADEMIC COUNCIL

(a) The Academic Council shall consist of the President and Vice President for Academic Affairs of The University of Texas at Dallas, as nonvoting members, and seven voting members selected annually from the voting membership of the Academic Senate in accordance with the following procedures:

- (1) Any two voting members of the Senate may nominate to membership in the Academic Council one voting member

of the Senate by petition, except that no one may sign more than one petition or his own petition.

- (2) Nominations are due in the office of the Secretary of the Academic Council (as Secretary of the Senate) on the second Friday in May.
- (3) The Secretary of the Academic Council will inform the person delivering the petition whether or not the person being nominated has been previously nominated. The Secretary will ascertain the willingness of each nominee to serve if elected. The names of those who do not wish to serve will not be placed on the ballot.
- (4) Ballots, including all those nominated who are willing to serve, are to be distributed to the voting members of the Senate on the Tuesday following the second Friday in May.
- (5) Ballots are to be marked with the voters' first, second, third, etc. choices so that they may be counted by the Hare System (modified so as to eliminate the element of chance). They are to be returned to the office of the Secretary of the Academic Council by the third Friday in May. Ballots shall be secret.
- (6) The Secretary of the Academic Council and an Ad Hoc Election Committee appointed by the President with the advice of the Academic Council shall implement procedures which will insure that the fairness of the process is inviolate.

((TEMPORARY PROVISION))

(#) In the first election to be held after the approval of this Subchapter by the Board of Regents of The University of Texas System, the provisions of this Section shall obtain, except:

- (1) The President and the present Academic Council shall agree on an appropriate time schedule for the election of the Academic Council.
- (2) Persons elected to the Academic Council shall serve until August 31 next, plus one year.
- (3) All actions of the Academic Council with respect to committee selection, calendars, etc., will, insofar as practicable, be coterminous with the extended term of office provided for in this temporary provision and in the temporary provision under Section 21.10(a).

(ç) In all publications of this Chapter occurring after the first election, these provisions shall be considered executed and deleted therefrom.

(b) Should a member of the Senate who is also a member of the Academic Council resign or leave the University for a period in excess of four months, his seat on the Academic Council shall be filled by

making a Hare System (modified so as to eliminate the element of chance) recount of the original ballots which elected him, in which recount choices for the resigning candidate are ignored and elimination of any other already elected candidate is prevented.

(c) The President and Vice President for Academic Affairs of The University of Texas at Dallas shall be respectively President and Vice President of the Academic Council. In the absence of both, the Speaker of the Faculty shall preside. He shall be the channel of communication between the Council and the Senate and shall aid the President in the organization and work of the Council and Senate.

(d) If it becomes apparent, in the judgment of the President, that the regularly elected Council fails to represent some important segment of the faculty, the President, with the consent of the majority vote of the Academic Council, may rectify the situation by the appointment from that segment of one more voting member in that year from the members of the Academic Senate.

(e) Until September 1, the persons elected at this election shall be known as the "Council-elect".

(f) The ballots cast in the election for Academic Council shall be recounted to determine the person most favored by the Academic Senate. That person shall be known until September 1, as "Speaker elect" of the Faculty. On September 1, the Speaker-elect shall become Speaker.

(g) The Council shall elect from its membership a Secretary who shall also serve as Secretary of the Academic Senate and the General Faculty. The Secretary shall see that minutes are kept, made available to any faculty member, and filed in the Office of the President and, through that office, with the Office of the Deputy Chancellor, the Office of the Secretary to the Board of Regents, and with the Library of The University of Texas at Dallas.

(h) The Academic Council shall concern itself with all matters within the jurisdiction of the Academic Senate and shall report thereon to the Academic Senate, through the Speaker, for such action as the Academic Senate may determine. The Academic Council shall advise the President on the agenda of the Academic Senate.

(i) The President of The University of Texas at Dallas shall keep the Academic Council informed as far as practicable on all matters of general interest to The University of Texas at Dallas.

(j) At its first meeting of each academic year, which shall be called by the President as soon after September 1 of each year as possible, the Council shall prepare a calendar of regular meetings for the Academic Council and the Academic Senate and shall set the date of the annual General Faculty meeting. The calendar, including the date of the annual General Faculty meeting, shall be published as early in the academic year as practicable. The calendar shall provide for meetings of the Academic Senate no less often than four times per academic year.

(k) Under usual circumstances, the President shall not give effect to proposals on matters within the jurisdiction of the Senate without an affirmative action of the Senate. However, in emergency situations, where the Academic Council has determined that Academic Senate action is not feasible, the Academic Council may act as the executive committee of the Senate. All such actions of the Council shall be reported by

the Speaker of the Faculty at the next Academic Senate meeting. In the event the Senate repudiates an act of the Council, the act shall be nullified and be without legislative authority.

(l) Any memorandum to the Academic Senate prepared by any General Faculty Member of the University shall be delivered to the Speaker of the Faculty and must be reported to the Academic Senate by the Academic Council, along with its opinion.

(m) All matters to be presented to the Academic Senate requiring legislative action shall first be referred to the Academic Council for its opinion, except upon vote of two thirds of the members of the Academic Senate present and voting.

(n) A proposal to constitute a new legislative body or reorganize an existing one shall be considered by the Academic Council which, having ascertained the views of the interested parties, shall report its opinion to the Academic Senate for action.

(o) From a list of five students submitted to the President by the President of the Student Congress, the President and the Academic Council annually shall agree on two Student Observers who may attend meetings of the Academic Senate, but shall not have the privilege of the floor. The President of the Student Congress shall be a nonvoting participant in the Academic Council during the Council's nonexecutive sessions.

((Sections 21.12-21.20 Reserved for Expansion)))

3. U. T. Permian Basin: Rates for Initial Housing Accommodations and Establishment of Housing Application Deposit (Catalog Change). -- Rates for initial housing accommodations at The University of Texas of the Permian Basin were established by the Bond Resolution on Pages 3-14 effective September 1, 1976, as set out below. These rates do not include electricity for which each student will be billed separately:

Long Session - Per Semester

| | |
|--------------------------|-----------|
| Single Room - one person | \$ 260.00 |
| Double Room - per person | 200.00 |

Summer Session - Per Six-Week Term

| | |
|--------------------------|----------|
| Single Room - one person | \$ 97.50 |
| Double Room - per person | 75.00 |

A housing application deposit of \$50 was also authorized to be collected from each applicant. This deposit will be forfeited if a notice of cancellation is not received prior to August 1 for each fall semester or if the student does not occupy the housing by the end of the registration period of any other semester or summer term for which the application is made.

It was further authorized that the first catalog published hereafter by U. T. Permian Basin be amended to conform.

REPORT OF BUILDINGS AND GROUNDS COMMITTEE (Pages 85 - 97). --
 The Buildings and Grounds Committee conducted its business in open session,
 and Committee Chairman Bauerle filed the following report of the Committee.
 The report was adopted upon a motion duly made and seconded, and the actions
 therein were ratified:

1. U. T. Austin - Communication Building: Award of Contract for Modifications to J. M. Boyer, Inc., Austin, Texas, and Additional Appropriation Therefor. --System Administration reported that after the Regents' meeting on June 25, 1975, when it had been indicated that the bids for the Modifications to the Communication Building at The University of Texas at Austin would be received in late June, there arose many unforeseen conditions as to details in the plans relating to air balancing and other matters. It was not until February 1976 that the project was ready to be bid, and it was obvious at that time that the bids would be in excess of the \$130,000 which had been previously appropriated by the Board of Regents for the project. In view of this, System Administration reported that "in the interest of providing the Board with accurate cost information on which to base a decision," bids for each segment would be submitted rather than cost estimates. These segments were:

- a. Base Bid - Improved heating, ventilating and air conditioning system for photography laboratory
- b. Alternate No. 1 - Noise control in TV studios
- c. Alternate No. 2 - Additional ventilation in elevator penthouses

The tabulation of the bids, along with alternate recommendations of President Rogers and System Administration, were received. Following a discussion thereof, a construction contract for the Base Bid and Alternates Nos. 1 and 2 of the modification project was awarded as set out below to J. M. Boyer, Inc., Austin, Texas, the lowest and best acceptable bidder on the combined bids for all the modification work.

| | |
|---|------------------|
| Base Bid - Building "A" Improved Heating Ventilating and Air Conditioning for Photography Laboratory | \$159,314 |
| Additive Alternates: | |
| No. 1 - Building "B" TV Studio Noise Control | 112,224 |
| No. 2 - Mechanical Ventila- tion Elevator Penthouses | <u>7,500</u> |
| Total Contract Award | <u>\$279,038</u> |

A total project cost of \$336,980 was approved, and an additional sum of \$206,980 was appropriated from interest on bond proceeds for the project, \$130,000 having been previously appropriated from this same source.

2. U. T. Austin - Perry-Castañeda Library: Award of Contracts for Carpeting to Rockford Furniture & Carpets, Austin, Texas, and Carpet Services, Inc., Dallas, Texas. --Upon the recommendation of President Rogers and System Administration, contracts for the carpeting in the Perry-Castañeda Library at The University of Texas at Austin were awarded to the lowest and best acceptable bidders, Rockford Furniture & Carpets, Austin, Texas, and Carpet Services, Inc., Dallas, Texas, as set out below:

Rockford Furniture & Carpets
Austin, Texas

Base Proposal "B" (Carpet #1 Alt.) \$ 347,550

Carpet Services, Inc.
Dallas, Texas

Base Proposal "C" (Carpet #2) 9,500

Grant Total Contract Awards \$ 357,050

It was noted that the funds necessary to cover these contract awards are available in the Furniture and Equipment Account for this project.

3. U. T. Austin - Perry-Castañeda Library: Inscription on Plaque. -- Upon recommendation of the Administration, the inscription set out below was approved for the plaque to be placed on the Perry-Castañeda Library at The University of Texas at Austin. This inscription follows the standard pattern approved by the Board of Regents at its meeting held on October 1, 1966:

PERRY-CASTAÑEDA LIBRARY

1974

BOARD OF REGENTS

A. G. McNeese, Jr., Chairman
Dan C. Williams, Vice-Chairman
James E. Bauerle, D.D.S.
Edward Clark
Frank C. Erwin, Jr.
Jenkins Garrett
Mrs. Lyndon B. Johnson
Joe T. Nelson, M.D.
Allan Shivers

Charles A. LeMaistre, M.D.,
Chancellor, The University
of Texas System
Stephen H. Spurr, President,
The University of Texas
at Austin

John E. Breen, Chairman,
Faculty Building Advisory
Committee, The University
of Texas at Austin

Bartlett Cocke and Associates, Inc.,
and Phelps and Simmons and
Associates, Project Architect
John J. Stokes DBA
Stokes Construction Company,
Contractor

4. U. T. Austin - Addition to Pharmacy Building: Authorization for Project; Appointment of White, Budd, Van Ness Partnership, Houston, Texas, Project Architect and Appropriation Therefor. -- The recommendation of President Rogers and System Administration relating to expansion and rehabilitation of the Pharmacy Building at The University of Texas at Austin was amended upon the suggestion of Committee Chairman Bauerle to include research and laboratory space. In compliance with the action of the Board of Regents at its meeting on February 13, 1976, the Buildings and Grounds Committee accepted the Administration's recommendations as amended and as set out below:
- a. Authorize the Addition to the Pharmacy Building at The University of Texas at Austin which will include research and laboratory space
 - b. Appropriate \$55,000 from Interest on Bond proceeds for necessary topographic and foundation surveys, miscellaneous expenses and fees through the preparation of preliminary plans

Upon motion of Regent Shivers, seconded by Regent Nelson, the firm of White, Budd, Van Ness Partnership, Houston, Texas, was appointed Project Architect with authorization to prepare preliminary plans and a cost estimate to be presented to the Board of Regents at a future meeting.

5. U. T. Austin - Waller Creek Improvements: Approval of Final Plans for Phase I (Segment North of Fifteenth Street to Trinity Street Bridge), Authorization to Advertise for Bids, Appointment of Committee to Award Contract and Additional Appropriation Therefor. --The Administration reported that the Design Development Plans for Waller Creek Improvements at The University of Texas at Austin had been prepared by the Project Architect, John C. Robinson, Jr., Austin, Texas, at an estimated cost of \$1,511,323 for construction, which excludes fees and related project expenses.

The plans for this project were prepared in such a way to permit construction of the project in phases. Phase I includes the segment immediately north of Fifteenth Street to Trinity Street Bridge.

President Rogers and System Administration recommended the following:

- a. The approval of the final plans for Waller Creek Improvements Phase I for the segment running from Fifteenth Street to the Trinity Street Bridge, and authorization to advertise for bids
- b. Appointment of a committee consisting of President Rogers, Director Kristoferson, Associate Deputy Chancellor Landrum, Deputy Chancellor Walker, Committee Chairman Bauerle and Board Chairman Shivers to award between Board meetings a construction contract within funds available for the project

- c. An appropriation of \$300,000 from Interest on Permanent University Fund Bond proceeds for the initial construction cost of Phase I, fees and related project expenses, \$60,000 having been previously appropriated from interest on bond proceeds

Upon motion of Regent (Mrs.) Johnson, seconded by Regent Sterling, these recommendations were unanimously adopted.

In the continuing development and preparation of final plans for future phases of this project, revised cost estimates for each phase will be brought to the Board of Regents for consideration as the various plans are completed and presented to the Board of Regents for approval.

6. U. T. Austin - Addition to Robert A. Welch Hall: Ratification of Addition to Construction Contract with Manhattan Construction Company, Houston, Texas, for Incorporation of Laboratory and Library Equipment. --System Administration reported that in accordance with authorization given at the meeting of the Board of Regents on December 12, 1975, the Office of Facilities Planning and Construction had negotiated with Manhattan Construction Company, Houston, Texas, to install laboratory and library equipment in Robert A. Welch Hall at The University of Texas at Austin as this method had been determined most advantageous to the University rather than by separate contract awards.

Upon recommendation of President Rogers and System Administration, the addition to the construction contract with Manhattan Construction Company, Houston, Texas, of an amount not to exceed \$2,253,284 for furnishing and installing laboratory and library equipment for the Addition to Robert A. Welch Hall at The University of Texas at Austin was ratified.

7. U. T. El Paso - Special Events Center: Inscription on Plaque. -- Following the standard pattern approved by the Board of Regents at its meeting on October 1, 1966, and upon recommendation of System Administration, the inscription set out below was approved for the plaque to be placed on the Special Events Center at The University of Texas at El Paso:

SPECIAL EVENTS CENTER

1974

BOARD OF REGENTS

A. G. McNeese, Jr., Chairman
 Dan C. Williams, Vice-Chairman
 James E. Bauerle, D.D.S.
 Edward Clark
 Frank C. Erwin, Jr.
 Jenkins Garrett
 Mrs. Lyndon B. Johnson
 Joe T. Nelson, M.D.
 Allan Shivers

Charles A. LeMaistre, M.D., Chancellor,
 The University of Texas System
 Arleigh B. Templeton, President,
 The University of Texas at
 El Paso
 B. W. Crain, Jr., Project
 Architect
 Jordan and Nobles Construction
 Company, Contractor

8. U. T. El Paso - Special Events Center: Award of Contract for Landscaping to Black's Nursery, Inc., El Paso, Texas. --Upon the recommendation of President Templeton and System Administration, a contract in the amount of \$66,977 for the landscaping of the Special Events Center at The University of Texas at El Paso was awarded to the lowest and best acceptable bidder, Black's Nursery, Inc., El Paso, Texas.

It was noted that the funds to cover this contract award, fees and miscellaneous expenses are available within the funds previously approved and appropriated for the construction of the Special Events Center at U. T. El Paso. The construction of the Special Events Center is now approximately 65% completed.

9. U. T. San Antonio - Classroom and Office Building and Addition to Arts Building (Phase II Buildings): Approval of Preliminary Plans. --After presentation of the preliminary plans and specifications for the Classroom and Office Building and Addition to Arts Building (Phase II Buildings) at The University of Texas at San Antonio, they were approved at an estimated total project cost of \$13,500,000. The funding of this project from Legislative Appropriations had been previously approved by the Board of Regents.

The Project Architect, Bartlett Cocke & Associates, in association with Frank M. Valdez & Associates, San Antonio, Texas, was authorized to prepare final plans and specifications to be considered by the Board of Regents at a future meeting.

10. U. T. Permian Basin - Student Housing (Temporary) - Site Development: Award of Contract to Cottingham Construction Company, Inc., Odessa, Texas. --With regard to the development of a site on which to place 100 mobile home units to provide Student Housing (Temporary) at The University of Texas of the Permian Basin, a tabulation of the bids received was distributed to the members of the Buildings and Grounds Committee.

Committee Chairman Bauerle reported that in analyzing the tabulation of these bids, it had been determined that the low bidder, Cottingham Construction Company, Inc., Odessa, Texas, had through error included the cost of the laundry building (Alternate No. 3) in its base bid; thus, its base bid of \$206,500 was considerably higher than the final estimate prepared during design. In acknowledging this error, the low bidder submitted a letter revising its base bid to \$149,000, which is a fair and reasonable price. Also, the analysis indicated that both bids received for Alternate No. 3 were high; however, negotiations with the low bidder resulted in its offering in writing to do the underground utilities and the laundry building foundation slab for the sum of \$8,700. Committee Chairman Bauerle concluded that if this offer was accepted from the low bidder, it would allow the site development to proceed in a timely fashion and at the same time permit reprourement of the construction for the remainder of the laundry building at a more acceptable price.

Upon recommendation of President Cardozier and System Administration, a construction contract was awarded to the lowest and best acceptable bidder, Cottingham Construction Company, Inc., Odessa, Texas, for the Site Development for Student Housing (Temporary) at The University of Texas of the Permian Basin as set out below:

| | |
|--|-------------------|
| Base Bid (negotiated) | \$ 149,000 |
| Add Alternates | |
| No. 1 (Circuit Breakers) | 7,000 |
| No. 4 (Wheel Stops) | 3,000 |
| Price in lieu of Owner furnishing plastic pipe | 5,000 |
| Laundry Building slab and utilities (negotiated) | <u>8,700</u> |
| Total Contract Award | \$ <u>172,700</u> |

A total project cost of \$250,000 to cover the construction contract award, landscaping estimated at \$31,000, fees and miscellaneous expenses was approved.

It was noted that this contract award and related project expenses can be provided within previously appropriated funds.

11. Dallas Health Science Center (Dallas Southwestern Medical School) - Remodeling of Edward H. Cary Basic Science Hall (Commonly Known as the Cary Building), Phases B, C and D: Approval of Revised Final Plans and Specifications and Authorization to Advertise for Bids. --It was reported by the Administration that in accordance with authorization given by the Board of Regents at its meeting on July 25, 1975, the project for Remodeling of the Edward H. Cary Basic Science Hall (commonly known as the Cary Building), Phases B, C and D, at the Dallas Southwestern Medical School of The University of Texas Health Science Center at Dallas was reactivated, and the final plans and specifications had been reviewed and revised by the Project Architect, Harper, Kemp, Clutts and Parker, Dallas, Texas, to meet current requirements. The revised plans were approved. They provide for the remodeling of approximately 72,000 gross square feet at an estimated total project cost of \$2,500,000 which had previously been approved from Legislative Appropriations.

The Director of the Office of Facilities Planning and Construction was authorized to advertise for bids for this project to be presented to the Board of Regents at a future meeting.

12. Dallas Health Science Center (Dallas Southwestern Medical School) - Skillern Student Union Building - Alteration and Expansion - Phase I Expansion for Service and Support Facilities: (a) Authorization for Project, (b) Appointment of Fisher and Spillman Architects, Inc., Dallas, Texas, Project Architect, and (c) Appropriation Therefor. -- System Administration reported that several service and support facilities at the Dallas Southwestern Medical School of The University of Texas Health Science Center at Dallas are presently being housed within the Philip R. Jonsson Basic Science Research Building and the Cecil H. and Ida Green Science Building, and that these areas are needed for the teaching departments. The areas involved include the Police Department, the Safety Office, the Mail Room, and the Microscope Storage and Workroom. A study conducted by the Dallas Health Science Center Administration and the Office of Facilities Planning and Construction indicated that these areas could best be relocated as part of the Phase I Expansion of the Skillern Student Union Building, thus freeing valuable teaching space and consolidating various support functions in a manner consistent with the master planning concepts adopted for this campus.

Following this report, the recommendations of President Sprague and System Administration set out below were unanimously adopted by the Committee:

- a. Authorization for the Alteration and Expansion of the Skillern Student Union Building - Phase I Expansion for Service and Support Facilities
- b. Appointment of Fisher and Spillman Architects, Inc., Dallas, Texas, Project Architect with authorization to prepare preliminary plans and a cost estimate to be presented to the Board of Regents at a future meeting
- c. Appropriation of \$15,000 from Dallas Health Science Center Plant Fund Account No. 671008 established for this purpose, to cover fees and miscellaneous expenses through the completion of preliminary plans

13. Dallas Health Science Center (Dallas Southwestern Medical School) - Expansion of Parking Lot #4: Committee to Award Construction Contract. --In an effort to expedite the Expansion of Parking Lot #4 for use by the Dallas Southwestern Medical School of The University of Texas Health Science Center at Dallas by September 1976, and upon recommendation of President Sprague and System Administration, the following committee was named with authorization to award a construction contract for this expansion project within the estimated total project cost of \$185,000 previously appropriated:

President Sprague
 Director Kristoferson
 Associate Deputy Chancellor Landrum
 Deputy Chancellor Walker
 Committee Chairman Bauerle
 Board Chairman Shivers

The action of this Committee will be reported to the Board of Regents for ratification at a future meeting.

4. Galveston Medical Branch (Galveston Medical School) - Auditorium Facilities: Approval of Program Requirements, Site and Cost Estimates, and Authorization to Prepare Preliminary Plans. --In response to authorization at the meeting of the Board of Regents held on September 20, 1974, for the Medical School Administration in conjunction with the staff of the Office of Facilities Planning and Construction to develop a program of requirements in connection with the proposed construction of Auditorium Facilities for the Galveston Medical School of The University of Texas Medical Branch at Galveston, the Administration presented the following report:

" Initial investigations indicate that a total seating capacity of 1,000 is required to satisfy the increased enrollment at the Medical Branch and the programs for continuing education as well as other seminars and conferences conducted on the campus. Flexibility of planning will allow division of the Auditorium into smaller areas for optimum utilization. Acoustical properties and appropriate audio/visual capacity will be considered. Evaluation of the long range development plan for the campus supports a proposed location in the vicinity of Tenth Street and Avenue C between the Library and Basic Science Building. The estimated total project cost for this facility is \$3,000,000. "

Following this report, and upon recommendation of President Levin and System Administration, the program requirements as set out in the report were approved, and authorization was given for the construction of Auditorium Facilities at the Galveston Medical School to be located in the vicinity of Tenth Street and Avenue C between the Library and Basic Science Building at an estimated total project cost of \$3,000,000.

Further, the Project Architect, Kenneth Bentsen and Associates, Houston, Texas, was authorized to proceed with preliminary plans to be submitted to the Board of Regents for consideration at a future meeting.

It was noted that \$50,000 had been previously appropriated from Medical Branch Unexpended Plant Funds for fees and miscellaneous expenses through the preparation of preliminary plans for the project.

15. Galveston Medical Branch (Galveston Hospitals) - Remodeling of Existing John Sealy Hospital: Approval of Final Plans for Phase I (Mechanical Systems and Children's Wing), Authorization to Advertise for Bids and Additional Appropriation Therefor. --Upon recommendation of President Levin and System Administration, the final plans and specifications for Phase I of the Remodeling of the Existing John Sealy Hospital at The University of Texas Medical Branch at Galveston were approved as prepared by the Project Architect, Page Southerland Page, Houston, Texas, at an estimated total project cost of \$3,300,000, which sum had been previously authorized. This initial phase will include Phase IA - The upgrading of the basic mechanical systems for the A, B and C Wings of the hospital, and Phase IB - The remodeling of approximately 24,000 square feet within the Children's Wing.

The Director of the Office of Facilities Planning and Construction was authorized to advertise for bids on Phases IA and IB as appropriate areas become vacated. The results of the bids will be presented to the Board of Regents at a future meeting.

An additional appropriation of \$25,000 from Medical Branch Plant Funds Project Allocation Account for fees and miscellaneous expenses through the bidding of the project was authorized, \$155,000 having been previously appropriated from this same source and \$10,000 having been previously appropriated from Permanent University Fund Bond proceeds.

16. Galveston Medical Branch (Galveston Hospitals) - Addition to John Sealy Hospital: Authorization to Construct Temporary Kitchen Facility, Change Order to Thomas Construction Company, Inc., Houston, Texas, and Appropriation Therefor. -- System Administration reported that the construction of the Addition to the John Sealy Hospital at The University of Texas Medical Branch at Galveston is approximately 63% completed. To facilitate construction access and working conditions in the surgical suite remodeling on Level 2 above the existing kitchen, it is necessary to relocate the hospital kitchen in a temporary structure since access to utilities in the kitchen ceiling will disrupt kitchen functions.

The Galveston Medical Branch Administration had determined that an interim kitchen operation could be maintained in a temporary metal building of approximately 6,750 square feet erected to the east of the existing kitchen on the north dock area, and proposed that this be accomplished by issuing a change order to the existing construction contract with Thomas Construction Company, Inc., Houston, Texas.

Based upon the recommendation of President Levin and System Administration, the construction of a temporary kitchen facility for John Sealy Hospital at an estimated total project cost of \$200,000 was authorized. Further, the Office of Facilities Planning and Construction was authorized to negotiate a change order with the existing building contractor after plans and specifications for the temporary building had been prepared by the Project Architect, Pierce, Goodwin and Flanagan, Houston, Texas.

An appropriation of \$200,000 from Medical Branch Plant Funds to cover the temporary kitchen facility construction cost and related expenses was approved.

17. Galveston Medical Branch (Galveston Hospitals), Houston Health Science Center, and University Cancer Center (M. D. Anderson) - Central Food Service Facility: Report of Committee and Ratification of Contract Award to George A. Fuller Company, Division of Northrop Corporation, Chicago, Illinois (Pages 15, 30). --The following report was received from the Special Committee authorized to award a construction contract subject to concurrence of all granting agencies and within the funds available for the project for

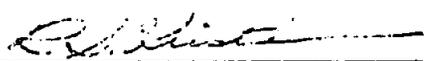
the construction of a Central Food Service Facility to be located at Houston, Texas, to serve the M. D. Anderson Hospital and Tumor Institute at Houston, The University of Texas Hospitals at Galveston and the teaching hospital being built by the Hermann Hospital Estate of The University of Texas Medical School at Houston:

April 9, 1976

To the Board of Regents of
The University of Texas System:

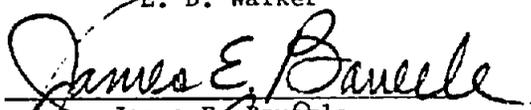
The Special Committee appointed at the Regents' Meeting held June 5, 1975, has considered the bids on the Central Food Service Facility at Houston, Texas, and a letter from the low bidder, George A. Fuller Company, dated April 7, 1976, alleging an error in the company's bid and asking relief from the bid. Having considered this request and background information furnished by the company, the Committee has awarded a construction contract for the Central Food Service Facility, subject to all concurrences of Federal Agencies, to the low bidder, George A. Fuller Company, Division of Northrop Corporation, Chicago, Illinois, as follows:

| | |
|--|-----------------------|
| Base Bid | \$5,962,000.00 |
| Add Alternates: | |
| No. 1 (Landscaping) | 34,000.00 |
| No. 2A (Tote Box Monorail) | 36,000.00 |
| No. 3 (Maintenance Area) | 17,000.00 |
| No. 4 (Emergency Generator) | 62,000.00 |
| No. 5A (Refrigeration System) | 120,000.00 |
| No. 6 (Basket Conveyor) | 123,000.00 |
| No. 7 (Vegetable Equipment Installation) | 13,000.00 |
| No. 8 (Continuous Steamer Installation) | 4,000.00 |
| No. 9 (Doughnut Equipment Installation) | 12,000.00 |
| Total Contract Award | <u>\$6,383,000.00</u> |


R. S. Kristoferson


Graves W. Landrum


E. D. Walker


James E. Bauerle


Allan Shivers

The action of the Special Committee was ratified and in all things confirmed.

Approval was also given to the total project cost of \$11,476,000 to cover the building construction contract award, movable furnishings and equipment, air balancing, landscaping, fees and miscellaneous expenses.

18. Houston Health Science Center (Houston Medical School) - Phase III Building: Authorization to Issue Change Order for Anatomy Area Revision to Contract with Spaw-Glass, Inc., Houston, Texas, and Approval of Funding Therefor. --Since the awarding of the construction contract in July 1975 to Spaw-Glass, Inc., Houston, Texas, for the construction of the Phase III Building at the Houston Medical School of The University of Texas Health Science Center at Houston, the need has arisen to modify space adjacent to the anatomy area for the preparation and storage of cadavers used in the Medical School, Dental School and other Houston Health Science Center educational facilities. The Project Architect, Brooks, Barr, Graeber and White, Austin, Texas, has prepared plans for this modification.

To accomplish this revision in the anatomy area, President Berry and System Administration recommended that the Office of Facilities Planning and Construction negotiate with the General Contractor, Spaw-Glass, Inc., Houston, Texas, for a change order to the existing contract within the previously appropriated funds of \$300,000 including all fees and equipment. This recommendation was approved.

19. San Antonio Health Science Center (San Antonio Medical School) - Alterations and Additions to San Antonio Medical School Building for Library Expansion: Authorization for Project and for Preparation of Final Plans, and Appropriation Therefor. --The Administration reported that the existing library facilities housed in the San Antonio Medical School Building at The University of Texas Health Science Center at San Antonio were designed for a student population of 450, and that since the building was occupied in 1968 the student population had surpassed 800, exclusive of nursing students, with more growth projected in the next few years. Investigations by the Institution and the Office of Facilities Planning and Construction indicate that the existing open deck areas on the north, south and east sides of the present Library can be economically enclosed to provide additional space. Approximately 6,000 square feet of area can be added at an estimated total project cost of \$250,000.

Upon recommendation of President Harrison and System Administration, the Buildings and Grounds Committee authorized:

- a. Alterations and additions of approximately 6,000 square feet to the San Antonio Medical School Building for Library Expansion at an estimated total project cost of \$250,000 by enclosing the existing open deck areas on the north, south and east sides of the present library in order to accommodate the student population of more than 800, exclusive of nursing students. It was noted that the present library was originally designed for a student population of 450.
- b. Preparation of final plans and specifications by the Office of Facilities Planning and Construction to be presented to the Board of Regents at a future meeting.
- c. An appropriation of \$250,000 from San Antonio Health Science Center Account No. 636-9000-8300 Unexpended Plant Funds for the project.

20. San Antonio Health Science Center (San Antonio Medical School and San Antonio Dental School) - Expansion (Phases I, II and III): Approval of Final Plans and Authorization to Advertise for Bids. -- Upon recommendation of President Harrison and System Administration, the final plans and specifications prepared by the Project Architect, Bartlett Cocke and Associates, Inc., and Phelps & Simmons & Garza, San Antonio, Texas, for the Expansion of The University of Texas Health Science Center at San Antonio (Phases I and II - S. A. Medical School Building; and Phase III - S. A. Dental School Building) were approved at an estimated total project cost of \$16,964,758. These plans provide for an addition of approximately 176,000 square feet of space.

The Director of the Office of Facilities Planning and Construction was authorized to advertise for bids which will be reported to the Board of Regents at a future meeting.

21. San Antonio Health Science Center - Expansion of Physical Plant Buildings Nos. 1 and 2: Approval of Preliminary Plans. -- Upon recommendation of President Harrison and System Administration, the preliminary plans and outline specifications for the Expansion of Physical Plant Buildings Nos. 1 and 2 at The University of Texas Health Science Center at San Antonio prepared by the Project Architect, Phelps & Simmons & Garza in Association with Bartlett Cocke & Associates, Inc., San Antonio, Texas, were approved. The plans cover approximately 45,000 square feet of space at an estimated total project cost of \$2,100,000 which had been previously appropriated.

The Project Architect was authorized to prepare the final plans and specifications for the project to be presented to the Board of Regents at a future meeting.

22. University Cancer Center (M. D. Anderson) - Lutheran Hospital Addition and Outpatient Clinic Expansion: Award of Contracts for Furniture and Furnishings (Bid II) to Rockford Furniture & Carpets, Austin, Texas, and Stewart Office Supply, Dallas, Texas. -- Upon the recommendation of President Clark and System Administration, contracts for the furniture and furnishings (Bid II) for the Lutheran Hospital Addition and Outpatient Clinic Expansion at M. D. Anderson of The University of Texas System Cancer Center were awarded to the lowest and best acceptable bidders, Rockford Furniture & Carpets, Austin, Texas, and Stewart Office Supply, Dallas, Texas, as set out below:

Stewart Office Supply
Dallas, Texas

Base Proposal "A" (Steelcase Chairs) \$ 51,367.47

Rockford Furniture & Carpets
Austin, Texas

Base Proposal "B" (Knoll Items) 40,989.91

Grant Total Contract Awards \$ 92,357.38

It was noted that the funds necessary to cover these contract awards are available in the Furniture and Equipment Account for this project.

23. University Cancer Center (M. D. Anderson) - Lutheran Hospital Addition: Inscription on Plaque - "The Lutheran Hospital - M. G. & Lillie A. Johnson Building." --Upon recommendation of the Administration, the inscription set out below was approved for the plaque to be placed on the Lutheran Hospital Addition at The University of Texas M. D. Anderson Hospital and Tumor Institute at Houston, The University of Texas System Cancer Center. This inscription follows the standard pattern approved by the Board of Regents at its meeting held on October 1, 1966:

THE LUTHERAN HOSPITAL
M. G. & LILLIE A. JOHNSON BUILDING

1972

BOARD OF REGENTS

John Peace, Chairman
Frank N. Ikard, Vice-Chairman
Frank C. Erwin, Jr.
Jenkins Garrett
Mrs. Lyndon B. Johnson
Joe M. Kilgore
A. G. McNeese, Jr.
Joe T. Nelson, M.D.
Dan C. Williams

Charles A. LeMaistre, M. D.,
Chancellor, The University
of Texas System
R. Lee Clark, M. D., President,
The University of Texas M. D.
Anderson Hospital and Tumor
Institute at Houston

Mackie and Kamrath and
Koetter, Tharp and Cowell,
Project Architect

Manhattan Construction Company,
Contractor

24. University Cancer Center (M. D. Anderson) - Remodeling of Present Building: Approval of Preliminary Plans and Specifications. --Upon recommendation of President Clark and System Administration, the preliminary plans and outline specifications for the phased remodeling of M. D. Anderson at The University of Texas System Cancer Center at an estimated total project cost of \$12,000,000 were approved as prepared by the Project Architect, Kenneth Bentsen and Associates, Houston, Texas.

The Project Architect was authorized to prepare the final plans and specifications for this phased construction to be presented to the Board of Regents at a future meeting, and an expenditure of \$450,000 from previously appropriated project funds was authorized for fees and miscellaneous expenses through the preparation of these final plans and specifications.

REPORT OF MEDICAL AFFAIRS COMMITTEE (Pages 98 - 102).-- Committee Chairman Nelson filed the following Report of the Medical Affairs Committee and stated that all action had been taken in open session. He moved the adoption of the report which motion unanimously prevailed.

Report

Committee Chairman Nelson recognized Board Chairman Shivers who announced that following the regular agenda of the Medical Affairs Committee, Mrs. Luci Johnson Nugent and Mrs. Rozanne Thatcher had asked to appear and speak on the action (reorganization of the System Nursing School) taken by the Board of Regents at its meeting on March 26, 1976 (Page 102).

1. U. T. System: Proposed Model Affiliation Agreement with Clinical Health Facilities for Nursing Students and Proposed Agreements (Psychiatric Institute of Fort Worth, Galveston County Health District, Houston Northwest Medical Center and Veterans Administration Hospital) Deferred and Committee Appointed. --With the permission of the Medical Affairs Committee, Committee Chairman Nelson requested, and it was so ordered:
 - (a) that the proposed model affiliation agreement with clinical health facilities for the training of nursing students and the proposed agreements with Psychiatric Institute of Fort Worth, Galveston County Health District, Houston Northwest Medical Center and Veterans Administration Hospital based on the proposed model affiliation agreement be deferred until the Regents' meeting on July 9, 1976, and
 - (b) that a committee composed of Committee Chairman Nelson, Deputy Chancellor Walker and General Counsel Fitzpatrick be authorized to meet with the deans of the six nursing schools to review all of the existing affiliation agreements together with the proposed model and four proposed agreements presented at this meeting.

2. U. T. Austin: Memorandum of Understanding with Veterans Administration Center, Temple, Texas (Department of Health, Physical Education and Recreation). --Upon recommendation of President Rogers, concurred in by System Administration, the following Memorandum of Understanding (Pages 99 - 100) between the Board of Regents of The University of Texas System, for and on behalf of The University of Texas at Austin, and the Veterans Administration Center, Temple, Texas, was approved. This formalizes an agreement to provide clinical training for graduate students in the Department of Health, Physical Education and Recreation who are pursuing Corrective Therapy certification.

Committee Chairman Nelson commented that in agreements with the Veterans Administration we are obligated to follow the general form of the Veterans Administration and that this Memorandum of Understanding conforms to that model. The standard hold harmless clause was not included in this agreement since the facility did not demand it.

The Chairman of the Board of Regents was authorized to execute this agreement when it had been approved as to form by a University attorney and as to content by the Deputy Chancellor.

MEMORANDUM OF UNDERSTANDING
BETWEEN
THE BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM
FOR AND ON BEHALF OF THE UNIVERSITY OF TEXAS AT AUSTIN
AND
VETERANS ADMINISTRATION CENTER, TEMPLE, TEXAS
(CORRECTIVE THERAPY PROGRAM)

This memorandum of understanding is executed on March 15, 1976, between the Veterans Administration Center, Temple, Texas and the Board of Regents of The University of Texas System for and on behalf of The University of Texas at Austin, for the purposes of education and training. The Veterans Administration retains full responsibility for the care of patients, including all administrative and professional functions relating thereto. The University of Texas System accepts advisory responsibility for the clinical portion of the program conducted at the Veterans Administration Center.

The University of Texas System agrees:

1. To be responsible for the educational program of students assigned to the hospital and for selection and assignment of students in accord with agreed-to schedules and work assignments.
2. To provide necessary assurance or evidence of acceptable health levels of and liability insurance coverage for assigned students and instructors.
3. To be responsible for the proper conduct of students and instructors during their tours of duty at the VA Center, as governed by the rules and regulations of the VA.
4. To the provision that it does not and will not discriminate against any employee or applicant for employment or registration in the course of study because of race, color, creed, sex, or national origin.

The Veterans Administration Center agrees:

1. To provide, insofar as possible, laboratory and practicum instruction and facilities to the students during the agreed-to tours of rotation.
2. To provide necessary orientation, administrative guides and procedures, and other media deemed essential to the conduct of the work experience.
3. To maintain administrative and professional supervision of students insofar as their presence affects the operation of the hospital and/or the direct or indirect care of patients.

Mutual Terms:

1. Acceptable schedules and work assignments developed will not interfere with the primary mission of the Center.

2. Instructors and hospital staff supervisors will evaluate performance in accordance with published curricula guidelines.
3. An Annual review of programs and policies will be made.
4. The criteria contained in M-3, part II, will apply in carrying out the provisions of this agreement.
5. Either party may terminate this memorandum of understanding upon notice to the other six months in advance of the next training experience.

BOARD OF REGENTS OF THE
UNIVERSITY OF TEXAS SYSTEM

BY: ALLAN SHIVERS, CHAIRMAN
Board of Regents of
The University of Texas System

VETERANS ADMINISTRATION CENTER
TEMPLE, TEXAS

BY: V. J. BELDA
V. J. BELDA, Director

APPROVED AS TO CONTENT:

C. D. Dalke
Deputy Chancellor

APPROVED AS TO FORM:

Samuel Wachap
University Attorney

3. Dallas Health Science Center (Dallas Allied Health Sciences School): Affiliation Agreements with (a) Children's Rehabilitation Center, Inc., Amarillo, Texas; (b) New Mexico Rehabilitation Center, Roswell, New Mexico; (c) Human Development Services, Southern Methodist University, Dallas, Texas; (d) Mental Health-Mental Retardation Regional Center of East Texas, Tyler, Texas; and (e) Turtle Creek Manor, Inc., Dallas, Texas (Physical Therapy and Rehabilitation Science). --President Sprague submitted through System Administration the affiliation agreements between the Board of Regents of The University of Texas System, for and on behalf of the Dallas Allied Health Sciences School of The University of Texas Health Science Center at Dallas, and the facilities listed below. These agreements

will provide clinical facilities for the training of students at the Dallas Allied Health Sciences School in the fields of physical therapy and rehabilitation science as indicated:

| <u>Facility</u> | <u>Location</u> | <u>Specialty</u> |
|--|--------------------|------------------------|
| Children's Rehabilitation Center, Inc. | Amarillo Texas | Physical Therapy |
| New Mexico Rehabilitation Center | Roswell New Mexico | Physical Therapy |
| Human Development Services Southern Methodist University | Dallas Texas | Rehabilitation Science |
| Mental Health-Mental Retardation Regional Center of East Texas | Tyler Texas | Rehabilitation Science |
| Turtle Creek Manor, Inc. | Dallas Texas | Rehabilitation Science |

These agreements are based on the model affiliation agreement approved by the Board of Regents on March 6, 1970, except that the hold harmless clause was not incorporated since the facilities did not demand it.

Because of the expansion of the Physical Therapy program in 1974 and the increased student enrollment in this program, President Sprague reported that additional clinical facilities other than those in the Dallas-Fort Worth area were needed. The agreement with the Children's Rehabilitation Center, Inc., Amarillo, Texas, will provide experience with neurologically involved children; and the agreement with the New Mexico Rehabilitation Center, Roswell, New Mexico, will provide good rehabilitation experience.

The Chairman of the Board of Regents was authorized to execute these agreements when they had been approved as to form by a University attorney and as to content by the Deputy Chancellor.

4. Galveston Medical Branch (Galveston Medical School): Increased Rates for Dormitories and Apartments (Catalog Change). --The rental rates for dormitories and apartments at the Galveston Medical School of The University of Texas Medical Branch at Galveston effective September 1, 1976, were approved as follows:

| <u>Dormitory</u> | <u>Monthly Rate</u> |
|-----------------------------|---------------------|
| Semi-private Room | \$ 53 |
| Private Room | 80 |
| <u>Apartment</u> | |
| Two Persons per Apartment | 135 |
| Three Persons per Apartment | 160 |

The rates were last increased in September 1975. The new rates are in keeping with current operational costs of the dormitories and apartments.

It was ordered that the next catalog published at Galveston Medical Branch be amended to conform to this action.

5. Nursing School Reorganization: Appearance of Mrs. Luci Johnson Nugent and Mrs. Rozanne Thatcher. -- Mrs. Luci Johnson Nugent, Chairman of the System School Nursing Development Board, and Mrs. Rozanne Thatcher, President of the Association of Nurses in Graduate School, appeared before the Committee on behalf of their respective organizations and requested that the action of the Board of Regents at its meeting March 26, 1976, concerning the reorganization of the System Nursing School be rescinded and as an alternative requested that implementation thereof be delayed for one year for the purpose of a further study of the Nursing School System by a committee.

Regent Nelson, Chairman of the Medical Affairs Committee, expressed gratitude to the group for their diligent efforts. Regent (Mrs.) Johnson joined Regent Law in the hope that the Board of Regents would give further consideration to the matter inasmuch as their previous vote precluded a motion by them seeking such reconsideration. Regents Sterling and Bauerle reaffirmed their approval of the prior action of the Board. In concluding Regent Law expressed his disappointment that further study would not be given but with the hope that those who have worked so hard and diligently in their efforts to delay action would try to make the very best of the changes involved.

Chairman Shivers thanked the speakers and the other interested observers for their attendance.

REPORT OF LAND AND INVESTMENT COMMITTEE (Pages 102 - 115). -- The following Report of the Land and Investment Committee was submitted by Committee Chairman Clark, who stated that all actions had been taken in open session. Upon motion duly made and seconded, the report was adopted and the actions therein were ratified.

Though the Chairman of the Board of Regents has authority to execute any document authorized by the Board, either the Associate Deputy Chancellor for Investments, Trusts and Lands or the Deputy Chancellor may execute, unless otherwise indicated in the report, all necessary instruments authorized in this report that relate to real estate or mineral interests held or controlled by the Board of Regents as a part of the Permanent University Fund or as a part of any Trust and Special Fund when each has been approved as to form by a University attorney and as to content by the appropriate official.

1. PERMANENT UNIVERSITY FUND

A. INVESTMENT MATTERS

Report on Clearance of Monies to Permanent University Fund and Available University Fund.--The following report with respect to monies cleared to the Permanent University Fund and Available University Fund for the current fiscal year through March 1976 was received from the Director, Auditing Oil and Gas Production and made a part of this Committee's report:

| | <u>February 1976</u> | <u>March 1976</u> | <u>Cumulative This Fiscal Year</u> | <u>Cumulative Preceding Fiscal Year (Average.¹)</u> |
|---|-----------------------|-----------------------|------------------------------------|--|
| <u>*Permanent University Fund</u> | | | | |
| Royalty | | | | |
| Oil | \$2,990,713.34 | \$3,972,449.50 | \$22,442,258.56 | \$17,341,287.88 |
| Gas - Regular | 2,496,916.52 | 2,536,653.13 | 13,401,147.89 | 9,990,105.16 |
| - F.P.C. | 159.74 | - 0 - | 341,044.62 | 81,423.79 |
| - Market Value Settlements | 687,480.52 | 673,959.73 | 4,336,746.28 | 5,804,920.80 |
| - In Kind Settlements | 208,355.90 | 226,234.90 | 1,576,544.70 | 319,187.54 |
| Water | 7,973.65 | 9,353.88 | 78,134.66 | 92,935.22 |
| Salt Brine | 1,989.29 | 2,476.57 | 13,838.22 | 12,724.53 |
| Sulphur | 42,499.25 | 45,190.78 | 94,237.53 | - 0 - |
| Rental on Oil & Gas Leases | (323.10) | 81,214.56 | 275,251.94 | 407,102.22 |
| Rental on Water Contracts | 200.00 | - 0 - | 997.96 | 16,603.37 |
| Rental on Brine Contracts | 100.00 | - 0 - | 100.00 | 291.69 |
| Rental on Sulphur Contracts | - 0 - | - 0 - | 15,360.00 | 8,960.00 |
| Amendments and Extensions of Mineral Leases | 64,070.00 | - 0 - | 74,354.83 | 132,454.14 |
| | <u>6,500,135.11</u> | <u>7,547,533.05</u> | <u>42,650,017.19</u> | <u>34,207,996.34</u> |
| Bonuses, Oil & Gas Lease Sales, (actual) | - 0 - | - 0 - | 9,687,500.00 | 7,816,000.00 |
| Total, Permanent University Fund | <u>6,500,135.11</u> | <u>7,547,533.05</u> | <u>52,337,517.19</u> | <u>42,023,996.34</u> |
| <u>Available University Fund</u> | | | | |
| Rental on Easements | 2,229.90 | 76,647.13 | 222,412.31 | 131,307.61 |
| Interest on Easements and Royalty | 212.53 | 491.92 | 2,072.34 | 11,511.64 |
| Correction Fees - Easements | - 0 - | - 0 - | 161.55 | 58.31 |
| Transfer and Relinquishment Fees | 32.04 | 1,228.53 | 1,983.76 | 3,566.50 |
| Total, Available University Fund | <u>2,474.47</u> | <u>78,367.58</u> | <u>226,629.96</u> | <u>146,444.06</u> |
| Total, Permanent and Available University Funds | <u>\$6,502,609.58</u> | <u>\$7,625,900.63</u> | <u>\$52,564,147.15</u> | <u>\$42,170,440.40</u> |

*Oil and Gas Development - March 31, 1976

Acres Under Lease - 811,845 Number of Producing Acres - 343,225 Number of Producing Leases - 1,518

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53400

B. LAND MATTERS

1. Easements and Surface Leases Nos. 4122-4157, Assignment of Surface Lease No. 3733, Material Source Permits Nos. 508-509, Water Contract No. 158 and Flexible Grazing Lease No. 3. --Easements and Surface Leases Nos. 4122-4157, Assignment of Surface Lease No. 3733, Material Source Permits Nos. 508-509, Water Contract No. 158 and Flexible Grazing Lease No. 3 were approved as set out below. All are within the policies of the Board of Regents and all have been approved as to content by an appropriate official. Payment for each has been received in advance unless otherwise indicated, and each document is on the University's standard form and is at the standard rate:

a. Easements and Surface Leases Nos. 4122 - 4157

| No. | Company | Type of Permit | County | Location (Block#) | Distance or Area | Period | Consideration |
|------|---|---------------------------------------|---------|-------------------|--|---------------------|-------------------------|
| 4122 | The Bauman Company (renewal of 2162) | Surface Lease (roadside sign site) | El Paso | L | 300' x 40' | 4/1/76- 3/31/77* | \$ 100.00 (annually) |
| 4123 | The Bauman Company (renewal of 2163) | Surface Lease (roadside sign site) | El Paso | L | 300' x 40' | 4/1/76- 3/31/77* | 100.00 (annually) |
| 4124 | The Bauman Company (renewal of 2164) | Surface Lease (roadside sign site) | El Paso | L | 300' x 40' | 4/1/76- 3/31/77* | 100.00 (annually) |
| 4125 | ARCO Pipe Line Company (renewal of 2167) | Pipe Line | Crane | 30, 31 | 3,082 rds. 8-5/8 inch | 5/1/76- 4/30/86 | 5,393.50 |
| 4126 | James Phillips | Surface Lease (residential site) | Ward | 16 | Lots 2 & 3, Block 2, South Pyote Addition | 2/1/76- 1/31/77* | 100.00 (annually) |
| 4127 | ARCO Pipe Line Company (renewal of 2245) | Pipe Line | Crane | 31 | 69 rds. 4 inch | 5/1/76- 4/30/86 | 100.00 (min.) |

*Renewable from year to year, but not to exceed a total of ten years.

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Land Matters - Continued--

| No. | Company | Type of Permit | County | Location (Block#) | Distance or Area | Period | Consideration |
|------|--|--|-------------------|-------------------|--|---------------------|----------------------|
| 4128 | Phillips Pipe Line Company (renewal of 2112) | Pipe Line | Andrews | 9 | 159.8 rds. 4½ inch | 3/1/76- 2/28/86 | \$ 159.80 |
| 4129 | Phillips Petroleum Company (renewal of 2131 and 2135) | Pipe Line | Andrews, Ector | 12, 35 | 352.40 rds. 3½ inch 9.6 rds. 8-5/8 inch | 3/1/76- 2/28/86 | 369.20 |
| 4130 | Texas Electric Service Company (renewal of 2190) | Power Line | Andrews | 4,5,9, 13,14 | 440.11 rds. single pole | 4/1/76- 3/31/86 | 396.09 |
| 4131 | Oasis Pipe Line Company | Pipe Line | Winkler | 21 | 201.76 rds. 6 inch | 3/1/76- 2/28/86 | 353.08 |
| 4132 | Northern Natural Gas Company (renewal of 2233) | Pipe Line | Andrews | 4, 5 | 3,434.97 rds. 16 inch | 5/1/76- 4/30/86 | 8,930.92 |
| 4133 | Southwest Texas Electric Coop., Inc. | Power Line | Crockett | 14 | 462.727 rds. single pole | 2/1/76- 1/31/86 | 416.70 |
| 4134 | Adobe Oil Company | Surface Lease (salt water disposal contract) | Crockett | 47 | 1 acre | 4/1/76- 3/31/77* | 400.00 (annually) |
| 4135 | Mobil Pipe Line Company (renewal of 2266) | Pipe Line | Andrews | 13 | 26.2 rds. 4½ inch | 7/1/76- 6/30/86 | 100.00 (min.) |
| 4136 | Southwest Texas Electric Coop., Inc. | Power Line | Crockett | 14 | 102.8 rds. single pole | 2/1/76- 1/31/86 | 100.00 (min.) |

*Renewable from year to year, but not to exceed a total of five years.

Land Matters - Continued--

| No. | Company | Type of Permit | County | Location (Block#) | Distance or Area | Period | Consideration |
|------|--|----------------|----------|-------------------|-------------------------------|--------------------|---------------|
| 4137 | Southwest Texas Electric Coop., Inc. | Power Line | Crockett | 47 | 147.27 rds. single pole | 2/1/76- 1/31/86 | \$ 132.54 |
| 4138 | Texas Electric Service Company (renewal of 2158) | Pipe Line | Andrews | 13, 14 | 2,265.27 rds. H-frame | 4/1/76- 3/31/86 | 3,397.90 |
| 4139 | Amoco Production Company | Pipe Line | Winkler | 21 | 278.61 rds. 4½ inch | 3/1/76- 2/28/86 | 278.61 |
| 4140 | Mobil Pipe Line Company | Pipe Line | Ward | 16 | 209.39 rds. 2 inch | 3/1/76- 2/28/86 | 209.39 |
| 4141 | The Nueces Company (renewal of 2249) | Pipe Line | Ward | 18 | 532.12 rds. 3 inch | 6/1/76- 5/31/86 | 532.12 |
| 4142 | Santa Fe Pipeline Company | Pipe Line | Andrews | 1 | 597.27 rds. 4½ inch | 3/1/76- 2/28/86 | 597.27 |
| 4143 | American Telephone and Telegraph Company (renewal of 2120) | Telephone Line | Hudspeth | D,E,F, L,K | 8,459 rds. cable line | 2/1/76- 1/31/86 | 8,459.00 |
| 4144 | Phillips Petroleum Company (renewal of 2149) | Pipe Line | Andrews | 11 | 148.2 rds. 6-5/8 inch | 4/1/76- 3/31/86 | 259.35 |
| 4145 | Phillips Pipe Line Company (renewal of 2187 & 2252) | Pipe Line | Andrews | 8, 10, 11 | 2,373.50 rds. various size | 4/1/76- 3/31/86 | 3,108.58 |
| 4146 | Phillips Petroleum Company (renewal of 2182) | Pipe Line | Andrews | 4,5, 10,12 | 888.10 rds. various size | 4/1/76- 3/31/86 | 888.10 |

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Land Matters - Continued--

| No. | Company | Type of Permit | County | Location (Block#) | Distance or Area | Period | Consideration |
|------|---|---|----------|-------------------|---|---------------------|----------------------|
| 4147 | Phillips Petroleum Company (renewal of 2130 & 2161) | Pipe Line | Ector | 35 | 725.80 rds. various size | 4/1/76- 3/31/86 | \$ 1,129.61 |
| 4148 | Phillips Petroleum Company (renewal of 2253 & 2265) | Pipe Line | Reagan | 10,58 | 329.7 rds. 4½ inch 1,095.3 rds. 6-5/8 inch | 6/1/76- 5/31/86 | 2,246.48 |
| 4149 | Dorchester Gas Producing Company (renewal of 769 & 3201) | Surface Lease (plant site) | Reagan | 2 | 5 acres | 4/1/76- 3/31/86 | 1,500.00 (full) |
| 4150 | Story-Ellis Chevrolet, Inc. (renewal of 2145) | Surface Lease (road sign site) | El Paso | L | 300' x 40' | 4/1/76- 3/31/77* | 100.00 (annually) |
| 4151 | El Paso Natural Gas Company (renewal of 2185) | Surface Lease (cathodic protection unit site) | Hudspeth | J | Less than 1 acre | 8/1/76- 7/31/86 | 100.00 (full) |
| 4152 | Iraan-Sheffield Independent School District (renewal of 2234) | Surface Lease (school and community use site) | Pecos | 16 | 1 acre | 5/1/76- 4/30/86 | 1.00 (full) |
| 4153 | Delhi Gas Pipeline Corporation | Pipe Line | Crockett | 30, 31 | 76.91 rds. 3½ inch | 4/1/76- 3/31/86 | 100.00 (min.) |
| 4154 | Phillips Petroleum Company | Pipe Line | Ward | 18 | 748.50 rds. 2-3/8 inch | 2/1/76- 1/31/86 | 748.50 |

*Renewable from year to year, but not to exceed a total of ten years.

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3404

Land Matters - Continued--

| No. | Company | Type of Permit | County | Location (Block#) | Distance or Area | Period | Consideration |
|------|--|----------------|---------|-------------------|------------------------|---------------------|---------------|
| 4155 | Phillips Petroleum Company | Pipe Line | Andrews | 13, 14 | 231.21 rds. 4½ inch | 3/1/76- 2/28/86 | \$ 231.21 |
| 4156 | Phillips Petroleum Company | Pipe Line | Andrews | 7, 8 | 713.58 rds. 4½ inch | 1/1/76- 12/31/85 | 713.58 |
| 4157 | Exxon Pipeline Company (renewal of 2197 & 2207) | Pipe Line | Crane | 30 | 416.42 rds. 4½ inch | 3/1/76- 2/28/86 | 416.42 |

b. Assignment of Surface Lease No. 3733

| No. | Assignor | Assignee | Type of Permit | County | Consideration |
|------|------------------|--------------|----------------------------------|--------|---------------|
| 3733 | Rheinhardt Trust | Pool Company | Surface Lease (business site) | Reagan | \$ 100.00* |

*Assignment Fee

c. Material Source Permits Nos. 508 - 509

| No. | Grantee | County | Location | Quantity | Consideration |
|-----|-------------------------------|---------|----------|-------------------------|---------------|
| 508 | Machen Contracting, Inc. | Ward | Block 16 | 110 cubic yards chat | \$ 110.00 |
| 509 | Holloman Construction Company | Andrews | Block 1 | 460 cubic yards caliche | 138.00 |

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3405

Land Matters - Continued--

d. Water Contract No. 158

| No. | Grantee | County | Location | Period | Consideration |
|-----|------------------------------|----------|----------|-----------------|---------------|
| 158 | Allan Construction Co., Inc. | Crockett | Block 31 | 2/1/76 - 2/1/78 | \$ 500.00 |

e. Flexible Grazing Lease No. 3

The following grazing lease is for a ten year term in accordance with the Flexible Grazing Lease Policies adopted by the Board of Regents at its March 26, 1976, meeting provided that the lessee carries out the range conservation and/or ranch improvement practices specified in said lease which shall be certified by the University Land Agent. This lease is on the University's standard form with semiannual payment of rental on January 1 and July 1 of each year in the amount set out in the lease.

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| No. | Lessee | Location | | Acreage | Period | Minimum Annual Rental | | Semi-Annual Rental |
|-----|-----------------|----------|-------|----------|--------------------|-------------------------|---------------|--------------------|
| | | County | Block | | | Minimum Rental Per Acre | Annual Rental | |
| 3* | Dale Blackstock | Ward | 16 | 2,385.69 | 7/1/76- 6/30/86 | \$.30 | \$715.71** | \$357.86** |

*As a bonus for this lease, Mr. Blackstock has agreed to root plow and reseed 700 acres at an estimated cost of \$21,000.

**Actual rental to be determined semiannually by the University Land Agent in accordance with the Flexible Grazing Lease Policies based upon the then current price per animal unit and the stocking rate applicable to this lease.

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2. Permanent University Fund: Authorization to Salvage Certain Buildings Located on Old Pyote Air Force Base Property, Ward County, Texas (Easement No. 186). --The following review and report was received from the Administration:

At the time of the abandonment by the United States Government of the lease on the old Pyote Air Force Base property, title to all improvements was conveyed to the Board of Regents in lieu of restoration of the surface which would have included the removal of the concrete aprons and runways. Over the years, the University has proceeded to salvage several of the structures together with copper tubing and wiring and other materials. At the present time, there remain some eleven buildings, warehouses and hangars with a total square footage of 186,875 which are badly in need of repair. Initially, these properties were leased for cotton warehouses and other purposes, which operations have been abandoned since they were no longer economically feasible. These buildings have remained unleased for the past four years even though the University Land Agent and the local Chambers of Commerce in Pecos, Monahans and Kermit have made every attempt to obtain lessees for the buildings.

Based upon this review and report and upon the recommendation of the University Land Agent joined by the Deputy Chancellor and the Associate Deputy Chancellor for Investments, Trusts and Lands, authorization was given for the Administration to proceed with salvage operations for the improvements located on old Pyote Air Force Base Property, Ward County, Texas (Easement No. 186). It was ordered that the following action be taken in compliance with this authorization:

- a. Prepare bid specifications for the demolition of the subject improvements which will provide that the contractor will carry adequate public liability insurance to protect the Board of Regents and the contractor against any and all third party claims; require that the contractor submit performance and payment bonds in the minimum amount of \$30,000 in order to guarantee that the premises are left in a clear and clean condition; provide that the contractor shall have one year from the date of the contract to complete all salvage operations on the lease premises; and such other provisions as are deemed necessary and advisable to protect the interest of the University.
- b. Advertise for bids for demolition of the subject buildings in newspapers of major circulation in the State of Texas as well as the southwest edition of the Wall Street Journal with the results of such bids to be submitted to the Board of Regents for consideration at its next regular meeting.

II. TRUST AND SPECIAL FUNDS

A. GIFTS, BEQUESTS AND ESTATES

1. U. T. Austin: Acceptance of Bequest Under Will of Ruth Maurine Martin. --Upon recommendation of the Administration, the bequest in trust by Miss Ruth Maurine Martin estate in an approximate amount of \$130,000 was accepted on behalf of The University of Texas at Austin with sincere appreciation and gratitude.

Miss Martin, a resident of Corpus Christi at the time of her death in 1974, was a graduate of The University of Texas at Austin (BA 1932 and MA 1942). Her sister, Mrs. Edna Martin Cannon, receives the trust income for life, and then the fund is to be used as provided in the following excerpt from Miss Martin's will:

"Upon the death of my sister, EDNA MARTIN CANNON, the trustee shall accumulate and retain all income, dividends and rental and all gains of any kind without limitation thereof and shall from time to time at its sole and absolute discretion distribute all or any part of said accumulated income or gains, together with all or any part of the corpus and principal of said trust, which trustee in its sole and absolute discretion may elect to distribute for scholarships for high school graduates of Corpus Christi, Texas and Austin, Texas, who are desirous of attending the University of Texas at Austin to be chosen by the president of the University of Texas at Austin or whomsoever he shall designate from time to time, and will be chosen on the basis of academic potential and financial need. All scholarships will be given in the names of JOHANNA SCHMITZ NELSON, GEORGE ESTILL MARTIN, AMANDA SCHMITZ MARTIN, EDNA MARTIN CANNON and RUTH MAURINE MARTIN.

2. University Cancer Center (M. D. Anderson): Acceptance of Bequest Under Will of Jean A. Laseter. --M. D. Anderson of The University of Texas System Cancer Center reported through appropriate channels that it had received as complete and final distribution the sum of \$14,078.20 under the Will of Jean A. Laseter, deceased. This amount was accepted with sincere appreciation for the purpose of research toward the cause and cure of cancer as provided in the bequest. Jean A. Laseter was a resident of Arkansas and a patient at M. D. Anderson over a period of approximately six years.

B. REAL ESTATE MATTERS

1. U. T. Austin - Hogg Foundation - W. C. Hogg Memorial Fund: Joinder in Oil and Gas Pooling Agreements: (a) A. V. Beebe - Union County, Arkansas, Property and (b) Exxon Corporation - Austin County, Texas, Property. --Upon recommendation of the Administration, authorization was given to join with other royalty owners in two oil and gas pooling agreements involving two small mineral interests held for the Hogg Foundation - W. C. Hogg Memorial Fund (The University of Texas at Austin) as set out below:

- a. A. V. Beebe - Herrin Murphy Unit, Smackover Field, Union County, Arkansas: This agreement pools two 5-acre tracts held under separate leases and with differing royalty ownership. A producing oil well has been drilled, apparently due to a surveying error, on the line between the two leases. The interest of the Board of Regents is 7/64ths of 1/8th royalty under 5 acres covered by the A. V. Beebe lease in Section 8, Township 16 South, Range 15 West, Union County, Arkansas.
- b. Exxon Corporation - Raccoon Bend Cockfield Oil Unit No. 3, Austin County, Texas: In this agreement Exxon Corporation, the principal operator in the Raccoon Bend Field, Austin County, Texas, pools as to the Cockburn Sand at a depth of about 4,400 feet a tract of 4.5 acres and another of 5.5 acres held by Exxon Corporation under separate leases. The interest of the Board of Regents is 1/16th of 1/8th royalty under the 5.5 acres held by Exxon under the L. R. Sherrod Lease in the Wm. C. White Survey, Austin County, Texas.

2. U. T. Austin - Hogg Foundation - W. C. Hogg Memorial Fund (Thomas E. Hogg Estate): Joinder with Mrs. Margaret Wells Markus in Oil, Gas and Mineral Lease to Alfred Wagner, Jr., Covering 146.3 Acres in Brazoria County, Texas, and Deed to Tenneco Realty Covering 1 Acre in Brazoria County, Texas. -- It was recommended by the Associate Deputy Chancellor for Investments, Trusts and Lands that the Board of Regents as Trustee of the Hogg Foundation - W. C. Hogg Memorial Fund (The University of Texas at Austin) and remainderman under the Will of Thomas E. Hogg join with Mrs. Margaret Wells Markus, the surviving wife of Thomas E. Hogg and life tenant of his Estate, in the following oil, gas and mineral lease to Alfred Wagner, Jr., and deed to Tenneco Realty as follows:

- a. Oil, Gas and Mineral Lease to Alfred Wagner, Jr., covering 146.3 acres in the Jesse Thompson League, Brazoria County, Texas, for a primary term of three years, royalty 1/6th, bonus \$25 per acre, and annual delay rental \$5 per acre. The Thomas E. Hogg Estate owns 1/32nd of the minerals; and under the agreement between the Board of Regents and Mrs. Markus all bonuses, rents and royalties go to Mrs. Markus.

- b. Deed to Tenneco Realty for one acre out of part of the old Kitty Nash Road near West Columbia (being abandoned) in Brazoria County, Texas, for a consideration of \$600. The tract is in the Josiah H. Bell 1-1/2 Leagues.

It was noted that Tenneco Realty owns the surrounding acreage and that in April 1975 the Board joined in the sale to Tenneco of .942 acre, a part of the same abandoned Brazoria County road project.

This recommendation was approved by unanimous vote.

3. U. T. Austin - Archer M. Huntington Museum Fund: Lease to City of Galveston Airport Commission of 5,000 Square Feet of Land Out of Original 2,400 Acre Tract, S. C. Bundick League, Abstract No. 7, Galveston County, Texas. --The request of the officials of the Galveston Municipal Airport for a lease to the City of Galveston Airport Commission was granted. The lease covers a 5,000 square foot tract of land located near the intersection of Loop 197 and the Southern Pacific Railway right-of-way on the extreme western edge of the 2,400 acre tract of Archer M. Huntington Museum Fund property, The University of Texas at Austin (S. C. Bundick League, Abstract No. 7, Galveston County, Texas). It shall be for a term of twenty years at an annual rental of \$100, payable \$2,000 in advance, and shall contain a cancellation clause in the event of sale of the subject property by the University upon giving six months' written notice.

This site is to be used for the installation of an outer marker beacon for the instrument landing approach system of the airport. A small metal building will be constructed to house the signal transmitter together with a road from Loop 197 to provide ingress and egress.

4. U. T. Austin - Archer M. Huntington Museum Fund: Renewal of Grazing Lease to Joe M. Robinson (Originally 2,400 Acres, S. C. Bundick League, Abstract No. 7, Galveston County, Texas.) --The recommendation of Associate Deputy Chancellor Lobb to renew the grazing lease to Joe M. Robinson (originally to F. L. Lepper and Joe M. Robinson before the death of Mr. Lepper) covering approximately 2,400 acres, S. C. Bundick League, Abstract No. 7, Galveston County, Texas (Archer M. Huntington Museum Fund property, The University of Texas at Austin) was approved under the following terms which are the same as those of the present lease:
- a. That the lease cover a period of May 15, 1976 through May 14, 1979, with cancellation privileges on ninety days' written notice.
 - b. That the annual rental be \$4,422.48 of which V. J. Schmitt and Company will be paid a 5% commission.

5. U. T. El Paso - Josephine Clardy Fox Fund: (a) Ground Lease of Property at 5230 Paisano, El Paso, Texas, to Chamizal National Bank of El Paso, and (b) Agreement to Lease Property at 5120 Paisano, El Paso, Texas, to Chamizal National Bank of El Paso Upon Expiration or Earlier Termination of Present Lease. -- Upon recommendation of the Associate Deputy Chancellor of Investments, Trusts and Lands, authorization was given to lease to Chamizal National Bank of El Paso, a subsidiary of Trans Texas Bancorporation, Inc., the following property:

19,500 square feet, more or less, out of the northeast portion of Block 41, Clardy Fox Addition to the City of El Paso, El Paso County, Texas, locally known as 5230 Paisano (Josephine Clardy Fox Fund)

under the following terms:

- a. Term: Ten years commencing on June 1, 1976, and terminating on May 31, 1986, with the option to renew for two additional ten-year periods.
- b. Rental: The annual rental for the first five years shall be the higher of 9-1/2% of the appraised value of the property or \$2.50 per square foot. Rental for each subsequent five-year period during the initial or option terms of this lease shall be increased by the same percentage that the cost of living index published by the Bureau of Labor Statistics, U. S. Department of Labor, has increased during the preceding five-year period using the figure for the month of June 1976 as the base index figure in the computation of any rental adjustment. It is provided, however, that the rental for any subsequent five-year period during the term of said lease shall never be reduced.
- c. Construction: This lease is made with the understanding that lessee intends to construct improvements on the property to be used for the conduct of the normal business of a national banking association and provisions shall be made that any improvements placed upon the leased premises by the lessee shall become the property of the lessor upon the expiration or termination of said lease for any cause.

System Administration reported that the property at 5120 Paisano is adjacent to the property at 5230 Paisano and is presently under lease to Mr. Charles Little d/b/a Del Camino Motors, the primary term of this lease terminating October 1, 1977, with an option to renew for an additional two-year period ending October 1, 1979. This property is also part of the Josephine Clardy Fox Fund.

Approval was given to the further recommendation of Associate Deputy Chancellor Lobb that the Board of Regents agree to lease to Chamizal National Bank of El Paso under the same terms as

in the above lease the property at 5120 Paisano containing 18,900 square feet, more or less, upon the expiration or earlier termination of the present lease on this property.

The Land and Investment Committee also agreed that it will grant to the Chamizal National Bank of El Paso the first right of refusal to purchase the property at 5120 Paisano in the event of sale on or before October 1, 1979.

6. Galveston Medical Branch - Paul R. Stalnaker, M. D., Fund: Sale of Interest in Property at 7040 Harrisburg Boulevard, Houston, Texas. --The Administration reported that on March 19, 1976, Raymond W. C. Lew and Park Toy Louie had offered to purchase for \$110,000 Lots 12 through 15, Subdivision 1, Magnolia Park, S. M. Williams Survey, City of Houston, known as 7040 Harrisburg Boulevard, Houston, Texas. This is the only piece of real estate remaining in the Estate of Paul R. Stalnaker, M. D.; the bequests from Dr. Stalnaker's estate were accepted by the Board of Regents on behalf of The University of Texas Medical Branch at Galveston in May of 1974. The primary responsibility of managing the property of this estate has been with the president of one of the Houston banks. The other ownership of these lots at 7040 Harrisburg Boulevard is 20% by trustees for financial aid to the members of one of the fraternities at the Galveston Medical School and 60% divided among 3 or 4 members of the Stalnaker family.

Following this report, and upon recommendation of the Administration, the offer of Raymond W. C. Lew and Park Toy Louie to purchase for \$110,000 Lots 12 through 15, Subdivision 1, Magnolia Park, S. M. Williams Survey, City of Houston, was accepted subject to agreement by the other owners and under the following terms:

| | |
|-------------------|--|
| Purchase Price: | \$110,000 |
| Down Payment: | \$ 15,000 |
| Balance: | In monthly installments not to exceed 15 years and interest at not less than 7-1/2% |
| Sales Commission: | 6% by Sellers to Wallace Gee & Associates of Houston |

III. OTHER MATTERS

Report of Securities Transactions for Permanent University Fund and for Trust and Special Funds for the Months of February and March 1976. --The Report of Securities Transactions for Permanent University Fund and Trust and Special Funds for February and March 1976, submitted by the Office of Investments, Trusts and Lands, was received. It is attached (Attachment No. 2) following Page N-18 of Attachment No. 1 and made a part of these Minutes.

REPORTS OF SPECIAL COMMITTEES

REPORT OF SPECIAL COMMITTEE ON MATTERS RELATING TO BRACKENRIDGE TRACT: RATIFICATION OF LEASE TO SAFEWAY STORES, INCORPORATED (SE CORNER OF EXPOSITION BOULEVARD AND LAKE AUSTIN BOULEVARD, AUSTIN, TEXAS). --In response to Chairman Shivers' request for reports of special committees, the following report of the Special Committee on Matters Relating to Brackenridge Tract was submitted for approval and was ratified upon motion of Regent Clark, seconded by Regent Bauerle:

Report

The Board of Regents at its meeting held on July 25, 1975, approved that certain ground lease to Safeway Stores, Incorporated, covering 2.697 acres out of the Brackenridge Tract bounded by Lake Austin Boulevard, Exposition Boulevard, West 8th Street and Newman Drive, subject to the University obtaining proper zoning of said tract to permit the operation of a supermarket. The City Council of Austin by ordinance duly approved the change of the zoning of the subject tract from "A" Residential to "O" Office together with a variance which permits the operation of a supermarket. This ordinance became final on April 29, 1976.

The lease has been signed by both parties. The execution of this lease by Chairman Shivers is hereby approved and in all things confirmed.

In accordance with the terms of said lease, the primary term of twenty years commences on the first day of May 1976 and ends on the last day of April 1996 together with the option to renew and extend said lease for two additional ten-year option periods, the last of which shall terminate on the last day of April 2016. The lessee has six months from May 1, 1976, within which to commence construction of the required improvements on the leased premises. Rental as provided in said lease commences on May 1, 1976.

COMMITTEE OF THE WHOLE - OPEN SESSION
(Pages 117 - 129)

The Report of the Committee of the Whole in Open Session set out below was adopted by unanimous vote:

U. T. SYSTEM, U. T. ARLINGTON, U. T. AUSTIN, U. T. DALLAS, U. T. EL PASO, U. T. PERMIAN BASIN, U. T. SAN ANTONIO AND SYSTEM NURSING SCHOOL: APPROVAL OF TRANSFER OF FUNDS BETWEEN LEGISLATIVE APPROPRIATION ITEMS FOR FISCAL YEAR ENDING AUGUST 31, 1976. --Upon recommendation of System Administration, the following resolution was adopted:

BE IT RESOLVED, Pursuant to the appropriate transfer provisions of Article IV, S. B. 52, 64th Legislature, Regular Session, 1975, that the State Comptroller is hereby requested to make transfers within the Legislative Appropriations from the General Revenue Fund for each of the following components as determined necessary by appropriate administrative officials of The University of Texas:

The University of Texas at Arlington
The University of Texas at Austin
The University of Texas System Administration
The University of Texas at Dallas
The University of Texas at El Paso
The University of Texas of the Permian Basin
The University of Texas at San Antonio
The University of Texas System School of Nursing

U. T. AUSTIN: CHANGE IN DATE OF U. T. AUSTIN V. ARKANSAS FOOTBALL GAME FROM OCTOBER 16 TO DECEMBER 4, 1976. -- President Rogers announced at the meeting on March 26, 1976, a proposed change in the date of the U. T. Austin v. Arkansas football game from October 16 to December 4, 1976, to permit the game to be nationally televised. Since this item was not on the Agenda for that meeting, no action was taken. It was resubmitted at this meeting, and the change in the date and all actions in connection therewith were ratified.

U. T. AUSTIN: EXTENSION OF CONTRACT WITH TRANSPORTATION ENTERPRISES, INC. (SHUTTLE BUS SERVICE) AND APPOINTMENT OF COMMITTEE TO FINALIZE AGREEMENT. --Based on proposals from Transportation Enterprises, Inc., and American Transit Corporation for shuttle bus service at The University of Texas at Austin, the Shuttle Bus Service Committee (Chairman Shivers, Regent Clark, Deputy Chancellor Walker and Vice-President Colvin) and System Administration recommended that the present contract with Transportation Enterprises, Inc., be extended for a three year period beginning September 1, 1976, at a rate of \$11.75 per hour.

The Chairman of the Board of Regents was authorized to execute the contract after it had been approved as to form by a University attorney and as to content by the Deputy Chancellor.

U. T. AUSTIN: WAIVER OF REGENTS' RULES AND REGULATIONS, PART ONE, CHAPTER III, SECTION 16.3 TO EXTEND FACULTY LEAVE OF ABSENCE WITHOUT PAY FOR DR. WILLIAM L. FISHER. --System Administration reported that Dr. William L. Fisher, Professor of Geological Sciences and Director of the Bureau of Economic Geology, had been nominated by President Ford and confirmed by the Senate to be Assistant Secretary of the Interior for Energy and Minerals. Dr. Fisher has been on a year's faculty leave of absence without pay in the United States Department of the Interior as Deputy Assistant Secretary.

It was recommended by System Administration and unanimously approved that Section 16.3 of Chapter III of the Regents' Rules and Regulations, Part One, be waived and that Dr. William L. Fisher be granted his second year's faculty leave of absence without pay effective May 1, 1976, to accept this appointment.

U. T. AUSTIN: WAIVER OF REGENTS' RULES AND REGULATIONS, PART ONE, CHAPTER III, SECTION 5.32 (NEPOTISM) TO PERMIT CONTINUED EMPLOYMENT OF MRS. ADRIENNE R. LEVIN. --Upon recommendation of President Rogers, concurred in by System Administration, Section 5.32, Chapter III, Part One of the Regents' Rules and Regulations was waived to permit the continued full-time employment of Mrs. Adrienne R. Levin as a Laboratory Assistant IV at The University of Texas at Austin to assist her husband Dr. Donald R. Levin, Professor of Botany, in his botany research program funded by the National Science Foundation for the fiscal year 1976-77.

It was noted that on February 1, 1974, a waiver was granted for the part-time employment of Mrs. Levin and on September 20, 1974, a waiver was granted for full-time employment in this same position.

U. T. AUSTIN: AUTHORIZATION TO SUBMIT PROPOSAL TO KUWAIT MINISTRY OF OIL FOR WCRLD OIL MODEL PROJECT. --System Administration reported that Dr. Michael Kennedy, Center for Energy Studies at The University of Texas at Austin, had requested permission to submit to the Kuwait Ministry of Oil a proposal for the joint construction of a world oil model. The proposal would include a two part plan for the model development and implementation: the first part to take place at U. T. Austin with Kuwait Ministry of Oil employees undergoing a three-month training session, and the second part is for three University professionals (Professor Kennedy and two graduate students) to spend three months in Kuwait to assist in the development of the initial simulations of the model. The approximate budget of \$160,000 for this project will be the responsibility of the Kuwait government.

Upon recommendation of President Rogers, concurred in by System Administration, this request was granted by the Board of Regents.

U. T. AUSTIN: CHAIR OF FREE ENTERPRISE ESTABLISHED IN COLLEGE OF ENGINEERING. --President Rogers reported that the Advisory Council to the Engineering Foundation of the College of Engineering at The University of Texas at Austin had proposed the following Objectives and Modus Operandi for a Chair of Free Enterprise and that also, through the efforts of this Advisory Council,

\$546,868 had been raised as of March 1976 with additional commitments of \$131,666 for this Chair:

Chair of Free Enterprise

(Objectives) & (Modus Operandi)

This Chair of Free Enterprise shall be established to add to the teaching stature of The University of Texas at Austin. The teaching and research activities of this Chair shall include an examination of the relationships between business management, governmental affairs, social sciences, engineering, secondary education and the free enterprise system. Further, this Chair shall enhance the development of scholarly relationships between the academic program of The University of Texas at Austin, and government, industry and other educational units in the State of Texas.

The appointment of personnel to fulfill the objectives of this Chair, the teaching functions, the research endeavors, and all other administrative activities shall conform with the Regents' rules, The University of Texas, and the rules of governance for The University of Texas at Austin.

The income fund from this endowment shall be used to supplement the academic salary of a distinguished professor, and to cover office expenses, travel, and other activities of an academic nature relating to the objective of this Chair. The income fund and such other funds as may become available shall be used for seminars, conferences, etc., as authorized by the Executive Committee. The income funds shall not be used to underwrite the full salary of a professor. The earnings from this endowment shall only be used to supplement the salary of a professor having an established academic rate in a budgeted position of a department in the College of Engineering.

The distinguished professor holding this appointment shall have tenure in one department in the College of Engineering, but may hold dual appointments in other colleges. The distinguished professor occupying the Chair of Free Enterprise shall develop strong ties with the College of Engineering, the College of Education, the College of Business Administration, and the L. B. J. School of Public Affairs. This Chair shall be the vehicle for enhancing cooperative educational programs such as the proposed dual masters degree program between the College of Engineering and the L. B. J. School.

An Executive Committee consisting of the Dean of the College of Engineering (Chairman), the Dean of the College of Business Administration, the Dean of the College of Education, and the Dean of the L. B. J. School of Public Affairs shall establish the guidelines for the operation of this Chair, and make recommendations to the President of The University of Texas at Austin for nominees to fill this position. Also, the Executive Committee shall continue to exist after the initial appointment has been made. At the time of the appointment, the distinguished professor shall join the membership of the Executive Committee, and become an active member. The Executive Committee shall establish, in cooperation with the Colleges

and Departments involved, a policy for developing courses, seminars, conferences, publications, fund-raising programs, publicity, and other necessary activities relating to the management of this Chair. Additional funding shall be coordinated with the Development Office.

Thereafter, it was ordered that a Chair of Free Enterprise as outlined above be established in the College of Engineering at The University of Texas at Austin in accordance with the Regents' Rules and Regulations.

U. T. PERMIAN BASIN: DESIGNATION OF BUSINESS MANAGER L. L. LaRUE AGENT FOR TAX-FREE ALCOHOL. --For The University of Texas of the Permian Basin, the following resolution was adopted designating an authorized agent to secure tax-free alcohol:

WHEREAS, The University of Texas of the Permian Basin is carrying on research programs which require a continuing supply of alcohol for experimental and other scientific purposes:

THEREFORE, BE IT RESOLVED, That Mr. L. L. LaRue, Business Manager of The University of Texas of the Permian Basin, be authorized to have charge of and be responsible for and apply for and sign the "Application and Withdrawal Permit to Procure Spirits Free of Tax" for The University of Texas of the Permian Basin, and

BE IT FURTHER RESOLVED, That it shall be the duty of Mr. L. L. LaRue to execute on behalf of The University of Texas of the Permian Basin any and all documents required by the Alcohol and Tobacco Tax, Internal Revenue Service.

SAN ANTONIO HEALTH SCIENCE CENTER: LICENSE AGREEMENT WITH BOARD OF MANAGERS OF BEXAR COUNTY HOSPITAL DISTRICT. --Upon the recommendation of President Harrison, concurred in by System Administration, approval was given for the Board of Regents of The University of Texas System to enter into a license agreement with the Board of Managers of the Bexar County Hospital District, San Antonio, Texas, whereby the Hospital District will grant a license to the Board of Regents to extend scaffolding and other working items on the west side of The University of Texas Medical School at San Antonio across the property line which will be in connection with Board of Regents' construction and to utilize the air space above the existing ramp connection between the two agencies for approximately two and one-half feet across the property line of the Board of Managers of the Bexar County Hospital District. A copy of the agreement is set out on Pages 121 - 125.

The Chairman of the Board of Regents was authorized to execute this license agreement after it had been approved as to content by the Deputy Chancellor and as to form by a University attorney.

agents, or the actions of a third party over which the Licensee has no supervision, control or jurisdiction. Licensee shall build those certain improvements or construction entirely at Licensee's own risk, and shall maintain said improvements in such a way as to prevent any danger to persons or property or public rights or interests.

III.

This license shall be for an initial term of Ninety Nine (99) years, and thereafter shall continue from year to year thereafter so long as said property shall be used for any lawful purpose of the Licensee. This license until its expiration or revocation, shall run with the title to the above described real property, and the terms and conditions hereof shall be binding upon any subsequent owners or parties in interest.

IV.

This license shall take effect upon the acceptance of the terms hereof by the named Licensee, as indicated by Licensee's (or authorized agent's or official's) signature hereon, and the filing of this agreement in the Deed Records of Bexar County, Texas.

V.

The license for air space above the existing ramp connection across the joint property line is revocable, in whole or in part, by Licensor giving sixty (60) days written notice to Licensee after the Licensor has awarded a contract for the erection of a new building or improvement which utilizes that part of the licensed air space.

VI.

This license is revocable, in whole or in part, by the Board of Managers of the Bexar County Hospital District, upon its determination that the proposed improvements or any portion thereof constitute a danger to the public which is not remedial by maintenance or repair of the said improvements, or that any required maintenance necessary to alleviate the danger to the public has been made within a reasonable time after the dangerous condition arises. Such revocation shall be appealable by Licensee.

VII.

This license is further subject to the following provisions, to-wit:

- 1. To the extent that the structure proposed to be erected over the subject property interferes with any public utility facilities, including water, sewer, electricity, gas or telephone facilities, such facilities, shall be relocated at the cost of the Licensee.
- 2. Any structure erected over or upon the property herein described shall be constructed and maintained in compliance with all applicable city ordinances and state laws.
- 3. This license is granted and is accepted upon the express condition that such license shall never be construed as granting any right to obstruct or interfere with the usefulness of the property for passage, light, air or viewing as to the public generally.

TERMS AND CONDITIONS ACCEPTED by the execution hereof in three originals this _____ day of _____, 1976.

ATTEST: BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM

Secretary By _____
Chairman

WITNESS THE HAND OF THE BOARD OF MANAGERS OF THE BEXAR COUNTY HOSPITAL DISTRICT this 27th day of April, 1976.

ATTEST: BOARD OF MANAGERS OF THE BEXAR COUNTY HOSPITAL DISTRICT

M. L. Preacher, M.D.
Secretary By Harvey Komet, M.D.
Chairman, Board of Managers

Approved as to Form:

Approved as to Content:

[Signature]
University General Counsel

[Signature]
Deputy Chancellor

Norris W. Yates, Jr.
Assistant Criminal District Attorney

CONNECTING PASSAGES

MAY 14 1976

3421

NO ADDED LIVE LOAD ON CANTILEVERS

NO ADDED LIVE LOAD

BEXAR CO. TEACHING HOSPITAL

ROOF NO. 36

MAX. 75 LB. LIVE LOAD

U.T. HEALTH SCIENCE CENTER

ROOF NO. 36: AREA AVAILABLE TO CONTRACTOR FOR CONSTRUCTION OPERATIONS.

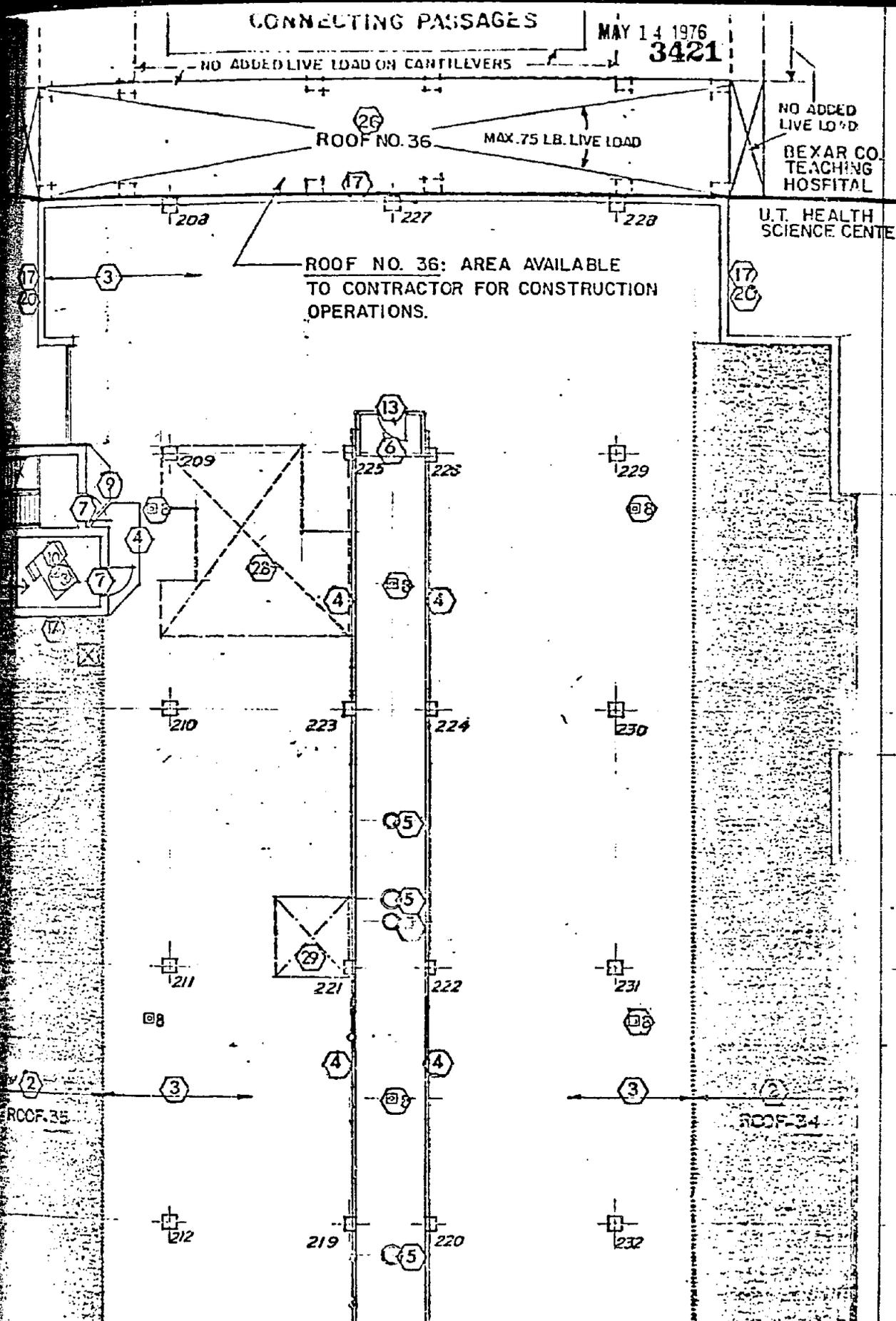


EXHIBIT "A"

SHEET 1 OF 2

LICENSE FOR SCAFFOLDING AND OTHER WORKING ITEMS DURING CONSTRUCTION.

UNIVERSITY OF TEXAS
HEALTH SCIENCE CENTER EXPANSION
SAN ANTONIO, TEXAS

INTAKE ROOF H.P. (LEV. 1112'-11 5/8")

MAY 14 1976

BEXAR COUNTY TEACHING HOSPITAL

UNIT 2 WEST

3422

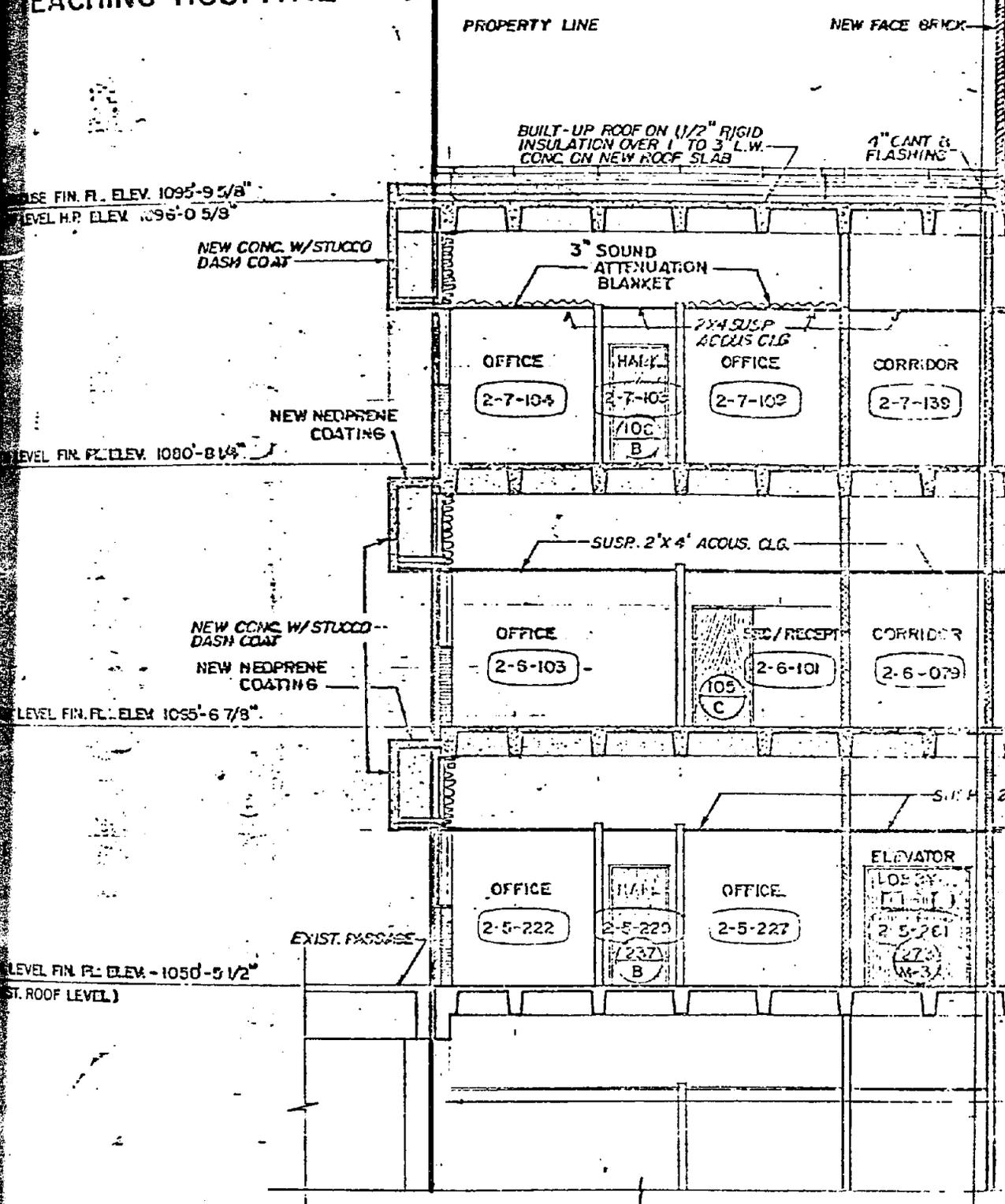


EXHIBIT "A"

SHEET 2 OF 2

LICENSE FOR AIR SPACE ABOVE
EXISTING RAMP CONNECTION

UNIVERSITY OF TEXAS
HEALTH SCIENCE CENTER EXPANSION
SAN ANTONIO, TEXAS

U. T. SYSTEM - NOMINEES TO DEVELOPMENT BOARDS AND COUNCILS: (1) U. T. ARLINGTON: DEVELOPMENT BOARD, GRADUATE SCHOOL OF SOCIAL WORK AND COLLEGE OF BUSINESS ADMINISTRATION ADVISORY COUNCILS; (2) U. T. AUSTIN: DEVELOPMENT BOARD, ARCHITECTURE FOUNDATION, ARTS AND SCIENCES FOUNDATION (HUMANITIES, NATURAL SCIENCES, SOCIAL AND BEHAVIORAL SCIENCES, GENERAL AND COMPARATIVE STUDIES), BUSINESS ADMINISTRATION FOUNDATION, COMMUNICATION FOUNDATION, EDUCATION FOUNDATION, ENGINEERING FOUNDATION, FINE ARTS FOUNDATION, GEOLOGY FOUNDATION, GRADUATE SCHOOL OF LIBRARY SCIENCE FOUNDATION, PHARMACEUTICAL FOUNDATION, SOCIAL WORK FOUNDATION AND McDONALD OBSERVATORY ADVISORY COUNCILS; (3) U. T. DALLAS: DEVELOPMENT BOARD, MANAGEMENT AND ADMINISTRATION AND CALLIER CENTER ADVISORY COUNCILS; (4) U. T. EL PASO DEVELOPMENT BOARD; (5) U. T. SAN ANTONIO DEVELOPMENT BOARD; (6) GALVESTON MEDICAL BRANCH: DEVELOPMENT BOARD AND NATIONAL ADVISORY COMMITTEE TO THE MARINE BIOMEDICAL INSTITUTE; AND (7) UNIVERSITY CANCER CENTER BOARD OF VISITORS OF UNIVERSITY CANCER FOUNDATION. --Membership was authorized for and nominees were designated to the following development boards and advisory councils. Terms on the development boards and advisory councils regularly expire on August 31 of each year. The names of those accepting together with the authorized membership of each organization will be in the Secretary's report to the Board of Regents on October 1, 1976:

(1) The University of Texas at Arlington

Development Board
 Graduate School of Social Work Advisory Council
 College of Business Administration Advisory Council

(2) The University of Texas at Austin

Development Board
 School of Architecture Foundation Advisory Council
 Arts and Sciences Foundation Advisory Councils
 (a) College of Humanities Advisory Council
 (b) College of Natural Sciences Advisory Council
 (c) College of Social and Behavioral Sciences Advisory Council
 (d) Division of General and Comparative Studies Advisory Council
 College of Business Administration Foundation Advisory Council
 School of Communication Foundation Advisory Council
 College of Education Foundation Advisory Council
 College of Engineering Foundation Advisory Council
 College of Fine Arts Foundation Advisory Council
 Geology Foundation Advisory Council
 Graduate School of Library Science Foundation Advisory Council
 Pharmaceutical Foundation Advisory Council
 Graduate School of Social Work Foundation Advisory Council
 McDonald Observatory Advisory Council

(3) The University of Texas at Dallas

Development Board
 Advisory Council for the School of Management and
 Administration
 Advisory Council for the U. T. Dallas Callier Center
 for Communication Disorders

(4) The University of Texas at El Paso

Development Board

(5) The University of Texas at San Antonio

Development Board

(6) The University of Texas Medical Branch at Galveston

Development Board
 National Advisory Committee to the Marine Biomedical
 Institute

(7) The University of Texas System Cancer Center

The University Cancer Foundation Board of Visitors

The status of each of the following development boards and advisory
 councils was noted:

The University of Texas at Austin

Graduate School Foundation Advisory Council (Not included.)

The University of Texas at Dallas

Advisory Council for General Studies (See Page 128 .)

The University of Texas of the Permian Basin

Development Board (Not included.)

The University of Texas Health Science Center at Dallas

Southwestern Medical Foundation serves as Development
 Board.

The University of Texas Health Science Center at Houston

Development Board (Not included.)
 Houston Medical School Advisory Council (Not included.)
 Houston Dental Branch Advisory Council (Not included.)
 Graduate School of Biomedical Sciences and Speech and
 Hearing Institute Advisory Council (Not included.)
 School of Allied Health Sciences Advisory Council
 (Not included.)
 Public Health School Advisory Council (Not included.)

The University of Texas Health Science Center at San Antonio

Development Board (See below.)

The University of Texas System School of Nursing

Development Board (Not included.)

U. T. DALLAS: ESTABLISHMENT OF ADVISORY COUNCIL FOR GENERAL STUDIES AND NOMINEES THERETO. --Authorization was given to establish an Advisory Council for General Studies at The University of Texas at Dallas. The purpose of the Advisory Council will be to advise and assist the President, the Vice-President for Academic Affairs, and the Dean of General Studies with the needs of the Dallas community.

The membership of this Advisory Council was set at not more than 25 members, and nominees thereto were approved. The names of those nominees accepting the appointments will be reported for the record at the Regents' meeting on October 1, 1976.

SAN ANTONIO HEALTH SCIENCE CENTER: AUTHORIZATION TO ESTABLISH DEVELOPMENT BOARD AND INITIAL APPOINTMENTS THERETO. --Pursuant to Section 2, Chapter VII of Part One of the Regents' Rules and Regulations, and upon recommendation of President Harrison, concurred in by System Administration, the Development Board for The University of Texas Health Science Center at San Antonio was established.

The membership of this Development Board was set at 25 members, and nominees were approved for the initial membership. The names of those nominees accepting the appointments will be reported for the record at the Regents' meeting on October 1, 1976.

COMMITTEE OF THE WHOLE - EXECUTIVE SESSION

Following the meeting of the Committee of the Whole in Open Session, the Executive Session of the Committee of the Whole met in Room 209 pursuant to Article 6252-17, Sections 2 (e) and (g), V. T. C. S.

Chairman Shivers reported that there were no matters discussed relating to pending litigation.

SYSTEM ADMINISTRATION: ASSISTANT TO THE CHANCELLOR. --With respect to personnel matters, Chairman Shivers reported that Chancellor LeMaistre had advertised for an Assistant to the Chancellor who would have the following duties and responsibilities:

1. To identify each constituency of importance to The University of Texas System and to develop and implement short and long-range programs to insure that each maintains an understanding and appreciation for the plans, progress, and objectives of The University of Texas System and the Board of Regents.

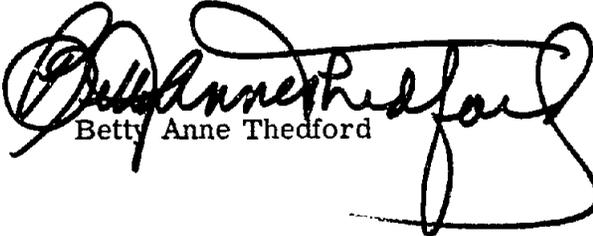
2. To develop and utilize effective methods for presentation of information which accurately portrays and interprets the educational, research, and public service roles of The University of Texas System to diverse audiences.
3. To provide advice and counsel to the Board of Regents and the Chancellor on specific matters of potential public interest, concern or conflict to insure effective understanding and support.
4. To develop and provide to appropriate groups and organizations program information, technical assistance, and resource materials of value to the private fund development programs of The University of Texas System.
5. To assume such other duties and responsibilities as the Chancellor may direct.

Chancellor LeMaistre reported that in response to his advertisement he had received about 125 applications. Various applicants were discussed but no action was taken at this time.

SCHEDULED MEETINGS. --During the open meeting, Chairman Shivers announced that the following meetings had been scheduled:

July 9, 1976, in Austin
October 1, 1976, in Houston
December 10, 1976, in Austin

ADJOURNMENT. --The meeting was duly adjourned at 1:05 p. m.


Betty Anne Thedford

May 17, 1976