

MATERIAL SUPPORTING THE AGENDA

VOLUME XXXIVb

This volume contains the Material Supporting the Agenda furnished to each member of the Board of Regents prior to the meetings held on

January 14, 1987  
January 24, 1987  
February 12, 1987  
April 9, 1987

The material is divided according to the standing committees and the meetings that were held and is color coded as follows:

White paper - for documentation of all items that were presented before the deadline date.

Blue paper - all items submitted to the Executive Session and distributed only to the Regents, Chancellor and Executive Vice Chancellors of the System.

Yellow paper - emergency items distributed at the meeting.

Material distributed at the meeting as additional documentation is not included in the bound volume, because sometimes there is an unusual amount and other times some people get copies and some do not get copies. If the Executive Secretary was furnished a copy, then that material goes into the appropriate subject file.



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Material Supporting the Agenda  
of the  
Board of Regents  
The University of Texas System

Meeting No.: 825

Date: February 12, 1987

Location: Austin, Texas

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BOARD OF REGENTS  
OF  
THE UNIVERSITY OF TEXAS SYSTEM

CALENDAR

Place: Regents' Meeting Room, Ninth Floor  
Ashbel Smith Hall  
201 West Seventh Street  
Austin, Texas

Thursday, February 12, 1987

1:00 p.m. Meeting of the Board of Regents

See Pages B of R 1 - 4,  
Items A - M

Friday, February 13, 1987

9:00 a.m. Meeting of the Board of Regents

See Page B of R - 5,  
Items N - R

Telephone Numbers

Board of Regents' Office	499-4402
Chancellor Mark	499-4201
Executive Vice Chancellor Duncan	499-4233
Executive Vice Chancellor Mullins	499-4224
Executive Vice Chancellor Patrick	499-4337
Radisson Plaza Hotel (221 West 6th St.)	476-3700

## **Meeting of the Board**



F. RECESS FOR MEETINGS OF THE STANDING COMMITTEES AND  
COMMITTEE REPORTS TO THE BOARD

The Standing Committees of the Board of Regents of The University of Texas System will meet as set forth below to consider recommendations on those matters on the agenda for each Committee listed in the Material Supporting the Agenda. At the conclusion of each Standing Committee meeting, the report of that Committee will be formally presented to the Board for consideration and action.

Executive Committee: Chairman Hay  
MSA Page Ex.C - 1

Finance and Audit Committee: Chairman Yzaguirre  
MSA Page F&A - 1

Academic Affairs Committee: Chairman Baldwin  
MSA Page AAC - 1

Health Affairs Committee: Chairman Briscoe\*  
Vice-Chairman Yzaguirre  
MSA Page HAC - 1

Buildings and Grounds Committee: Chairman Rhodes\*  
Vice-Chairman Ratliff  
MSA Page B&G - 1

Land and Investment Committee: Chairman Milburn\*  
Vice-Chairman Blanton  
MSA Page L&I - 1

\*If the terms of these Regents have officially concluded, the reports will be given by the appropriate vice-chairmen.

G. RECONVENE

H. ITEM FOR THE RECORD

U. T. Austin: Acceptance of Membership to the College of Fine Arts Foundation Advisory Council.--

At the December 1986 U. T. Board of Regents' meeting, Mrs. Tom B. Rhodes, Dallas, Texas, was approved for membership on the U. T. Austin College of Fine Arts Foundation Advisory Council for a term to expire August 31, 1988. Mrs. Rhodes' acceptance of membership is herewith reported for the record.

I. REPORT OF BOARD FOR LEASE OF UNIVERSITY LANDS

J. REPORT OF SPECIAL COMMITTEES

K. OTHER MATTERS

L. SCHEDULED MEETINGS AND EVENTS

Board of Regents' Meetings

<u>Dates</u>	<u>Locations/Hosts</u>
April 9-10, 1987	U. T. Science Park, Smithville Regents' Room, Austin
June 11-12, 1987	U. T. Tyler
August 13-14, 1987	Regents' Room, Austin
October 8-9, 1987	U. T. Dallas
December 3-4, 1987	U. T. El Paso

Holidays

July 3, 1987 (Independence Day Holiday - afternoon)\*

\*Sufficient personnel must be present for the conduct of official public business.

Commencement - 1987

May 8	U. T. Tyler
May 9	U. T. Permian Basin U. T. Nursing School - Galveston
May 16	U. T. Dallas U. T. El Paso U. T. G.S.B.S. - Galveston U. T. Allied Health Sciences School - San Antonio U. T. Nursing School - San Antonio
May 17	U. T. San Antonio U. T. Dental School - San Antonio
May 22	U. T. G.S.B.S. - San Antonio
May 23	U. T. Arlington U. T. Austin U. T. Medical School - Galveston*
May 30	U. T. Southwestern Medical School - Dallas and U. T. Southwestern G.S.B.S. - Dallas* U. T. Medical School - Houston* U. T. Dental Branch - Houston U. T. Medical School - San Antonio*
June 12	U. T. Public Health School - Houston
June 13	U. T. G.S.B.S. - Houston U. T. Allied Health Sciences School - Houston U. T. Nursing School - Houston
August 14	U. T. Tyler
August 15	U. T. Allied Health Sciences School - Galveston
August 16	U. T. Allied Health Sciences School - Dallas
December 6	U. T. Austin
December 18	U. T. El Paso U. T. Tyler

\*Official commencement for Regental attendance

M. RECESS TO EXECUTIVE SESSION

The Board will convene in Executive Session pursuant to Vernon's Texas Civil Statutes, Article 6252-17, Sections 2(e), (f) and (g), to consider those matters set out in the Material Supporting the Agenda.

If time permits, the Board will recess on Thursday afternoon to convene in Executive Session and continue that Executive Session beginning at 9:00 a.m. on Friday until the completion of business -- See Page B of R - 5, Item P.

If time will not permit the beginning of the Executive Session on Thursday, the Board will recess to begin its Executive Session at 9:00 a.m. on Friday and continue until the completion of business.

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

Date: February 13, 1987

Time: 9:00 a.m.

Place: Regents' Meeting Room, Ninth Floor, Ashbel Smith Hall

A.-M. (Pages B of R 1 - 4)

N. CONVENE OR RECONVENE IN EXECUTIVE SESSION

O. RECONVENE IN OPEN SESSION

P. CONSIDERATION OF ACTION ON ANY ITEMS DISCUSSED IN THE EXECUTIVE SESSION OF THE BOARD OF REGENTS PURSUANT TO V.T.C.S., ARTICLE 6252-17, SECTIONS 2(e), (f) and (g)

1. Pending and/or Contemplated Litigation - Section 2(e)

2. Land Acquisition, Purchase, Exchange, Lease or Value of Real Property and Negotiated Contracts for Prospective Gifts or Donations - Section 2(f)

U. T. System: Consideration of the Negotiation of Certain Lease Arrangements Related to the Commercial Vineyards and Winery on West Texas Lands

3. Personnel Matters [Section 2(g)] Relating to Appointment, Employment, Evaluation, Assignment, Duties, Discipline, or Dismissal of Officers or Employees

Q. OTHER BUSINESS

R. ADJOURNMENT

# 1987

## January

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## February

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## March

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## September

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## October

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## November

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## December

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## **Executive Committee**

EXECUTIVE COMMITTEE

Date: February 12, 1987  
Time: Following the 1:00 p.m. Session of the Board of Regents  
Place: Regents' Meeting Room, Ninth Floor, Ashbel Smith Hall

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1. Permanent University Fund: Recommendation to Appoint New Members to the Investment Advisory Committee (Exec. Com. Letter 87-8)	2
2. U. T. Austin - Expansion of Physical Plant Facilities, Phase I (Project No. 102-454): Recommended Award of Construction Contract to Clearwater Constructors, Inc., Austin, Texas, and Approval of Plaque Inscription (Exec. Com. Letter 87-8)	3
3. U. T. San Antonio: Lutcher Center - Request for Authorization to Plat, Subdivide and Sell Acreage in Terrell Hills, San Antonio, Bexar County, Texas, and Authorization to Take Steps Necessary to Complete Renovation of the Main House to a Marketable Condition (Exec. Com. Letter 87-7)	8
4. U. T. Tyler - Space Completion and Renovation - Phase I, School of Education Renovation (Project No. 802-607): Recommended Award of Contracts for Furniture and Furnishings to Business Interiors, A Division of Miller Business Systems, Inc., Arlington, Texas; Ables-Land, Inc., Tyler, Texas; and Dallas Drapery, Dallas, Texas; and Request for Authorization for the Chancellor to Sign the Contracts (Exec. Com. Letter 87-6)	9
5. U. T. Health Science Center - Houston: Request for Authorization to Purchase a 16.52 Acre Tract of Land, More or Less, Being All of Reserves C, D, and E in Section II of South Point Business Park, 1851 Cross Point Avenue, Houston, Harris County, Texas, from Packaged Food & Beverage Co., Inc., Clayton, Missouri; Authorization of Funds Required to Purchase; Authorization for the Executive Vice Chancellor for Health Affairs to Execute All Documents Pertaining to the Purchase; and Authorization for Submission to the Coordinating Board (Exec. Com. Letter 87-7)	11
6. U. T. Cancer Center: Transfer of Funds Requiring Advance Regental Approval Under Budget Rules and Procedures No. 2 (Exec. Com. Letter (87-6)	12
7. U. T. Cancer Center: Recommendation to Enter Into an Exclusive License Agreement for the Commercial Development of Human Monocyte or Murine Macrophage-Derived Cytotoxins with The Macrophage Company, Inc., The Woodlands, Texas, a Delaware Corporation (Exec. Com. Letter 87-7)	13

1. Permanent University Fund: Recommendation to Appoint New Members to the Investment Advisory Committee (Exec. Com. Letter 87-8).--

#### RECOMMENDATION

The Executive Committee concurs in the recommendation of the Office of the Chancellor that the Board approve the appointment of Mr. Edward Randall III of Houston, Texas, and Mr. John T. Stuart III of Dallas, Texas, who will replace Mr. J. Donald Squibb, Jr., of Houston, Texas, and Mr. Orson C. Clay of Galveston, Texas, to the Investment Advisory Committee for the Permanent University Fund. Both appointments are for a three-year term to expire August 31, 1989.

#### BACKGROUND INFORMATION

Mr. J. Donald Squibb, Jr., served on the Investment Advisory Committee since 1982. He accepted a position as Executive Director of the University Cancer Foundation and given his new affiliation with the U. T. System, chose not to stand for reappointment.

Mr. Orson C. Clay served on the Investment Advisory Committee since 1978. Under the Regents' Rules and Regulations, he is ineligible for reappointment.

Mr. Edward Randall III is a Director and Partner in Duncan, Cook & Co., Houston, Texas. He formerly was Chairman of the Board and Chief Executive Officer of Rotan Mosle, Inc., an investment banking company in Houston, Texas. He currently serves as a director of Paine Webber Group, Inc., Tracor, Inc., Presto Industries, Inc., and the Houston Business Journal, and as an advisory director for RepublicBank-Houston and the Kilroy Company of Texas, Inc.

Mr. John T. Stuart III is President of RepublicBank of Dallas and Managing Director of General Banking Group, RepublicBank Corporation. He currently serves as a director of Great American Reserve Co., Fidelity National Insurance Co., L & N Housing Corp., and Lakeway Corporation.

With approval of these recommended appointments, the Investment Advisory committee members and terms would be as follows:

	<u>Term Expires</u>
Harold W. Hartley	8/31/87
Dee S. Osborne	8/31/87
Andrew Delaney	8/31/88
John T. Trotter	8/31/88
Edward Randall III	8/31/89
John T. Stuart III	8/31/89

2. U. T. Austin - Expansion of Physical Plant Facilities, Phase I (Project No. 102-454): Recommended Award of Construction Contract to Clearwater Constructors, Inc., Austin, Texas, and Approval of Plaque Inscription (Exec. Com. Letter 87-8).--

#### RECOMMENDATION

The Executive Committee concurs in the recommendation of President Cunningham and the Office of the Chancellor that the U. T. Board of Regents:

- a. Award a construction contract for the Expansion of Physical Plant Facilities, Phase I at U. T. Austin to the lowest responsible bidder, Clearwater Constructors, Inc., Austin, Texas, for the Base Bid and Additive Alternates One through Six in the amount of \$10,300,000

Regent Milburn abstained from voting due to a possible conflict of interest.

- b. Approve the inscription set out below for a plaque to be placed on the building. The inscription follows the standard pattern approved by the U. T. Board of Regents in June 1979.

#### PHYSICAL PLANT COMPLEX 1986

#### BOARD OF REGENTS

Jess Hay, Chairman	Hans Mark
Robert B. Baldwin III, Vice-Chairman	Chancellor, The
Shannon H. Ratliff, Vice-Chairman	University of Texas System
Jack S. Blanton	William H. Cunningham
Janey Slaughter Briscoe	President, The University
(Mrs. Dolph)	of Texas at Austin
Beryl Buckley Milburn	
Tom B. Rhodes	Wilson, Stoeltje, Martin
Bill Roden	Project Architect
Mario Yzaguirre	Clearwater Constructors, Inc.
	Contractor

#### BACKGROUND INFORMATION

In accordance with authorization of the U. T. Board of Regents in December 1985, bids for the Expansion of Physical Plant Facilities, Phase I at U. T. Austin were received and opened on December 16, 1986, as shown on Pages Ex.C 5 - 7.

The recommended contract award to Clearwater Constructors, Inc., Austin, Texas, in the amount of \$10,300,000 can be made within the authorized total project cost of \$12,520,000 (including the cost of the Project Analysis).

The total project cost is composed of the following cost elements:

Construction Cost	\$10,300,000
Furniture and Equipment	350,000
Fees and Administrative Expenses (including Project Analysis)	1,092,000
Future Work (Air Balancing, Relocation of Utilities, Landscaping)	386,000
Miscellaneous Expenses	35,000
Project Contingency	<u>357,000</u>
Total Project Cost	\$12,520,000

Funds for this project have been appropriated from Permanent University Fund Bond Proceeds (\$12,392,000) and Pooled Interest on Bond and Other Construction Funds (\$128,000). This project is within the scope of the Capital Improvement Program approved by the U. T. Board of Regents in October 1985.

EXPANSION OF PHYSICAL PLANT FACILITIES  
 THE UNIVERSITY OF TEXAS AT AUSTIN  
 Bids Received December 16, 1986, at the  
 Office of Facilities Planning and Construction  
 Austin, Texas

<u>CONTRACTOR</u>	<u>Clearwater Constructors, Inc. Austin, Texas</u>	<u>Spaw-Glass Construction Inc. San Antonio, Texas</u>	<u>Warrior Builders, Inc. Houston, Texas</u>	<u>Cahaba Construction Co. Houston, Texas</u>
BASE BID	\$ 9,377,000	\$ 9,429,000	\$ 9,416,000	\$ 9,800,000
Alt. No. 1 (add) - Greenhouses	297,000	290,000	348,000	266,000
Alt. No. 2 (add) - Bulk Storage Building	246,000	304,000	340,000	270,000
Alt. No. 3 (add) - Pre-Insulated Panels	80,000	58,000	81,000	85,000
Alt. No. 4 (add) - Demountable Partitions	20,000	49,000	57,000	37,000
Alt. No. 5 (add or deduct) - Concrete Paving	+150,000	+110,000	+85,000	-38,000
Alt. No. 6 (add) - Irrigation System	<u>130,000</u>	<u>102,000</u>	<u>105,000</u>	<u>99,500</u>
Total Base Bid Plus Alternates	\$10,300,000	\$10,342,000	\$10,432,000	\$10,519,500

EXPANSION OF PHYSICAL PLANT FACILITIES  
 THE UNIVERSITY OF TEXAS AT AUSTIN  
 Bids Received December 16, 1986, at the  
 Office of Facilities Planning and Construction  
 (Continued)

<u>CONTRACTOR</u>	<u>Don Krueger Construction Company Victoria, Texas</u>	<u>H. B. Zachry Company San Antonio, Texas</u>	<u>American Constructors, Inc. Austin, Texas</u>
BASE BID	\$ 9,785,000	\$ 9,460,000	\$ 9,900,000
Alt. No. 1 (add) - Greenhouses	323,000	365,000	300,000
Alt. No. 2 (add) - Bulk Storage Building	245,000	650,000	286,000
Alt. No. 3 (add) - Pre-Insulated Panels	79,500	80,000	85,000
Alt. No. 4 (add) - Demountable Partitions	9,200	35,000	12,500
Alt. No. 5 (add or deduct) - Concrete Paving	+82,000	+175,000	+208,000
Alt. No. 6 (add) - Irrigation System	<u>100,000</u>	<u>100,000</u>	<u>99,000</u>
 Total Base Bid Plus Alternates	 \$10,623,700	 \$10,865,000	 \$10,947,500

EXPANSION OF PHYSICAL PLANT FACILITIES  
 THE UNIVERSITY OF TEXAS AT AUSTIN  
 Bids Received December 16, 1986, at the  
 Office of Facilities Planning and Construction  
 (Continued)

<u>CONTRACTOR</u>	<u>Stolte Inc. Dallas, Texas</u>	<u>Hill Constructors, Inc. Houston, Texas</u>	<u>Kunz Construction Company, Inc. San Antonio, Texas</u>
BASE BID	\$ 9,670,000	\$10,177,000	\$10,421,000
Alt. No. 1 (add) - Greenhouses	340,000	323,000	300,000
Alt. No. 2 (add) - Bulk Storage Building	365,000	291,000	275,000
Alt. No. 3 (add) - Pre-Insulated Panels	84,000	100,000	400,000
Alt. No. 4 (add) - Demountable Partitions	72,600	30,000	12,000
Alt. No. 5 (add or deduct) - Concrete Paving	+346,000	+125,000	+67,773
Alt. No. 6 (add) - Irrigation System	<u>104,000</u>	<u>110,000</u>	<u>99,500</u>
 Total Base Bid Plus Alternates	 \$10,981,600	 \$11,156,000	 \$11,575,273

EX.C - 7

3. U. T. San Antonio: Lutcher Center - Request for Authorization to Plat, Subdivide and Sell Acreage in Terrell Hills, San Antonio, Bexar County, Texas, and Authorization to Take Steps Necessary to Complete Renovation of the Main House to a Marketable Condition (Exec. Com. Letter 87-7).--

#### RECOMMENDATION

The Executive Committee concurs in the recommendation of President Wagener and the Office of the Chancellor that the U. T. Board of Regents:

- a. Authorize the Office of Asset Management and Office of General Counsel to take all steps necessary on behalf of The University of Texas at San Antonio to plat and subdivide into single-family residential lots, and thereafter to negotiate the sale of approximately 7.727 acres of the 13.727 acre tract in Terrell Hills, San Antonio, Bexar County, Texas, known locally as the Lutcher Center, preserving for future renovation a core estate of approximately six acres containing the main house and auxiliary buildings
- b. Authorize the Office of the Chancellor, subject to required prior approvals and availability of funds from subdivision sales, to take those steps necessary to complete renovation of the main house to a marketable condition.

#### BACKGROUND INFORMATION

In August 1982, the U. T. Board of Regents authorized the sale of 4.126 acres out of the Lutcher Center property for \$825,000 cash to be used to partially restore the main house. In January 1983, the Board authorized the sale of an additional 11.445 acres for \$1,550,000 cash to establish the Lutcher Brown Endowment for Academic Excellence at U. T. San Antonio. Mrs. Lutcher Brown provided an additional \$950,000 via the Emily Wells Brown Trust of The San Antonio Area Foundation for restoration of the main house. The National Center for the Study of Constitutional Democracy which was to lease the property failed to materialize and no activities are currently housed at the Center. Prior renovation contracts are complete but it is estimated that an additional \$248,600 in restoration and refinishing work on the main house will be required to put the property into marketable condition.

Subdivision of the grounds will result in a core estate of approximately six acres which will include the main house, the pool and all auxiliary buildings on the site. The remaining 7.727 acres will be divided into single-family residential lots and required roadways. Net proceeds from the sale of the subdivided grounds will be added to the Lutcher Brown Endowment for Academic Excellence at U. T. San Antonio.

4. U. T. Tyler - Space Completion and Renovation - Phase I, School of Education Renovation (Project No. 802-607): Recommended Award of Contracts for Furniture and Furnishings to Business Interiors, A Division of Miller Business Systems, Inc., Arlington, Texas; Ables-Land, Inc., Tyler, Texas; and Dallas Drapery, Dallas, Texas; and Request for Authorization for the Chancellor to Sign the Contracts (Exec. Com. Letter 87-6).--

RECOMMENDATION

The Executive Committee concurs in the recommendation of President Hamm and the Office of the Chancellor that the U. T. Board of Regents award contracts for furniture and furnishings for Space Completion and Renovation - Phase I, School of Education Renovation at U. T. Tyler to the following lowest responsible bidders:

Business Interiors, A Division  
of Miller Business Systems, Inc.  
Arlington, Texas

Base Proposal "A" (Steel Office Furniture)	\$44,859.13
Base Proposal "C" (Faculty Office Chairs)	5,482.20
Base Proposal "D" (Study Lounge Chairs)	27,704.21
Base Proposal "E" (Miscellaneous Items)	55,373.15
Base Proposal "G" (Acoustic Wall Panels)	1,175.33

Total Contract Award to Business Interiors	\$134,594.02
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Ables-Land, Inc.  
Tyler, Texas

Base Proposal "B" (Secretarial and Classroom Chairs)	8,499.08
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Dallas Drapery  
Dallas, Texas

Base Proposal "I" (Window Blinds)	<u>1,500.00</u>
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GRAND TOTAL RECOMMENDED CONTRACT AWARDS	\$144,593.10
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It is further recommended that the Chancellor be authorized to sign the contracts awarding these bids based on the results of the Executive Committee circularization.

## BACKGROUND INFORMATION

In accordance with authorization of the U. T. Board of Regents in June 1986, bids were called for and were received, opened and tabulated on November 20, 1986, as shown below, for furniture and furnishings for the Space Completion and Renovation - Phase I, School of Education Renovation at U. T. Tyler. Funds for the contract awards are available in the Furnishings and Equipment Account.

The apparent lowest bidder for Base Proposal "I" (Window Blinds), Story Wright, Tyler, Texas, submitted an unresponsive bid in that the required bid security was not provided. The lowest responsible bid was submitted by Dallas Drapery, Dallas, Texas, in the amount of \$1,500.00, which is less than the estimated cost of \$1,792.00.

### Base Proposal "A" - Steel Office Furniture

Business Interiors, A Division of Miller Business Systems, Inc.	\$44,859.13
Story Wright	51,783.57
Rockford Business Interiors	55,611.06

### Base Proposal "B" - Secretarial and Classroom Chairs

Ables-Land, Inc.	\$8,499.08
Business Interiors, A Division of Miller Business Systems, Inc.	8,503.70

### Base Proposal "C" - Faculty Office Chairs

Business Interiors, A Division of Miller Business Systems, Inc.	\$5,482.20
Ables-Land, Inc.	5,793.36
Rockford Business Interiors	6,194.88

### Base Proposal "D" - Study Lounge Chairs

Business Interiors, A Division of Miller Business Systems, Inc.	\$27,704.21
Ables-Land, Inc.	27,770.30
Rockford Business Interiors	31,224.75

### Base Proposal "E" - Miscellaneous Items

Business Interiors, A Division of Miller Business Systems, Inc.	\$55,373.15
Ables-Land, Inc.	59,205.04
Rockford Business Interiors	61,994.74

### Base Proposal "G" - Wall Panels

Business Interiors, A Division of Miller Business Systems, Inc.	\$1,175.33
Winn Tile Company	1,450.00
Ables-Land, Inc.	2,412.00

### Base Proposal "I" - Window Blinds

Story Wright	\$1,481.77
Dallas Drapery	1,500.00
Arlington Blinds, Ltd., Inc.	1,600.00

5. U. T. Health Science Center - Houston: Request for Authorization to Purchase a 16.52 Acre Tract of Land, More or Less, Being All of Reserves C, D, and E in Section II of South Point Business Park, 1851 Cross Point Avenue, Houston, Harris County, Texas, from Packaged Food & Beverage Co., Inc., Clayton, Missouri; Authorization of Funds Required to Purchase; Authorization for the Executive Vice Chancellor for Health Affairs to Execute All Documents Pertaining to the Purchase; and Authorization for Submission to the Coordinating Board (Exec. Com. Letter 87-7).--

RECOMMENDATION

The Executive Committee concurs in the recommendation of President Bulger and the Office of the Chancellor that the U. T. Board of Regents:

- a. Authorize, subject to approval by the Coordinating Board, Texas College and University System, the U. T. Health Science Center - Houston to purchase a 16.52 acre tract of land being all of Reserves C, D, and E, Section II, South Point Business Park, Houston, Harris County, Texas (along with all permanent improvements, office equipment, fork lifts, and vehicle maintenance equipment located thereon) from Packaged Food & Beverage Co., Inc., Clayton, Missouri, for \$3,850,000
- b. Authorize \$3,850,000 to be placed in escrow, the written conditions of which provide for payment to Packaged Food & Beverage Co., Inc., after approval of the purchase of the land by the Coordinating Board, Texas College and University System or, failing such approval, such funds to be returned to the U. T. System
- c. Authorize the Executive Vice Chancellor for Health Affairs to execute all documents related thereto after approval of such documents as to content by the Executive Vice President for Administration and Finance of the U. T. Health Science Center - Houston and as to form by the Office of General Counsel
- d. Authorize submission of the proposed purchase to the Coordinating Board, Texas College and University System
- e. Appropriate \$1,200,000 from MSRDP funds and \$2,670,000 from Unexpended Plant funds to cover the purchase price, title insurance, surveying, escrow fees, and closing costs.

## BACKGROUND INFORMATION

A General Services Building near the main campus is a top priority building need and has been a part of the long-range plan for the U. T. Health Science Center - Houston for the past seven years. If acquired, this facility would house and consolidate, in a location approximately three miles from campus, all physical plant, general support, and storage activities which are presently located in leased space some seven miles from the campus. The estimated value of the land and improvements by an independent appraiser retained by the Office of Asset Management is \$4,335,000. The U. T. System Office of Facilities Planning and Construction has examined the premises and (1) found them to be immediately usable for the purpose identified; (2) found them to be in excellent repair; and (3) estimates the replacement cost of the building alone to be \$7,000,000. The cost savings in reduction of vehicle operating costs, salaries expended for travel time and gasoline costs as well as the elimination of lease payments and special delivery charges for paper goods is estimated to be \$5,702,132 for fiscal years 1987-1996.

6. U. T. Cancer Center: Transfer of Funds Requiring Advance Regental Approval Under Budget Rules and Procedures No. 2 (Exec. Com. Letter 87-6).--

## RECOMMENDATION

The Executive Committee concurs in the recommendation of President LeMaistre and the Office of the Chancellor that the U. T. Board of Regents approve the following transfer of funds at the U. T. Cancer Center:

### Educational and General Funds

Amount of Transfer - \$3,500,000

From: Unappropriated Balance (via Estimated Income) -  
1986-87

To: Patient Care Integrated Information Management  
System

(RBC #13)

## BACKGROUND INFORMATION

Consistent with the strategic plan to develop an institution-wide, fully integrated, comprehensive information management system, a task force of key individuals from various divisions within the institution has been working to develop a method to link or "network" the required patient care, research, academic affairs systems with the financial and administrative system. The national firm of Coopers & Lybrand was engaged to assist the task force in determining the current information management system needs of the institution and recommend the necessary hardware and software configurations to meet those needs. The goal is to focus into a single cost-effective information management system that integrates information from the baseline levels of data collection to the highest levels of informed decision-making.

It is necessary to upgrade the existing mainframe computer so as to permit immediate linkages among all patient information systems and to continue development of scheduling systems within various clinic areas. The current AMDAHL mainframe is unable to meet these demands. It is seven years old and uses technology which is not easily adaptable to current offerings. To achieve these objectives, the new mainframe will be linked with three minicomputer processors in the patient care areas to provide a continuous flow of information including the medical record, scheduling, treatment information, patient billing, cost accounting by DRG categories, etc.

There are increasing competitive pressures which demand that the quality and delivery of patient care at U. T. Cancer Center keep pace. This system is a critical component since it will significantly enhance the management of patients and aid the integration of patient care education and research.

7. U. T. Cancer Center: Recommendation to Enter Into an Exclusive License Agreement for the Commercial Development of Human Monocyte or Murine Macrophage-Derived Cytotoxins with The Macrophage Company, Inc., The Woodlands, Texas, a Delaware Corporation (Exec. Com. Letter 87-7).--

#### RECOMMENDATION

The Executive Committee concurs in the recommendation of President LeMaistre and the Office of the Chancellor that the U. T. Board of Regents:

- a. Approve the exclusive license agreement set out on Pages Ex.C 15 - 73 by and between the U. T. Cancer Center and The Macrophage Company, Inc., The Woodlands, Texas, a Delaware corporation formed by The Woodlands Venture Capital Company (a Mitchell Energy and Development Corporation subsidiary) for the licensing of certain patent rights and technical information
- b. Designate the Executive Vice Chancellor for Asset Management as the U. T. Board of Regents' representative on the Board of Directors of The Macrophage Company, Inc., until the closing of the first public offering of equity securities by The Macrophage Company, Inc.

#### BACKGROUND INFORMATION

The patent rights and technical information licensed under this agreement relate to a process for developing human monocyte or murine macrophage-derived cytotoxins which either kill or inhibit the proliferation of tumor cells. The Woodlands Venture Capital Company has formed a new capital stock corporation named The Macrophage Company, Inc., to commercially develop this technology. Under the agreement, The Macrophage

Company, Inc., will acquire a royalty-bearing, exclusive, worldwide license from the U. T. Board of Regents with the right to sublicense. Under a related sponsored research and development agreement (Exhibit D to the Exclusive License Agreement), The Macrophage Company, Inc., will also provide \$600,000 to fund the associated developmental research.

The subject license agreement is patterned after the license agreement between the U. T. Board of Regents (on behalf of U. T. Health Science Center - Houston) and CryoM Corporation (another Woodlands venture), which was approved by the U. T. Board of Regents at its June 1986 meeting. Major provisions of the agreement are summarized as follows:

- (1) The agreement provides for the issuance of 400,000 shares of common stock in The Macrophage Company, Inc., to the U. T. Board of Regents, on behalf of the U. T. Cancer Center;
- (2) The agreement grants to the U. T. Board of Regents an option to purchase, on behalf of the U. T. Cancer Center, up to 600,000 shares of preferred stock in The Macrophage Company, Inc., at \$.50 per share until May 30, 1987;
- (3) As an alternative to the option under paragraph (2) above, the agreement grants to the U. T. Board of Regents, an option to receive 600,000 shares of preferred stock in The Macrophage Company, Inc., in return for a contribution of up to \$300,000 to the research and development activities of The Macrophage Company, Inc., by May 30, 1987;
- (4) The agreement requires the U. T. Board of Regents to return two shares of common stock to The Macrophage Company, Inc., for every three shares of preferred stock obtained by the U. T. Board of Regents from the exercise of either of the alternative preferred stock options referred to above;
- (5) The agreement acknowledges the issuance of 300,000 shares of common stock in The Macrophage Company, Inc., to each of Gabriel Lopez-Berestein, M.D., and Jim Klostergaard, Ph.D., in exchange for payment by them of \$300 each and their services in inventing the licensed subject matter;
- (6) The agreement provides for payment by The Macrophage Company, Inc., to the U. T. Board of Regents, on behalf of the U. T. Cancer Center, of earned royalties equal to: (a) 3% of sales of patented products by The Macrophage Company, Inc., or its subsidiaries; (b) 2% of sales of non-patented products by The Macrophage Company, Inc., or its subsidiaries; and (c) 40% of royalties received by The Macrophage Company, Inc., from sales of patented or non-patented products by sublicensees;
- (7) The agreement provides for an increase in the royalty percentages payable by The Macrophage Company, Inc., to the U. T. Board of Regents pursuant to subparagraphs (6)(a) and (6)(b) above upon the exercise of either preferred stock option by the U. T. Board of Regents; and
- (8) The agreement permits the U. T. Board of Regents to terminate the agreement after three years if The Macrophage Company, Inc., fails to commercialize the subject technology.

EXCLUSIVE LICENSE AGREEMENT

This Agreement, dated as of September 24, 1986, is entered into by and between THE BOARD OF REGENTS of THE UNIVERSITY OF TEXAS SYSTEM (hereinafter "BOARD"), a governing board established under the laws of the State of Texas, THE UNIVERSITY OF TEXAS SYSTEM CANCER CENTER (hereinafter "UTSCC"), a component institution of The University of Texas System (hereinafter "System") and THE MACROPHAGE COMPANY, INC. (hereinafter "LICENSEE"), a Delaware corporation, whose address is 2201 Timberloch Place, The Woodlands, Texas 77380.

WITNESSETH:

WHEREAS, BOARD is the owner of the BOARD Patent Rights and BOARD Technical Information, as hereinafter defined, developed by UTSCC; and

WHEREAS, LICENSEE is desirous of obtaining a world-wide, non-assignable (except as expressly provided herein), royalty-bearing exclusive license, with the right to grant sublicenses, under the BOARD Patent Rights and BOARD Technical Information; and

WHEREAS, LICENSEE desires the right to use the names Board of Regents, The University of Texas System and The University of Texas System Cancer Center to the extent necessary to enforce and protect LICENSEE's rights hereunder; and

WHEREAS, BOARD desires to grant LICENSEE such a world-wide, exclusive license under the following terms and conditions;

NOW, THEREFORE, in consideration of the foregoing, and the covenants and promises contained herein, the sufficiency of which are hereby acknowledged by the parties, BOARD, UTSCC and LICENSEE hereby agree as follows:

I.

DEFINITIONS

A. The term "BOARD Patent Rights", when used herein, shall mean those United States and foreign patents and patent applications or prospective patent applications, including any division, continuation, continuation-in-part or reissue thereof, or substitute therefor, and the letters patent that may be issued thereon, which relate to the Licensed Subject Matter; together with all other Patents and Patent Applications which claim any invention or discovery useful in connection with the Licensed Subject Matter developed or invented by Robert Kilbourn, M.D., Ph.D., Jim Klostergaard, Ph.D and Gabriel Lopez-Berestein, M.D., in the case of the murine macrophage described in the definition of Licensed Subject Matter set out in Section I.E., and by Jim Klostergaard, Ph.D., Jim Turpin, M.S., and Gabriel Lopez-Berestein, M.D., in the case of the human monocyte described in the definition of Licensed Subject Matter set out in Section I.E, or any of them, during the life of any patents or patent applications included within the BOARD Patent Rights, in which BOARD now has or in the future acquires any interest. Without limiting the generality of the preceding sentence, the term "BOARD Patent Rights" shall include, but not be limited to, the patents and patent applications listed on Schedule I which is attached to this Agreement and incorporated herein by reference for all purposes.

B. The term "BOARD Technical Information", when used herein, shall mean (i) any technical information disclosed or claimed in connection with any patent or patent application included within the BOARD Patent Rights; and (ii) any invention, discovery, know-how, process, procedure, method, protocol, formula, technique, software, design, drawing, data, devices, specifications, sketches or other technical information relating to the Licensed Subject Matter.

C. The term "Licensed Patented Product or Process", when used herein, shall mean any product, apparatus or process made, used, marketed or sold in any country where such product, apparatus or process is covered by the claims of an issued patent or a pending patent application included within the BOARD Patent Rights, together with any product made by the use of any process in a country in which such process or apparatus is covered by the claims of an issued patent or a pending patent application included within the BOARD Patent Rights.

D. The term "Licensed Non-Patented Product or Process", when used herein, shall mean any product, apparatus or process utilizing or relating to the Licensed Subject Matter which is manufactured, used, marketed or sold with the use of any BOARD Technical Information (but which are not covered by BOARD Patent Rights), together with any product utilizing the Licensed Subject Matter which is manufactured by a process or apparatus which uses any BOARD Technical Information.

E. The term "Licensed Subject Matter" shall mean the process (as defined below) to develop human monocyte or murine mac-

rophage - derived cytotoxins which either kill or inhibit the proliferation of tumor cells as developed by the researchers/inventors named in the definition of BOARD Patent Rights set out in Section I.A., and all compositions, products and uses resulting therefrom, together with any change or modification to any such process, composition, products or uses which is developed pursuant to the research and development agreement contemplated by Article VI.A. hereof. The term "process" shall mean and include the isolation, purification, manufacturing, gene expression, synthesis, and utilization of cytotoxins for therapeutic purposes.

F. The term "Net Sales", when used herein, shall mean the amount received or collected by LICENSEE from commercial sales or other use or disposition for value (including any marketing fees paid to LICENSEE in connection with sales of Licensed Patented Products or Processes and Licensed Non-Patented Products or Processes, but not including proceeds received from the sale of marketing rights as described in Section IV.A.3 hereof), of Licensed Patented Products or Processes and Licensed Non-Patented Products or Processes in bona fide arms-length transactions, f.o.b. place of manufacture or point of storage, less (i) cash, trade and/or quantity discounts, (ii) amounts repaid or credited by reason of rejections, defects or returns or because of retroactive price reductions, (iii) freight, transportation and insurance (iv) taxes and (v) other charges which, under generally accepted accounting principles, are deemed to be incidental to the sale.

G. The term "Subsidiary" shall mean a corporation, partnership, association, trust or other legal entity which owns, controls, is owned or controlled by, or is under common ownership or control of, a party to this Agreement. For purposes of this definition, "control" shall mean the ownership of such number of outstanding shares or other interests aggregating more than 50% of the ordinary voting power for the election of directors or the exercise of control of such entity.

## II.

### GRANT OF RIGHTS

A. BOARD hereby grants to LICENSEE an exclusive, worldwide license, including the right to grant sublicenses, under the BOARD Patent Rights and the BOARD Technical Information to manufacture, use, market and sell any Licensed Patented Product or Process and any Licensed Non-Patented Product or Process throughout the United States of America, its territories and possessions and in all foreign countries.

B. BOARD and UTSCC hereby grant to LICENSEE the right to use the name "Board of Regents, The University of Texas System" and "The University of Texas System Cancer Center" to the extent necessary to enforce and protect LICENSEE's rights hereunder; provided however, that LICENSEE shall not be obligated to use the name "Board of Regents, The University of Texas System" or "The University of Texas System Cancer Center" in any manner.

C. BOARD and UTSCC hereby grant to LICENSEE the right of access to, during normal business hours, and the use of, all experimental or other data which relate in any manner to the

BOARD Patent Rights or the BOARD Technical Information, including without limitation, all data which BOARD has provided to the United States Patent Office, the Food and Drug Administration (FDA) or any other state, federal, foreign or local regulatory authority which relate in any manner to the BOARD Patent Rights or the BOARD Technical Information, and BOARD and UTSCC agree that they will not use, or permit the use of, such information and data, nor do anything else which will adversely affect LICENSEE's rights under this Agreement in any manner. BOARD and UTSCC shall cooperate fully with LICENSEE, at LICENSEE's expense, in order to obtain the regulatory approval of any state, federal, foreign or local authority which now is or later becomes necessary to develop, manufacture, use, market or sell any Licensed Patented Product or Process or Licensed Non-Patented Product or Process. Such cooperation shall include, but not be limited to, obtaining all necessary regulatory approvals which are now required, or may in the future be required, to manufacture, use, market or sell any Licensed Patented Product or Process or Licensed Non-Patented Product or Process for use in any application thereof. BOARD and UTSCC shall execute any and all documents reasonably necessary to obtain such approvals upon request by LICENSEE. LICENSEE shall reimburse BOARD and UTSCC for any reasonable out-of-pocket costs, plus overhead not to exceed 50% of out-of-pocket costs, including attorneys' fees, incurred by BOARD and UTSCC in connection with such cooperation. At such time as clinical trials are commenced, LICENSEE agrees that it will enter into an appropriate agreement with UTSCC regarding the conduct of such trials.

D. UTSCC shall promptly provide LICENSEE and shall continue to provide LICENSEE, during the term of this Agreement, with all information relating to (i) pharmacological, toxicological or clinical data, (ii) synthetic, formulative, manufacturing or analytical data, and (iii) such other chemical, physical or biological data which UTSCC may now or in the future possess or control which relates in any manner to the Licensed Subject Matter, except for that information made confidential by law or prior agreement.

E. The parties recognize that LICENSEE may encounter patents held by third parties which dominate activities covered by the BOARD Patent Rights and that cross-licenses between the BOARD (or LICENSEE) and such third parties may be necessary in order to enable LICENSEE to make or market Licensed Patented Products or Processes or Licensed Non-Patented Products or Processes. In that event, LICENSEE has the right to enter into cross-licensing agreements with third parties and to grant cross-licenses under any or all of the BOARD Patent Rights, provided:

1. BOARD, through UTSCC, is consulted beforehand and is reasonably satisfied that the third party does in fact hold a patent that limits LICENSEE's competitiveness in making or marketing Licensed Patented Products or Processes or Licensed Non-Patented Products or Processes;

2. In BOARD's reasonable judgment, the rights received by LICENSEE under such cross-licensing agreement cover only Licensed Patented Products or Processes

or Licensed Non-Patented Products or Processes and are not directed to other products;

3. BOARD incurs no financial or legal liabilities under the cross-licensing;

4. Any money or the value of any equipment, including license issue fees (and not including proceeds from sale of marketing rights as described in Section IV.A.3.), received by LICENSEE in exchange for such cross-licensing is treated as Net Sales for Licensed Patented Products or Processes or Licensed Non-Patented Products or Processes.

### III.

#### ISSUANCE OF COMMON STOCK AND PREFERRED STOCK

A. In consideration of the right to use the names set forth in Section II.B. above in connection with the grant by BOARD to LICENSEE of this license, LICENSEE agrees that, upon execution of this Agreement by BOARD, it shall issue BOARD 400,000 shares of its Common Stock, \$.001 par value, which shares of Common Stock shall be subject to cancellation in accordance with the terms of Sections III.B. and III.C. below. In addition, LICENSEE agrees to reserve a seat on its Board of Directors for a designee selected by BOARD, until the closing of the first public offering of equity securities by LICENSEE. In accordance with LICENSEE'S customary practice with respect to offerings of any securities of the LICENSEE, BOARD hereby makes the representations, warranties and covenants to LICENSEE contained in Exhibit A hereto, which Exhibit A is incorporated herein for all intents and purposes.

B. In addition, LICENSEE hereby grants BOARD an option, exercisable in its sole discretion, to elect to purchase a total of 600,000 shares of the Series A Preferred Stock (the "Shares") of LICENSEE, at a purchase price of \$.50 per share, on the same general terms and conditions as are applicable to the initial purchasers of such Series A Preferred Stock, such purchase option to be subject to and conditioned upon the following:

1. The BOARD shall have the option to purchase all of the Shares, or a lesser amount in accordance with the schedule attached hereto as Exhibit B and incorporated herein for all purposes, by providing written notice to LICENSEE to such effect no later than May 1, 1987, which notice shall specify the number of Shares which BOARD desires to purchase and the date of purchase, which date shall not be later than May 30, 1987. Effective at 12:01 a.m., May 2, 1987, the option hereinabove provided shall expire for any and all Shares as to which the LICENSEE has not received such written notice, and BOARD shall have no further right to purchase any such Shares, unless otherwise extended by agreement of the parties.

2. In the event that BOARD does properly elect to exercise its right to purchase any of the Shares, and completes the purchase of such Shares as required, a proportionate amount of the Common Stock issued to Board in connection with the execution of this License Agreement shall, concurrent with the closing of such purchase of the Shares, thereupon be returned to LICENSEE by BOARD, in accordance

with the schedule attached as Exhibit B hereto, whereupon such shares of Common Stock shall be cancelled and BOARD shall no longer have any right, title or interest therein.

3. Effective upon the purchase by BOARD of any or all of the Shares, the royalty obligations of LICENSEE provided for in Section IV.A.1. and IV.A.2. shall increase to the applicable percentage amount as provided in the Schedule attached hereto as Exhibit B.

C. As an alternative to the election by BOARD to purchase the Shares, BOARD may elect to make a contribution to LICENSEE, in an aggregate amount not exceeding \$300,000, said sum to be applied to research and development activities in accordance with the R & D Agreement (as defined hereinafter). In exchange for such contributions, LICENSEE shall issue BOARD up to 600,000 shares of Series A Preferred Stock of LICENSEE, such election option to be exercised in accordance with and subject to the following conditions:

1. BOARD shall have the right to contribute funds, in accordance with the schedule set out on Exhibit B hereto, for research and development activities of LICENSEE, by providing written notice to LICENSEE no later than May 1, 1987, which notice shall specify the amount of funds which BOARD desires to contribute and the date of such contribution, which date shall not be later than May 30, 1987. Effective at 12:01 a.m. on May 2, 1987, BOARD's option to acquire Series A Preferred Stock shall expire for the corresponding amount of shares for which LICENSEE has not

received written notice of BOARD's election to fund, and BOARD shall have no further right to acquire such shares of Series A Preferred Stock, unless otherwise extended by agreement of the parties.

2. In the event that BOARD does properly elect to contribute funds to the LICENSEE's research and development activities, and makes the contribution as required, a proportionate amount of Common Stock issued in connection with the execution of this License Agreement shall, concurrent with such funding, be returned to LICENSEE by BOARD in accordance with the schedule set out on Exhibit B hereto, whereupon such shares of Common Stock shall be cancelled and BOARD shall no longer have any right, title or interest therein.

3. Effective upon the contribution by BOARD of some or all of the funds for research and development, as provided herein, the royalty obligations of LICENSEE provided for in Sections IV.A.1. and 2. would increase to the applicable percentage amount as provided in the schedule attached hereto as Exhibit B.

D. The option to purchase Series A Preferred Stock under Section III.B. and to acquire shares of Series A Preferred Stock under Section III.C. are mutually exclusive and can not be jointly exercised in any form or fashion.

E. In consideration of the granting of the mutually exclusive options by LICENSEE to BOARD as set forth in Sections III.B. and III.C., BOARD hereby consents to the issuance of, and, upon

issuance of the Common Stock to it as provided in Section III.A. above, agrees to vote such shares, if required, in order to authorize and issue, the following securities to the initial round of venture capital firms:

1. 8% Convertible Notes (the "Notes"), in the amount of \$300,000, such Notes to accrue interest at the rate of 8% per year until the Notes are converted to Series A Preferred Stock or redeemed by LICENSEE, whichever first occurs, interest to be payable at the closing of the second round of venture capital financing. Such Notes may, at LICENSEE'S option, be redeemed by LICENSEE at any time prior to May 30, 1987, in the principal amount of all outstanding Notes, or a portion thereof, plus accrued interest. In the event such Notes are not redeemed in whole by LICENSEE, the Notes shall automatically be converted into shares of Series A Preferred Stock, equal to twice the unredeemed amount of Notes then outstanding, not exceeding 600,000 shares (see Exhibit C attached hereto.) Such Notes shall contain such other terms and conditions as are customary for such transactions.

2. Warrants to Purchase Common Stock, at a purchase price of \$.10 share, in a total amount of 150,000 shares of Common Stock of LICENSEE, to be issued to the holders of the LICENSEE'S 8% Convertible Notes, pro rata, which warrants shall only be exercisable in an amount equal to one-half of the principal amount of 8% Convertible Notes of the LICENSEE which are redeemed by LICENSEE (see Exhibit C attached hereto).

F. BOARD acknowledges that The Woodlands Venture Capital Company has been issued 10,000 shares of Common Stock of LICENSEE in consideration of the payment of \$10.00 by it and of the efforts of its employees in establishing LICENSEE, managing it, and negotiating this Agreement. BOARD further acknowledges that LICENSEE has, prior to the effective date hereof, issued 300,000 shares of Class A Common Stock to each of Gabriel Lopez-Berestein, M.D., and Jim Klostergaard, Ph.D., in exchange for payment by them of \$300.00 each, and their services in inventing the Licensed Subject Matter.

#### IV.

##### ROYALTIES

A. In consideration of the grant by BOARD to LICENSEE of this license, LICENSEE shall pay to BOARD as follows:

1. An earned royalty of three percent (3%) of the Net Sales of a Licensed Patented Product or Process by LICENSEE or its Subsidiaries in each country where a patent included within the BOARD Patent Rights issues, or a patent application has been filed and is pending, with claims covering such Licensed Patented Product or Process, until the expiration, termination or invalidation of the patent in that country by a Court of final jurisdiction or the determination that a patent will not issue in that country.

2. An earned royalty of two percent (2%) of the Net Sales of a Licensed Non-Patented Product or Process by LICENSEE or its Subsidiaries during the term of this Agreement.

3. An earned royalty of forty percent (40%) of the royalty received by the LICENSEE from Net Sales of a Licensed Patented Product or Process and Licensed Non-Patented Product or Process by sublicensees of LICENSEE or its Subsidiaries, such royalty to be measured upon and based on the actual proceeds received by LICENSEE or its Subsidiaries under the Sublicense Agreement and not the total net sales generated by the marketing or distribution of the Licensed Patented Products or Processes and the Licensed Non-Patented Products or Processes by the sublicensee. Such earned royalty shall be due for as long as LICENSEE or its Subsidiary is receiving proceeds from the sublicensee, but not in excess of the duration of this Agreement.

In addition, in the event LICENSEE transfers or sells any of the marketing rights to any Licensed Patented Product or Process or Licensed Non-Patented Product or Process to a non-related corporation, firm, association, partnership, or other entity, the proceeds from such sale of marketing rights is hereby expressly excluded from the terms of this Article IV, and no royalty payments shall be due thereon, provided, however, that the sales of any Licensed Patented Products or Processes or Licensed Non-Patented Products or Processes by said entity, association, firm, partnership or corporation shall be subject to the royalty provided in this Section IV.A.3; and provided further, that the total royalty under Sections IV.A.1, IV.A.2., and IV.A.3. shall not in any event exceed that amount which would otherwise be due and payable under Section IV.A.1. or IV.A.2., as the case may be,

had such royalties been paid on the ultimate sale on such Licensed Patented Product or Process or Licensed Non-Patented Product or Process in the marketplace.

4. In no event will LICENSEE be obligated to pay royalties under Sections IV.A.1., IV.A.2. and IV.A.3. simultaneously for Net Sales of any particular product or process in any given country (except as may arise in connection with sales to a marketing entity and resales by said entity, in accordance with Section IV.A.3. above). A single royalty will be due on each sale of Licensed Patented Products or Processes no matter how many items in the BOARD Patent Rights cover such Licensed Patented Products or Processes. No royalty shall be paid on a Licensed Patented Product or Process after the BOARD Patent Rights covering said Licensed Patented Product or Process have expired.

5. Earned royalties in the amount set out in Section IV.A.2. shall accrue in each country only for the period that the LICENSEE is the exclusive commercial source in that country of a Licensed Non-Patented Product or Process. The term "exclusive commercial source" as used above shall mean that the LICENSEE is the sole commercial source of the Licensed Non-Patented Product or Process in that country and that there is no commercial product available in that country that is substantially equivalent in market acceptance. If the LICENSEE believes that it is not the exclusive commercial source of a Licensed Non-Patented Product or Process in any designated country, then it shall so notify BOARD and provide reasonable evidence thereto. Within 45

days of receipt of said notice and evidence, BOARD shall notify the LICENSEE in writing of its acceptance or rejection of the evidence as to the existence of another commercial source. Upon acceptance by BOARD, the LICENSEE shall, as of said date of acceptance, no longer have any obligation to pay royalties on Net Sales in that country based on the amount set out in Section IV.A.2. herein. In such event, the amount set out in Section IV.A.2. shall be reduced to an amount equal to one-third (1/3) of the applicable amount, and LICENSEE shall pay such reduced royalty amount.

6. BOARD agrees that in order to successfully market products and processes covered by this Agreement, LICENSEE must have complete freedom in marketing. Thus, BOARD understands that LICENSEE makes no warranty that it will market the products or processes covered by this Agreement or, if LICENSEE does market any of such products or processes, that they will be the exclusive means by which LICENSEE will participate in this field. All business decisions relating to use, manufacture, sale or marketing of products covered under this Agreement will be within the sole discretion of LICENSEE.

7. In the event that LICENSEE enters into a joint venture with another entity and utilizes BOARD Technical Information in combination with the technology of such entity, then Net Sales for purposes of calculating royalties shall be deemed to be LICENSEE's income received from such joint venture. Subject to the foregoing sentence, where a Licensed Patented Product or Process or a Licensed Non-Patented Product or Process is not

sold separately but is sold in combination with or as part of other products, the Net Sales of the Licensed Patented Product or Process or the Licensed Non-Patented Product or Process so sold shall be calculated, for the purpose of computing royalties due, by applying to the total selling price of the combination or composite product a fractional multiplier having as its denominator the total selling price of the combined or composite product (determined by generally accepted accounting principles) and as its numerator the selling price of the included Licensed Patented Product or Process or Licensed Non-Patented Product or Process (similarly determined).

B. Notwithstanding anything contained in Section IV.A. to the contrary, if, by May 1, 1987, BOARD elects to exercise its rights under Section III.B. or III.C. hereof, to acquire Series A Preferred Stock and does in fact purchase or acquire any such shares of Series A Preferred Stock, the royalties provided in Section IV.A.1. and IV.A.2. will increase in accordance with the terms set forth in Sections III.B. or III.C., as the case may be, immediately upon the closing of the applicable investment. In such event, the BOARD shall return the certificate(s) for Common Stock issued under Article III.A. hereof to the LICENSEE, and such certificate(s) shall be thereupon cancelled and of no further effect. In the event BOARD has elected to acquire some but not all of the Series A Preferred Stock available to it, LICENSEE shall issue BOARD a new certificate for that amount of shares of Common Stock which BOARD has not forfeited.

V.

REPORTING, PAYMENT AND MARKING

A. LICENSEE agrees to keep proper records and books of account in accordance with generally accepted accounting principles, showing the sales upon which the royalty payments of LICENSEE are based, and all other information necessary for the accurate determination of payment to be made hereunder and to deliver to UTSCC, within forty-five (45) days after each calendar quarter ending on March 31, June 30, September 30 and December 31, a report showing the information on which the payments herein provided are calculated and to accompany each such report with the payments shown to be due thereby.

B. On reasonable written notice, UTSCC at its own expense, shall have the right, exercisable only once in any calendar year, to have an independent certified public accountant or an appropriate representative of UTSCC, reasonably satisfactory to LICENSEE, inspect and audit the books and records of LICENSEE, its Subsidiaries and its sublicensees during usual business hours of LICENSEE, its Subsidiaries and its sublicensees for the sole purpose of, and only to the extent necessary for, determining the correctness of payments due under this Agreement. Such examination with respect to any fiscal year shall not take place later than three years following the expiration of such period. If such inspection and audit results in a discrepancy in the correctness of the payments due under this Agreement in an amount in excess of five percent (5%), LICENSEE shall pay any and all costs or fees associated with said audit and charged to UTSCC by said

independent accounting firm, together with the corrected amount of royalty payments due hereunder, within thirty (30) days of receipt of the audit results.

C. Royalties based on Net Sales in any foreign country shall be payable to BOARD in the United States in United States Dollars. Dollar amounts shall be calculated using the foreign exchange rate, as published by the Wall Street Journal, in effect for such foreign currency on the last business day of each calendar quarter for which a report is required. Where royalties are due for Net Sales in a country where, for reasons of currency, tax or other regulations, transfer of foreign currency out of such country is prohibited, LICENSEE has the right to place BOARD's royalties in a bank account in such country in the name of and under the sole control of BOARD; provided, however, that the bank selected be reasonably acceptable to BOARD and that LICENSEE inform BOARD of the location, account number, amount and currency of money deposited therein. After BOARD has been so notified, those monies shall be considered as royalties duly paid to BOARD, will be completely controlled by BOARD, and LICENSEE will have no further responsibility with respect thereto.

D. All foreign taxes on royalty payments hereunder, imposed upon or required to be withheld by LICENSEE, its Subsidiaries or its sublicensees, shall be deducted from such payments (but not in excess of BOARD royalties), and evidence of such foreign taxes shall be delivered to BOARD at the time of the reports with respect to such royalty payments. LICENSEE agrees, however, to assist BOARD in recovering or preventing the levy or

withholding of any such taxes, provided that LICENSEE shall be reimbursed for its out-of-pocket expenses incurred in rendering any such assistance.

E. LICENSEE agrees to mark all Licensed Patented Products or Processes sold by it or its sublicensees covered by the BOARD Patent Rights with appropriate patent marking, such marking to be agreed upon between the parties hereto, together with notice of copyright sufficient to maintain legal claim to copyright in the country of origin of such Licensed Patented Product or Process, as well as for Licensed Non-Patented Product or Process.

## VI.

### RESEARCH AND DEVELOPMENT

A. In addition to the above agreements on its part, LICENSEE has established an operating budget for the next two years equal to \$600,000.00, which shall be allocated and expended in the following manner: (i) the sum of \$413,000.00 to be paid to UTSCC over the next two years for research and development of the Licensed Subject Matter and to be expended by UTSCC for salaries and fringe benefits, supplies, animals and institutional overhead; (ii) the sum of \$131,775.00 to be used by LICENSEE for direct purchases made by it for certain equipment, supplies and animals for the research and development project; and (iii) the sum of \$55,000.00 to be used as working capital by LICENSEE, in its sole discretion; all in accordance with the terms of that certain Research and Development Contract attached hereto as Exhibit D and incorporated herein for all purposes ("R & D Agreement"). In consideration thereof, BOARD and UTSCC hereby

grant to LICENSEE an exclusive, world-wide license, including the right to grant sublicenses, in and to the Base Technology, the Products, the Improvements, and all Proprietary Property (as said terms are defined in the R & D Agreement) conceived or developed pursuant to such R & D Agreement and or work done in connection with such Agreement, to manufacture, use, market and sell any Products and Improvements (as defined therein) throughout the United States of America, its territories and possessions, and in all foreign countries, on the same terms and conditions, with the identical rights and obligations, and governed in all respects by this License Agreement.

B. UTSCC and its personnel shall have the right to publish papers disclosing the general scientific findings related to the BOARD Patent Rights and BOARD Technical Information, including results of the work conducted by them on behalf of LICENSEE under the R & D Agreement, in accordance with the terms hereof and of the R & D Agreement. A copy of each proposed publication shall be provided to LICENSEE at least ninety (90) days in advance of submission for publication thereof to permit LICENSEE time to comment thereon and to allow UTSCC and its personnel to make corrections or revisions, where appropriate, and to permit LICENSEE or BOARD time in which to prepare application(s) for Letters Patent treating the subject matter of such publication or to take other steps necessary to protect such proprietary rights. UTSCC shall refrain from submitting such manuscript or information for publication until the expiration of such review period. Any proposed publication provided to LICENSEE shall be considered as acceptable for the submission for publication unless LICENSEE

notifies UTSCC within said ninety (90) day period that in LICENSEE's judgment, such publication discloses developments which are potentially patentable and may be necessary or useful to the commercial exploitation of any Products, Improvements, the Base Technology, or Proprietary Property (as defined in said R & D Agreement). If LICENSEE notifies UTSCC in writing that such publication does disclose potentially patentable developments, UTSCC shall refrain from submitting such manuscript or publication for the duration of the above-referenced ninety (90) day period following delivery to LICENSEE of such notice, in order for BOARD or LICENSEE to take steps to prepare and file patent applications.

C. Notwithstanding any other provision of this Agreement, BOARD shall specifically retain, for itself, SYSTEM, and its component institutions, the right to use the Licensed Subject Matter, the BOARD Patent Rights, and the BOARD Technical Information for research, teaching, and other related non-commercial purposes.

D. UTSCC hereby agrees that it shall engage in good faith negotiations with LICENSEE on an exclusive basis, for a period of up to ninety (90) days, concerning the terms and conditions under which UTSCC and BOARD shall agree to license, on an exclusive basis, to LICENSEE any and all New Technology (as defined in the R & D Agreement) conceived or developed by UTSCC, prior to UTSCC or BOARD discussing such New Technology with any other potential licensee or sponsor. LICENSEE agrees, however, that any technology which is developed as a result of a research and development program sponsored by another firm as of the date hereof is

excluded from this right of first refusal if such firm has rights to acquire such technology. UTSCC agrees that it shall (1) refrain from disclosing such patentable technology to third parties or entering into negotiations or agreements with third parties with regard to the disposition of a development except as otherwise expressly permitted by this Section VI.D.; and (2) give LICENSEE prompt written notice of any such development, which notice shall specify all relevant technical and scientific information pertaining to the technology in sufficient detail to permit LICENSEE to reasonably assess its interest in the technology and UTSCC's projected research funding requirements, if any (the "Development Notice"). If LICENSEE delivers notice to UTSCC of its interest in a development ("Notice of Interest") within 90 days of delivery of the Development Notice, LICENSEE and UTSCC shall undertake negotiations for the acquisition by LICENSEE of rights to the development. If LICENSEE fails to deliver a timely Notice of Interest, or if UTSCC, BOARD and LICENSEE fail to enter into a written agreement within 90 days of delivery of the Development Notice or such additional time as may be agreed to by the parties, BOARD and UTSCC shall be free to consult with and license said technology to any other firm on the same terms and conditions as were last offered to LICENSEE, provided, however, that if the proposed terms of said license agreement to a third party vary from those offered to LICENSEE, BOARD and UTSCC shall first offer the new terms to LICENSEE, which shall have 10 days to accept or reject. In the event BOARD and UTSCC do not successfully license such technology to a third

party within 360 days of the expiration of the offer period to LICENSEE, then BOARD and UTSCC shall no longer be free to offer said technology to a third party without first offering it to LICENSEE.

This first right of refusal by LICENSEE shall exist so long as this License Agreement between LICENSEE and the BOARD is in effect, and in no event beyond the termination of this License Agreement. LICENSEE and UTSCC agree that they will use their respective best efforts to comply in all material respects with the terms of this section.

## VII.

### ADDITIONAL PATENT APPLICATIONS AND RIGHT TO FILE SUIT

A. 1. BOARD shall file additional patent applications in the United States and in any foreign countries in which LICENSEE notifies BOARD that LICENSEE desires applications relating to the Licensed Subject Matter to be filed, and such additional patent applications, and all patents issuing thereon, shall be included within the BOARD Patent Rights, or, with prior approval of BOARD, LICENSEE may file any particular patent application. LICENSEE shall reimburse BOARD for its reasonable out-of-pocket costs, plus overhead not to exceed fifty percent (50%) of BOARD's out-of-pocket costs, including attorneys' fees, of filing and prosecuting such additional patent applications. BOARD, at its expense, shall be free to file in any foreign country not elected by LICENSEE, provided that BOARD provides LICENSEE with thirty (30) days advance written notice of its desire to file for any such patent. If LICENSEE does not notify BOARD within such time

period of its desire to have BOARD file for a patent on LICENSEE's behalf, then the patent rights associated with such filing shall not be subject to this Agreement.

2. BOARD shall have the full and complete control over the prosecution of such domestic and foreign patent applications, but shall keep LICENSEE advised as to such patent prosecution by supplying to LICENSEE copies of any official Actions, amendments, responses and other correspondence, including copies of patents or other material referred to or cited therein, within a reasonable period of time after receipt or filing thereof by BOARD.

B. 1. LICENSEE shall have the right, exercisable at LICENSEE's sole discretion, to file and control the prosecution of any and all suits seeking to enjoin or recover damages from any and all infringers of any patent which is then included within the BOARD Patent Rights, and shall have the right to join BOARD as a party in any such suit filed by LICENSEE. LICENSEE shall bear the expense of any such suit, and any amounts recovered, whether by final judgment, settlement or otherwise, as a result of such suit shall be the sole property of LICENSEE, subject to the royalty provisions of Article IV.

2. In the event that LICENSEE shall not institute or prosecute any suit to enjoin or recover damages from any infringer, BOARD may do so at its sole expense, provided BOARD has first given LICENSEE 60 days' advance notice of its intention to take such action and, provided further, that LICENSEE has not itself taken appropriate action during such 60-day period. Any amounts recovered in an action brought by BOARD, whether by final

judgment, settlement or otherwise in any such suit shall be the sole property of BOARD.

3. LICENSEE and BOARD agree that neither will settle any action commenced by it in a manner that is prejudicial to any BOARD Patent Rights without the other party's prior written approval. BOARD and LICENSEE each agree that it will promptly notify the other of any infringement or potential infringement of any BOARD Patent Rights which comes to its attention.

4. In any suit or dispute involving any infringement, BOARD and LICENSEE shall cooperate fully, and upon the request of the party bringing suit, the other party shall make available all relevant records, papers, information, samples, specimens, and the like which may be relevant and in its possession. In the event a court of competent, final jurisdiction determines that one or more of the BOARD Patent Rights are invalid or unenforceable, no further royalty payments on operations covered by such BOARD Patent Rights shall be due or owing hereunder with respect thereto.

In the event the making, using or selling of the Licensed Patented Products or Processes or Licensed Non-Patented Products or Processes is determined, by a court of final competent jurisdiction, to infringe one or more claims of a valid, subsisting patent owned by a third party, no royalty payments shall be due BOARD with respect to such product or process from such infringing activities in that jurisdiction from the time such determination is made until such patent expires. In the

event that either party is able to negotiate a license with royalties based on a good faith assessment of the strength and enforceability of said third party's patent, royalty payments due hereunder will be paid only to the extent that such payments exceed any royalty payments made by LICENSEE to such third party as a result of such negotiated license but in no event shall such payments be reduced below fifty percent (50%) of that otherwise due.

#### VIII.

##### DURATION AND TERMINATION

A. Unless otherwise provided herein, this Agreement shall remain in force and effect until the expiration of the last patent relating to the Licensed Subject Matter and, at the option of LICENSEE, from year to year thereafter; however, it is understood that no royalties shall be due on any sales of Licensed Patented Products or Processes and Licensed Non-Patented Product or Processes in any country where the applicable BOARD Patent Rights have previously expired or where, pursuant to other provisions of this Agreement, no further royalty payments are due for other reasons.

B. This Agreement may be terminated by either party, if the other party substantially fails to perform or otherwise materially breaches any of the material terms, covenants or provisions of this Agreement, such termination to be effected in accordance with the provisions hereof. In such event, the non-breaching party shall give written notice of intent to terminate to the breaching party stating the grounds therefor. The party

receiving the notice shall have sixty (60) days thereafter to correct such breach. If such breach is not corrected within said sixty (60) days after notice as aforesaid, then the party sending the notice of intent to terminate, at its option, may terminate this Agreement by further written notice thereof to the party in breach, provided however, that if such breaching party notifies the terminating party that it is in good faith attempting to cure such breach, describing the manner thereof, or if the breach is incurable and the breaching party is willing to compensate in damages, such termination may not occur during the period of such cure or negotiation of damages.

C. After three (3) years from the effective date of this Agreement, BOARD shall have the right, upon ninety (90) days' written notice, to terminate this Agreement if LICENSEE has failed to commercialize the Licensed Subject Matter. If, as of said date, LICENSEE has commercialized some but not all aspects of the Licensed Subject Matter, then the BOARD's right to terminate this Agreement shall not apply. Furthermore, if the LICENSEE shall demonstrate to the reasonable satisfaction of the BOARD that it has an ongoing and active research, developmental, manufacturing, marketing, clinical testing, or licensing program, directed toward production and sale of products, then LICENSEE shall be deemed to have satisfied the requirements herein to commercialize the Licensed Subject Matter.

D. In the event of termination of the Agreement in whole or in part for any reason whatsoever, the following shall apply, limited, however, to those BOARD Patent Rights being terminated

and applicable Licensed Patented Products or Processes and Licensed Non-Patented Products or Processes:

1. LICENSEE shall not thereby be discharged from any liability or obligation to BOARD which became due or payable prior to the effective date of such termination;

2. If LICENSEE, its Subsidiaries or its sublicensees then possess Licensed Patented Products or Processes or Licensed Non-Patented Products or Processes, have started the manufacture thereof or have accepted orders therefor, LICENSEE, its Subsidiaries or sublicensees shall have the right to sell their inventories thereof, complete the manufacture thereof and market such fully manufactured Licensed Patented Products or Processes or Licensed Non-Patented Products or Processes, and/or manufacture and sell Licensed Patented Products or Processes or Licensed Non-Patented Products or Processes, in order to fulfill such accepted orders, subject to the obligation of LICENSEE to pay BOARD the earned royalty payments therefor as provided in Section IV of this Agreement;

3. Subject to Section VIII.D.2., LICENSEE shall discontinue, and shall cause its Subsidiaries and sublicensees to discontinue, the manufacture, use, marketing and sale of Licensed Patented Products or Processes or Licensed Non-Patented Products or Processes, and shall assign any sublicenses granted hereunder to BOARD, and LICENSEE shall immediately discontinue use of the words "Board of Regents, The University of Texas System", "University of Texas System Cancer Center", or any language which would connect sales of products by LICENSEE with or imply the

sponsorship of BOARD, except that packaging and advertising material may be used for products permitted to be sold under Section VIII.D.2. above; and

4. All rights sold, assigned or transferred by BOARD to LICENSEE hereunder and then subject to termination shall revert to BOARD, and LICENSEE agrees to execute all instruments necessary and desirable to revest said rights in BOARD.

IX.

ADDRESSES

A. Any notice, communication, request, instruction, payment or other document required or permitted herein shall be deemed delivered upon mailing by regular mail (except in the case of notice provided for herein, in which case certified mail, return receipt requested, shall be required), postage prepaid, or by prepaid telegram, or upon personal delivery, to the parties at the following addresses:

If to the LICENSEE: The Macrophage Company, Inc.  
2201 Timberloch Place  
The Woodlands, Texas 77380  
Attention: President

If to UTSCC: Mr. Steven C. Schultz  
Executive Vice President  
for Administration  
The University of Texas System  
Cancer Center  
6723 Bertner  
Houston, Texas 77030

If to BOARD,  
or SYSTEM: Office of General Counsel  
The University of Texas System  
201 West 7th Street  
Austin, Texas 78701

(or at such other address in care of such other person as hereafter shall be designated in writing by any party). With respect to any notices to the BOARD, SYSTEM, or UTSCC involving intellectual property right matters, a copy shall be sent to:

System Intellectual Property  
Officer  
Office of General Counsel  
The University of Texas System  
201 West 7th Street  
Austin, Texas 78701

X.

CONFIDENTIAL INFORMATION

A. BOARD, UTSCC and LICENSEE each agree that all information relating to the research and development project referred to in Article VI hereof and the Licensed Subject Matter and contained in documents marked "Confidential" which are forwarded to one by the other shall be received in strict confidence, used only for the purposes of this Agreement or said R & D Agreement, and not disclosed by the recipient party (except as required by the Texas Open Records Act), its agents or employees without the prior written consent of the other party, unless such information (i) was in the public domain at the time of disclosure, (ii) later became part of the public domain through no act or omission of the recipient party, its employees, agents, successors, or assigns, (iii) was lawfully disclosed to the recipient party by a third party having the right to disclose it, (iv) was already known by the recipient party at the time of disclosure or (v) was independently developed or is required to be submitted to a government agency pursuant to any obligation imposed or right granted hereunder.

Each party's obligation of confidence hereunder shall be fulfilled by using the same degree of care with the other party's confidential information it uses to protect its own confidential information. Nothing contained herein shall prevent BOARD, UTSCC or LICENSEE, its Subsidiaries or its sublicensees from disclosing information to the extent such information is required to be disclosed, and after securing or making a good faith effort to secure, confidentiality limitations comparable to the foregoing, (i) in connection with the securing of necessary governmental authorization for LICENSEE's, its Subsidiaries' or sublicensees' manufacture, use or sale of a Licensed Patented Product or Process or Licensed Non-Patented Product or Process, (ii) for the purpose of BOARD's, UTSCC's, LICENSEE's, or any of their Subsidiaries' or sublicensees' compliance with governmental regulations, (iii) for the purpose of sublicensing or distribution and sale as provided for herein, or (iv) in connection with the development, manufacture, use or sale of any Licensed Patented Product or Process or Licensed Non-Patented Product or Process as provided for herein.

Except as herein expressly provided or in the R & D Agreement, UTSCC further agrees that it will not use the Base Technology, Products, Improvements or Proprietary Property (as defined in said R & D Agreement) for its own benefit or for the benefit of any party other than LICENSEE, and that any such use (except as provided for non-commercial academic purposes) shall be solely for the performance of its obligations under such Agreements. It shall obtain appropriate written agreements in

form satisfactory to LICENSEE from all persons other than employees that may have access to the Base Technology, Products, Improvements or Proprietary Property pursuant to which such party agrees to so maintain in strict confidence all such material and not to use such material except for the benefit of LICENSEE, and shall ensure that all employees shall likewise maintain the confidentiality of all such information and shall not use such material except as permitted in such Agreements. The obligations imposed by this section shall exist for so long as this License Agreement is in force and for a period of three (3) years thereafter.

XI.

ENTIRE AGREEMENT

A. This Agreement, together with the R & D Agreement attached hereto as Exhibit D, contains the entire agreement and understanding between the parties with respect to the subject matter hereof, and merges all prior discussions, representations and negotiations with respect to the subject matter of this Agreement and is to be interpreted in accordance with the Laws of the State of Texas.

XII.

ASSIGNMENT

A. This Agreement may not be assigned by either party, without the prior written consent of the other, which consent shall not be unreasonably withheld, provided that LICENSEE may assign this Agreement to any purchaser or transferee of all or substantially all of LICENSEE's business upon prior written

notice to BOARD, and provided further, that nothing shall prevent LICENSEE from entering into sublicensing agreements with other parties. This Agreement shall be binding upon and inure to the benefit of BOARD, LICENSEE and their respective permitted assigns and successors in interest.

LICENSEE agrees that it shall use its best efforts to provide copies of all sublicenses and assignments to UTSCC.

### XIII.

#### REPRESENTATIONS AND WARRANTIES

BOARD, and where applicable, UTSCC, make the following representations and warranties, as of the effective date hereof:

A. BOARD represents and warrants that it is the owner of the entire right, title and interest in and to the BOARD Patent Rights, including without limitation the patents and patent applications listed on Schedule I., and the BOARD Technical Information and that there are no outstanding liens, encumbrances, agreements or understandings of any kind, either written, oral or implied which are inconsistent with any provision of this Agreement, except to the extent that research funded by Federal Government grants may be subject to a reserved non-exclusive license to the Government. Except for the foregoing, BOARD represents and warrants that it has the sole right to grant licenses under the BOARD Patent Rights and BOARD Technical Information and that it has not granted licenses to any other person.

B. BOARD represents and warrants that no individual or entity has asserted that BOARD, or any employee, agent, representative or other person affiliated with BOARD is infringing or has

infringed any foreign or domestic patent or has misappropriated or improperly used or disclosed any trade secret, confidential information or know-how which relates in any manner to the subject matter of this Agreement.

C. BOARD represents and warrants that it has no knowledge that any person or individual is infringing or has infringed any foreign or domestic patent included within the BOARD Patent Rights, or has misappropriated or improperly used or disclosed any trade secret, confidential information, or know-how included within the BOARD Technical Information.

D. BOARD represents and warrants that no patent or patent application listed on Schedule I. is the subject of any re-examination proceeding or any pending interference, opposition, cancellation or other protest proceeding.

E. BOARD represents and warrants that it has no knowledge of any foreign or domestic patent or patent application which is reasonably expected by BOARD to restrict LICENSEE from manufacturing, using or selling any Licensed Patented Product or Process any Licensed Non-Patented Product or Process or any portion of the BOARD Technical Information.

F. BOARD and UTSCC represent and warrant that neither of them is aware of any sponsored research and development program between either of them or any other component of System and a party other than LICENSEE which relates to or in any way affects the Licensed Subject Matter.

XIV.

INDEMNIFICATION

A. LICENSEE agrees to indemnify and hold harmless UTSCC, SYSTEM, BOARD and their Regents, officers, agents and employees ("Indemnified Person") from any liability, loss or damage they may suffer as a result of claims, demands, costs or judgments against them arising out of the activities conducted pursuant to this Agreement, provided, however, that any such liability, loss or damage resulting from, arising out of, or incident to, directly or indirectly, the following subsections a. or b. is excluded from this indemnification:

a. Any negligent or willful failure to comply with any applicable FDA or other governmental requirements; or

b. The negligence or willful malfeasance of an Indemnified Person.

Each Indemnified Person agrees to endeavor to provide LICENSEE with a copy of a notice of claim or action which is a matter subject to indemnification in accordance with the terms hereof, in order for LICENSEE to defend such claim or action. LICENSEE shall have the right to control the defense of any such claim or action, at its own expense. The Indemnified Person or Persons agree to cooperate with LICENSEE in the defense of such claim or action. Failure of the Indemnified Person to notify LICENSEE as required above or to cooperate with LICENSEE, which failure materially adversely affects LICENSEE's ability to defend such claim or action or directly results in LICENSEE incurring liability hereunder, shall relieve LICENSEE from any obligation of indemnification hereunder.

XV.

PUBLICITY AND NEWS RELEASES

BOARD, UTSCC and LICENSEE acknowledge that any party hereto may wish to distribute periodically informational releases and announcements to the news media regarding this Agreement. No party shall release such materials containing the name of another party or any of its employees without the prior approval by an authorized representative of such party, which said approval shall not be unreasonably withheld. Should a party reject a proposed news release, the parties agree to discuss the reasons for such rejection, and every effort shall be made to develop an appropriate informational news release.

XVI.

MISCELLANEOUS

A. CAPTIONS. The captions in this Agreement are for convenience only and shall not be considered a part of or affect the construction or interpretation of any provision of this Agreement.

B. SEVERABILITY. If any term or other provision of this Agreement is held to be invalid, illegal or incapable of being enforced by any rule of law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith

to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the extent possible.

C. EFFECTIVE DATE. This Agreement shall be effective as of the date of execution hereof.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the 15<sup>th</sup> day of OCTOBER, 1986.

ATTEST:

THE MACROPHAGE COMPANY, INC.

Jeffrey R. Hamble  
Secretary

BY: Mark P. Sutter

TITLE: President

ATTEST:

THE UNIVERSITY OF TEXAS SYSTEM  
CANCER CENTER

Carmen B Stallings

BY: Steven C. Schultz  
Steven C. Schultz



TITLE: Executive Vice President  
for Administration

FORM APPROVED:

[Signature]  
Office of General Counsel  
The University of Texas System

CONTENT APPROVED:  
(FOR U.T. SYSTEM)

BOARD OF REGENTS OF THE  
UNIVERSITY OF TEXAS SYSTEM

BY: \_\_\_\_\_

BY: \_\_\_\_\_

TITLE: \_\_\_\_\_

TITLE: \_\_\_\_\_

CERTIFICATE OF APPROVAL

I hereby certify that the foregoing Agreement was approved by the Board of Regents of The University of Texas System on the \_\_\_\_\_ day of \_\_\_\_\_ 1986, and that the person whose signature appears above is authorized to execute such Agreement on behalf of the Board.

\_\_\_\_\_  
Executive Secretary, Board  
of Regents  
The University of Texas System

Exhibit A  
to  
Exclusive License Agreement

To induce the LICENSEE to deliver the above-specified Common Stock to the BOARD, BOARD hereby represents and warrants to the LICENSEE as follows:

1. BOARD is acquiring the Common Stock for its own account as principal, for investment purposes only, and not with a view to, or for, resale or distribution, and no other person has a direct or indirect beneficial interest in the Common Stock;

2. The BOARD has not offered any of the Common Stock for resale and has no present intention of dividing its interest with others or of reselling or otherwise disposing of the Common Stock;

3. The BOARD further represents, warrants and agrees that it will not sell or otherwise dispose of the Common Stock without registration under the Securities Act of 1933, as amended (the "Act"), or an exemption therefrom, and fully understands and agrees that it must bear the economic risk of its investment for an indefinite period of time because, among other reasons, the Common Stock has not been registered under the Act or under the securities laws of any state and, therefore, cannot be resold, pledged, assigned or otherwise disposed of unless they are subsequently registered under the Act and under the applicable securities laws of such states or an exemption from such registration is available. BOARD also understands that the LICENSEE is under no obligation to register the Common Stock on its behalf or to assist it in complying with any exemption from registration under the Act. BOARD further understands that any certificate evidencing the Common Stock will bear a legend restricting the transfer thereof consistent with the foregoing and that a notation may be made in the records of the LICENSEE restricting the transfer of any Common Stock in a manner consistent with the foregoing.

C. The BOARD acknowledges that it is aware that:

(1) No federal or state agency has passed upon the Common Stock or made any finding or determination as to fairness of this investment;

(2) There are substantial risks of loss of investment incident to an investment in the Common Stock and such an investment is highly speculative;

(3) The LICENSEE is only recently organized, has not conducted any substantial business to date and does not have any substantial working capital or financial resources. The business in which the LICENSEE proposes to engage is highly speculative and success in the LICENSEE's business may depend on, among other things, the LICENSEE's ability to obtain financing, to complete product development, to

attract qualified employees and to obtain patent protection and governmental approvals, market acceptance of products and numerous other facts over which the LICENSEE does not have control.

Exhibit "A"  
Page 2 of 2

Exhibit B  
to  
Exclusive License Agreement

Schedule of Funding by Board of Regents

Amount of Funds Contributed by Board	Amount of Series A Preferred Stock to be Issued	Amount of Common Stock to be Forfeited	New Royalty Amount IV.A.1	New Royalty Amount IV.A.2
- 0 -	- 0 -	- 0 -	No Change	No Change
\$ 50,000	100,000	67,000	3.5%	2.33%
\$100,000	200,000	133,000	4.0%	2.67%
\$150,000	300,000	200,000	4.5%	3.00%
\$200,000	400,000	267,000	5.0%	3.33%
\$250,000	500,000	333,000	5.5%	3.67%
\$300,000	600,000	400,000	6.0%	4.00%

Exhibit C  
to  
Exclusive License Agreement

<u>Principal Amount of 8% Convertible Notes Redeemed by LICENSEE</u>	<u>Amount of Series A Preferred Stock Issued Upon Con- version of 8% Convertible Notes</u>	<u>Amount of Shares to be Exercisable under Stock Pur- chase Warrants at \$.10/share</u>
-0-	600,000	-0-
50,000	500,000	25,000
100,000	400,000	50,000
150,000	300,000	75,000
200,000	200,000	100,000
250,000	100,000	125,000
300,000	-0-	150,000

Exhibit D  
to  
Exclusive License Agreement

C O P Y

RESEARCH AND DEVELOPMENT CONTRACT

THIS RESEARCH AND DEVELOPMENT CONTRACT ("Agreement") by and between The Macrophage Company, Inc., a Delaware corporation ("Macrophage"), having its principal place of business at 2201 Timberloch Place, The Woodlands, Texas 77380, and The University of Texas System Cancer Center ("UTSCC"), a component institution of The University of Texas System ("System"), which is governed by a Board of Regents ("Board"), said institution having its principal place of business at 6723 Bertner Avenue, Houston, Texas 77030, shall be effective as hereinafter provided.

WITNESSETH:

WHEREAS, Macrophage has separately entered into an Exclusive License Agreement ("License Agreement") with the Board, effective as of the date hereof, whereby the Board has granted Macrophage an exclusive, worldwide license with respect to certain patents, patent applications, and technical information, all as described in said License Agreement;

WHEREAS, Macrophage has agreed in said License to contribute funds to UTSCC for further research and development of the Licensed Subject Matter (as defined therein), in accordance with the agreement of the parties; and

WHEREAS, Macrophage and UTSCC are desirous of entering into this Agreement in order to further provide for the rights and obligations of the parties with respect to the research and development activities conducted by UTSCC.

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

1. **DEFINITIONS.** The following defined terms will have the following meanings for purposes of this Agreement:

1.1 **"Actual Costs"** means all direct and indirect costs reasonably incurred by UTSCC in performing its obligations under this Agreement as determined in accordance with generally accepted accounting principles, plus overhead at a rate of 25% of all direct costs incurred hereunder, excluding capital expenditures, which such costs will include without limitation: (i) salaries and wages; (ii) development and prototype materials; (iii) data processing costs; (iv) travel expenses; (v) outside purchased services; (vi) facilities and equipment related expenses; (vii) payroll taxes; (viii) fringe benefits; (ix) contract labor; (x) communications expense; (xi) supplies; (xii) freight and transportation; (xiii) insurance; (xiv) depreciation and amortization of capital acquisitions; (xv) professional services; (xvi) sales and use taxes; (xvii) periodic lease payments;

and (xviii) equipment rentals, but will exclude capital expenditures.

1.2 "Base Technology" means the design means, methods and techniques in existence as of the effective date of this Agreement and which, whether patentable or not, are the proprietary information, technology, and know-how of the Board, or UTSCC, and which relate to the development of the Licensed Subject Matter, as defined in the License Agreement. In addition to all related confidential information not generally known to the public, together with associated documentation and materials, the Base Technology includes, but is not limited to, the following: the Board Patent Rights, Board Technical Information, Licensed Patented Products or Processes, Licensed Non-Patented Products or Processes, and Licensed Subject Matter, as said terms are defined in the License Agreement, and as in existence as of the effective date hereof.

1.3 "Products" means any Licensed Patented Product or Process, or any Licensed Non-Patented Product or Process, as said terms are defined in the License Agreement.

1.4 "Proprietary Property" means all technical information, know-how, trade secrets and all documents and materials reflecting the same, including, without limitation, patents, patent applications, inventor's certificates, utility models, copyrights, and other proprietary rights related thereto, relating to the Products or Improvements and conceived or developed during the term of this Agreement. "Proprietary Property" also includes, without limitation, the following materials: specifications for Products and Improvements; test results and data; notebooks, notes and memos; software; manuals; and drawings.

1.5 "Improvement" or "Improvements", where used in this Agreement, means any change, improvement or modification to the Base Technology which is developed by UTSCC as a result of the activities under this Agreement, and any compositions, products and uses resulting therefrom.

1.6 "New Technology" means, (i) during the term of this Agreement, any invention, discovery, know-how, trade secrets, and technical information developed by UTSCC as a result of the activities under this Agreement but which is totally unrelated to the Base Technology and therefore is not included as an Improvement, and (ii) after the expiration of this Agreement, any invention, discovery, know-how, trade secrets, and technical information developed by UTSCC which relates to or improves the Base Technology, the Products, the Improvements or the Proprietary Property.

1.7 "Project" means the research and development work to be conducted hereunder to develop the Base Technology. The anticipated scope of such work is defined by the Scope of Work, attached hereto as Exhibit A, and as may be subsequently modified

upon the agreement of the parties hereto as provided in Section 2.2 hereof.

1.8 "Project Completion Date" means the earlier of (i) the date of completion of the design and development tasks within the scope of the Project, or (ii) two years from the effective date of this Agreement, unless extended by agreement of the parties.

## 2. RESEARCH AND DEVELOPMENT SERVICES.

2.1 **UTSCC's Efforts.** UTSCC hereby agrees to use its best efforts to utilize the Base Technology to develop and reduce to practice the Proprietary Property, the Improvements, and the Products, and to perform all research and development reasonably necessary pertaining to the Project. UTSCC will not be obligated to perform research and development hereunder to the extent Macrophage does not have available sufficient funds to make prompt and timely payment of the fees set forth in Section 3 hereof.

2.2 **Modifications in Scope of Work.** UTSCC will keep Macrophage advised in writing of developments known to UTSCC in technologies which it reasonably believes to have potential application to development of the Products, the Improvements, and Proprietary Property, and from time to time will consult with Macrophage regarding possible modifications to the Scope of Work. In the event of a proposed modification to the Scope of Work, UTSCC may, and will if requested to do so by Macrophage in writing, prepare budgets in accordance with UTSCC's applicable accounting policies applied on a consistent basis indicating (a) remaining projected Actual Costs to be incurred to complete the Project under the Scope of Work as then in effect, and (b) remaining projected Actual Costs to be incurred to complete the Project under the Scope of Work if modified as proposed. Any modifications to the Scope of Work will require the written agreement of Macrophage and UTSCC, provided that UTSCC will not withhold its agreement to any such modification if Macrophage establishes to the reasonable satisfaction of UTSCC that Macrophage will have funds available to pay in full when due all projected payments to be made to the UTSCC on account of Actual Costs incurred in performing under the Scope of Work as so modified.

2.3 **Additional Research.** In the event that Macrophage desires UTSCC to engage in research and development activities which are in addition to and different than the Project and the Scope of Work attached hereto as Exhibit A (other than those modifications to the Scope of Work which may occur in connection with Section 2.2 above), Macrophage and UTSCC shall endeavor in good faith to enter into a research or development agreement which is similar to this Agreement.

2.4 **Activities by UTSCC.** Macrophage and UTSCC recognize and acknowledge that the activities to be conducted by the

employees of UTSCC shall be subject in all events, to the Rules and Regulations of the Board of Regents for the Government of the University of Texas System (the "Rules and Regulations") and to the Code of Ethics adopted by the Texas Legislature (V.C.S. 6252-9b) (the "Code of Ethics"), and it is the intent of Macrophage and UTSCC that the obligations of UTSCC hereunder be consistent with, and if found to conflict with, be subject and subordinate to, the Rules and Regulations and the Code of Ethics, or such similar rules and statutes of any alternate or successor academic institution.

### **3. FUNDING COMMITMENT.**

**3.1 Commitment Breakdown.** The total funding commitment by Macrophage to the Project is Six Hundred Thousand Dollars (\$600,000.00), and shall be applied in the following three methods: (i) the sum of \$413,000.00 shall be paid to UTSCC over the term of this Agreement, on a quarterly basis, commencing October 1, 1986, and shall be used for the items detailed as "Paid to UTSCC" on Exhibit B hereto: the quarterly amount during year one shall be equal to \$39,161.00, and in year two shall be equal to \$46,807.25, provided however, that the sum of \$69,127.00 for institutional overhead shall also be due with the payment for the fourth quarter of year two; (ii) the sum of \$131,775.00 shall be used by Macrophage in the direct purchase of animals, supplies and equipment for the Project, generally in the amounts set out on Exhibit B hereto; and (iii) the sum of \$55,000.00 shall be used by Macrophage as working capital and applied as Macrophage deems appropriate in its sole discretion to the development of the company and/or the furtherance of the Project. The parties agree that the Budget attached as Exhibit B may be modified by mutual agreement, should the parties so desire.

UTSCC agrees to use the payments made to it for Actual Costs of the Project, in accordance with the Budget attached as Exhibit B. If any sum paid by Macrophage to UTSCC remains at the Project Completion Date, such amount shall be refunded to Macrophage within sixty (60) days unless otherwise agreed to by the parties in writing.

**3.2 Budget Adjustments.** Macrophage shall make additional payments to UTSCC for all Actual Costs reasonably incurred and previously approved in writing by Macrophage that exceed the budgeted Actual Costs, but Macrophage shall not otherwise be responsible for any other costs, expenses or services incurred or rendered by UTSCC.

**3.3 Maximum Cost.** In no event will Macrophage be liable for work done or expenditures incurred pursuant to this Agreement in an amount greater than the funding commitment set out in Section 3.1 above, without prior written consent of Macrophage.

#### 4. CONFIDENTIALITY AND PUBLICATION.

4.1 **Non-Commercial Use.** The parties hereto acknowledge that, while BOARD owns the Base Technology and has licensed such technology on an exclusive basis to Macrophage, UTSCC may continue to use the Base Technology during and after the term of this Agreement for non-commercial, academic purposes, including research and development, but, in doing so, UTSCC shall, except in accordance with the terms of the License Agreement and this Agreement, make no publications or other disclosures thereof or license or otherwise transfer any such technology.

4.2 **Confidentiality Obligations.** Board, UTSCC and Macrophage each agree that all information relating to the research and development project referred to herein and the Licensed Subject Matter and contained in documents marked "Confidential" which are forwarded to one by the other shall be received in strict confidence, used only for the purposes of this Agreement, or the License Agreement, and not disclosed by the recipient party (except as required by the Texas Open Records Act), its agents or employees without the prior written consent of the other party, unless such information (i) was in the public domain at the time of disclosure, (ii) later became part of the public domain through no act or omission of the recipient party, its employees, agents, successors, or assigns, (iii) was lawfully disclosed to the recipient party by a third party having the right to disclose it, (iv) was already known by the recipient party at the time of disclosure or (v) was independently developed or is required to be submitted to a government agency pursuant to any obligation imposed or right granted hereunder or under the License Agreement.

Each party's obligation of confidence hereunder shall be fulfilled by using the same degree of care with the other party's confidential information it uses to protect its own confidential information. Nothing contained herein shall prevent Board, UTSCC or Macrophage, its subsidiaries or its sublicensees, from disclosing information to the extent such information is required to be disclosed, and after securing or making a good faith effort to secure, confidentiality limitations comparable to the foregoing, (i) in connection with the securing of necessary governmental authorization for Macrophage's, its subsidiaries' or sublicensees' manufacture, use, or sale of a Licensed Patented Product or Process or Licensed Non-Patented Product or Process, (ii) for the purpose of Board's, UTSCC's, Macrophage's or any of their subsidiaries' or sublicensees' compliance with governmental regulations, (iii) for the purpose of sublicensing or distribution and sale as provided for herein, or (iv) in connection with the development, manufacture, use or sale of any Licensed Patented Product or Process or Licensed Non-Patented Product or Process as provided for in the License Agreement.

Except as expressly provided herein or in the License Agreement, UTSCC further agrees that it will not use such Base Tech-

nology, Products, Improvements, or Proprietary Property for its own benefit or for the benefit of any party other than Macrophage, and that any such use (except as provided for in Section 4.1 for non-commercial academic purposes) shall be solely for the performance of its obligations under such Agreements. It shall obtain appropriate written agreements in form satisfactory to Macrophage from all persons other than employees that may have access to the Base Technology, Products, Improvements, or Proprietary Property pursuant to which such party agrees to so maintain in strict confidence all such material and not to use such material except for the benefit of Macrophage, and shall ensure that all employees shall likewise maintain the confidentiality of all such information and shall not use such material except as permitted in such Agreements. The obligations imposed by this section shall survive termination of this Agreement and continue for so long as the License Agreement is in force and for a period of three (3) years thereafter.

**4.3 Publication Procedures.** UTSCC and its personnel shall have the right to publish results of the work conducted by them on behalf of Macrophage under this Agreement, in accordance with the terms hereof. A copy of each proposed publication shall be provided to Macrophage at least ninety (90) days in advance of submission for publication thereof to permit Macrophage to comment thereon and to allow UTSCC and its personnel to make corrections or revisions, where appropriate, and to permit Macrophage or Board time in which to prepare application(s) for Letters Patent treating the subject matter of such publication or to take other steps necessary to protect such proprietary rights. UTSCC shall refrain from submitting such manuscript or information for publication until the expiration of such review period. Any proposed publication provided to Macrophage shall be considered as acceptable for the submission for publication unless Macrophage notifies UTSCC within said ninety (90) days period that in Macrophage's judgment, such publication discloses developments which are potentially patentable and may be necessary or useful to the commercial exploitation of any Products, Improvements, the Base Technology, or Proprietary Property. If Macrophage notifies UTSCC in writing that such publication does disclose potentially patentable developments, UTSCC shall refrain from submitting such manuscript or publication for the duration of the above-referenced ninety (90) day period following delivery to Macrophage of such notice, in order for Board or Macrophage to take steps to prepare and file patent applications.

**4.4 Publicity and News Releases.** Board, UTSCC and Macrophage acknowledge that any party hereto may wish to distribute periodically informational releases and announcements to the news media regarding this Agreement. No party shall release such materials containing the name of another party or any of its employees without the prior approval by an authorized representative of such party, which said approval shall not be unreasonably withheld. Should a party reject a proposed new release, the parties agree to discuss the reasons for such rejection, and

every effort shall be made to develop an appropriate informational news release.

## **5. OWNERSHIP, LICENSE, AND RIGHT OF FIRST REFUSAL.**

**5.1 Ownership of Technology.** Subject to Section 5.2 below, Board will have the sole and exclusive right, title and ownership in and to the Base Technology, the Products, all Improvements, all New Technology, and all Proprietary Property conceived or developed pursuant to this Agreement and/or the work done in connection with this Agreement, and all confidential information not generally known to the public, including knowledge, techniques, processes, patents and inventions developed by UTSCC hereunder and used in developing, improving, modifying or enhancing the Base Technology, the Products and the Proprietary Property, or otherwise, provided however, that in the event funds provided by Macrophage hereunder were used to purchase any equipment to support the research activities of UTSCC, such equipment shall be owned exclusively by Macrophage.

**5.2 License of Technology.** Board and UTSCC hereby grant to Macrophage an exclusive, world-wide license, including the right to grant sublicenses, in and to the Base Technology, the Products, the Improvements, and all Proprietary Property conceived or developed pursuant to this Agreement and or work done in connection with this Agreement, to manufacture, use, market and sell any Products and Improvements, throughout the United States of America, its territories and possessions, and in all foreign countries, on the same terms and conditions, with the identical rights and obligations, and governed in all respects by the License Agreement.

**5.3 Right of First Refusal.** UTSCC hereby agrees that it shall engage in good faith negotiations with Macrophage on an exclusive basis, for a period of up to ninety (90) days, concerning the terms and conditions under which UTSCC and Board shall agree to license, on an exclusive basis, to Macrophage any and all New Technology conceived or developed by UTSCC, prior to UTSCC or Board discussing such New Technology with any other potential licensee or sponsor. Macrophage agrees, however, that any technology which is developed as a result of a research and development program sponsored by another firm as of the date hereof is excluded from this right of first refusal if such firm has rights to such technology. UTSCC agrees that it shall (1) refrain from disclosing such patentable technology to third parties or entering into negotiations or agreements with third parties with regard to the disposition of a development except as otherwise expressly permitted by this Section; and (2) give Macrophage prompt written notice of any such development, which notice shall specify all relevant technical and scientific information pertaining to the technology in sufficient detail to permit Macrophage to reasonably assess its interest in the technology and UTSCC's projected research funding requirements, if any (the "Development Notice"). If Macrophage delivers notice to

UTSCC of its interest in a development ("Notice of Interest") within 90 days of delivery of the Development Notice, Macrophase and UTSCC shall undertake negotiations for the acquisition by Macrophase of rights to the development. If Macrophase fails to deliver a timely Notice of Interest, or if UTSCC, Board and Macrophase fail to enter into a written agreement within 90 days of delivery of the Notice of Interest or such additional time as may be agreed to by the parties, Board and UTSCC shall be free to consult with and license said technology to any other firm on the same terms and conditions as were last offered to Macrophase, provided, however, that if the proposed terms of said license agreement to a third party vary from those offered to Macrophase, Board and UTSCC shall first offer the new terms to Macrophase, which shall have 10 days to accept or reject. In the event Board and UTSCC do not successfully license such technology to a third party within 360 days of the expiration of the offer period to Macrophase, then Board and UTSCC shall no longer be free to offer said technology to a third party without first offering it to Macrophase.

This right of first refusal by Macrophase shall exist so long as the License Agreement between Macrophase and the Board is in effect, and in no event beyond the termination of said License Agreement. Macrophase and UTSCC agree that they will use their respective best efforts to comply in all material respects with the terms of this Section 5.3.

**5.4 Patents.** UTSCC will cooperate with Macrophase in taking such actions as Macrophase reasonably requests for the purposes of filing and obtaining copyright registrations, patents and other suitable forms of protection on the machines, processes, manufactures, designs and works of authorship of the Base Technology, Products, Improvements, and Proprietary Property, and securing title to such forms of protection in the Board and enforcing the Board's and Macrophase's rights therein, if any, all in accordance with the terms of Article VII of the License Agreement.

**5.5 Survival after Termination.** The provisions of this Article 5 shall survive termination of this Agreement.

## **6. REPORTS AND RECORDS.**

**6.1 Progress Reports.** UTSCC will provide to Macrophase on a semi-annual basis a written report on the progress of the Project, in such detail as Macrophase may reasonably request, apprising Macrophase of progress to date in the development of the Base Technology, the Products, the Improvements, the New Technology, and the Proprietary Property, including, but not limited to, any delays or difficulties experienced or anticipated which may materially delay completion of the Project, increase the cost of the Project to Macrophase, or adversely affect the likelihood of successful completion of the Products, the Improvements, or the Proprietary Property. Such reports will be due

on July 30 and January 30 of each year and shall be in such form as the parties shall agree. UTSCC grants MacroPhage the right under UTSCC's copyright to make a limited number of copies for internal purposes only.

**6.2 UTSCC's Financial Records and Reports.** UTSCC will keep and maintain, in accordance with generally accepted accounting principles and accounting policies of UTSCC applied on a consistent basis, proper and complete records and books of account documenting all Actual Costs incurred. UTSCC agrees to permit independent certified public accountants retained by MacroPhage reasonable access to such records to verify the Actual Costs incurred and billed to MacroPhage, if requested. UTSCC will permit MacroPhage to have conducted at the expense of MacroPhage, by a firm of independent certified public accountants, an audit of UTSCC's activities, charges and expenditures charged or incurred by UTSCC with respect to the Project during each fiscal year.

**6.3 Financial and Confidentiality Obligations.** MacroPhage will keep confidential and will not disclose to any third party without the prior written consent of UTSCC all financial information provided to MacroPhage in statements delivered to MacroPhage or obtained by MacroPhage through access of its independent certified public accountants to the books and records of UTSCC, except to the extent MacroPhage is of the opinion that information with respect thereto should be disclosed to its shareholders for the purpose of providing to its shareholders adequate and complete disclosure with respect to its ongoing activities and obligations. UTSCC agrees to such full and complete disclosure of any and all information developed or otherwise provided by UTSCC. UTSCC will keep confidential and will not disclose to any third party without the prior written consent of MacroPhage all financial information of MacroPhage provided in financial statements delivered to or by UTSCC. The obligations of this Section 6.3 will not extend to information (a) to the extent necessary for the receiving party to prosecute any claim arising under this Agreement or (b) that is available for disclosure as provided in Section 4.3 hereof.

## **7. DISCLAIMERS, LIMITATIONS OF LIABILITY, AND INDEMNITY.**

**7.1 UTSCC's Disclaimers.** Except for its covenant to use its best efforts as set forth in Section 2.1, UTSCC HEREBY DISCLAIMS ANY AND ALL WARRANTIES AND REPRESENTATIONS, EXPRESS OR IMPLIED, WITH RESPECT TO ITS RESEARCH AND DEVELOPMENT EFFORTS HEREUNDER, INCLUDING WITHOUT LIMITATION (a) WHETHER THE BASE TECHNOLOGY, PROPRIETARY PROPERTY, PRODUCTS, OR IMPROVEMENTS CAN BE SUCCESSFULLY DEVELOPED BY UTSCC, (b) WHETHER THE PRODUCTS, IMPROVEMENTS OR PROPRIETARY PROPERTY AS DEVELOPED BY UTSCC CAN BE COMMERCIALY MARKETED OR EXPLOITED, AND (c) THE PERFORMANCE, UTILITY, RELIABILITY, SUITABILITY FOR ANY PARTICULAR PURPOSE OR

ACCURACY OF THE BASE TECHNOLOGY, PRODUCTS, IMPROVEMENTS, OR PROPRIETARY PROPERTY AS CONCEIVED OR DEVELOPED BY UTSCC HEREUNDER.

**7.2 Macrophage Disclaimers.** MACROPHAGE DISCLAIMS ANY AND ALL WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, THOSE SET FORTH IN PARAGRAPHS (a), (b) AND (c) OF SECTION 7.1 ABOVE. THE SOLE LIABILITY OF MACROPHAGE HEREUNDER WILL BE FOR PAYMENT OF THE ACTUAL COSTS AND THE BUDGET ADJUSTMENTS PROVIDED FOR IN SECTION 3.2 ABOVE.

**7.3 Limitations on Liability.** Neither party hereunder will have any liability to the other party hereto for any incidental, consequential or special damages, or under any claims of strict liability, infringement of patent, copyright or other proprietary rights, breach of warranty or negligence or other nonintentional tort.

**7.4 Indemnification of License.** Macrophage agrees to indemnify and hold harmless UTSCC, System, Board and their Regents, officers, agents and employees ("Indemnified Persons") from any liability, loss or damage they may suffer as a result of claims, demands, costs or judgments against them arising out of the activities conducted pursuant to the License Agreement or this Agreement, provided however, that any such liability, loss or damage resulting from, arising out of, or incident to, directly or indirectly, the following subsections a. or b. is excluded from this indemnification:

a. Any negligent or willful failure to comply with any applicable FDA or other governmental requirements; or

b. The negligence or willful malfeasance of an Indemnified Person.

Each Indemnified Person agrees to endeavor to provide Macrophage with a copy of a notice of claim or action which is a matter subject to indemnification in accordance with the terms hereof or of the License Agreement, in order for Macrophage to defend such claim or action. Macrophage shall have the right to control the defense of any such claim or action, at its own expense. The Indemnified Person or Persons agree to cooperate with Macrophage in the defense of such claim or action. Failure of the Indemnified Person to notify Macrophage as required above or to cooperate with Macrophage, which failure materially adversely affects Macrophage's ability to defend such claim or action or directly results in Macrophage incurring liability hereunder, shall relieve Macrophage from any obligation of indemnification hereunder.

## **8. TERM, DEFAULT, AND TERMINATION.**

**8.1 Term.** The term of this Agreement will commence on the effective date hereof and end on the Project Completion Date.

**8.2 Macrophage Noncompliance.** In the event Macrophage is late in the payment of any amounts due UTSCC hereunder, UTSCC may (a) suspend its research and development efforts hereunder until all such past due amounts are paid in full, and/or (b) on not less than sixty (60) days prior written notice to Macrophage terminate this Agreement and all the rights and obligations of the parties hereunder (other than the obligations described in Section 8.6 hereof and the obligation to pay any amounts past due and owing) shall terminate, unless all such past due amounts are paid in full within such notice period.

**8.3 UTSCC Noncompliance.** In the event of any failure to perform or comply with any of UTSCC's obligations hereunder, Macrophage may, on not less than sixty (60) days prior written notice to UTSCC specifying such nonperformance or noncompliance, may terminate this Agreement and all the rights and obligations hereunder (other than the obligations described in Section 8.6 hereof and the obligation to pay any amounts past due and owing) of the parties shall terminate, unless such nonperformance or noncompliance is corrected within such notice period; provided that if such nonperformance or noncompliance cannot be corrected within such notice period, this Agreement will continue if and for so long as UTSCC commences within such notice period and continues its best efforts to correct such nonperformance or non-compliance.

**8.4 Discontinuance of Business, Bankruptcy.** In the event either Macrophage or UTSCC (a) discontinues business, (b) applies for or consents to appointment of a receiver, trustee or liquidator for it or all or a substantial portion of its assets, (c) has filed against it an involuntary petition in bankruptcy which is not dismissed or stayed within one hundred twenty (120) days of filing, or (d) files a voluntary petition in bankruptcy or a petition or answer seeking reorganization or an arrangement with creditors or seeking to take advantage of any other law (whether federal or state) relating to relief of debtors, then at any time thereafter for so long as such event continues in effect, UTSCC, with respect to any such action by or against Macrophage, and Macrophage, with respect to any such action by or against UTSCC, may terminate this Agreement with respect to such defaulting party upon written notice thereof to the defaulting party.

**8.5 Project Failure.** In the event that Macrophage determines in its reasonable business judgment after consultation with UTSCC that the Project cannot be successfully completed, or that the Proprietary Property, the Improvements and Products as completed will have insufficient commercial value (due, for example, to anticipated costs of completion of development or market factors) to warrant further investment by Macrophage, or that Macrophage cannot obtain sufficient acceptable financing required for further development efforts, or for any other reason, Macrophage may terminate this Agreement on sixty (60) days prior written notice to UTSCC and all the rights and obligations of the parties hereunder (other than the obligations described in

Section 8.6 hereof and the obligation to pay any amounts past due and owing) shall terminate.

**8.6 Survival of Obligations.** The obligations of Macrophage under Article 3 for Actual Costs incurred prior to expiration or termination of this Agreement, the confidentiality obligations of Article 4 and Section 6.3, the provisions of Articles 5 and 7 and any other provisions of this Agreement which by their terms extend beyond termination or expiration of this Agreement will survive termination or expiration of this Agreement.

## **9. MISCELLANEOUS**

**9.1 Assignability.** The rights, duties, benefits, privileges and obligations of this Agreement may not be assigned by either the UTSCC or Macrophage.

**9.2 Entire Agreement.** Together with the License Agreement, this Agreement sets forth the entire agreement of the parties with respect to the subject matter hereof, and this Agreement may not be modified except by a writing signed by authorized representatives of the parties hereto.

**9.3 Validity of Provisions, Severability.** If any provision of this Agreement is, becomes or is deemed invalid, illegal, or unenforceable in any jurisdiction, (a) such provision will be deemed amended to conform to applicable laws of such jurisdiction so as to be valid and enforceable or, if it cannot be so amended without materially altering the intention of the parties, it will be stricken, (b) the validity, legality and enforceability of such provision will not in any way be affected or impaired thereby in any other jurisdiction, and (c) the remainder of this Agreement will remain in full force and effect.

**9.4 Governing Law.** This Agreement and the rights of the parties hereunder shall be governed by and interpreted in accordance with the laws of the State of Texas.

**9.5 Counterparts.** This Agreement may be executed in any number of counterparts, each of which will be deemed an original and all of which will constitute together but one and the same document.

**9.6 Effective Date.** This Agreement shall be effective as of the date of execution hereof.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the 13<sup>th</sup> day of October, 1986.

THE MACROPHAGE COMPANY, INC.

By: *Michael S. Latta*

THE UNIVERSITY OF TEXAS SYSTEM  
CANCER CENTER

"UTSCC"

By: Stewart C. Schultz  
Name: \_\_\_\_\_  
Title: KXIC Vice President



## EXHIBIT A

### SCOPE OF WORK

The general scope of this research and development contract will be to purify and isolate the genes encoding cytotoxins derived monocytes and macrophages by cloning and standard purification techniques. This will include attempts to purify a murine-derived-macrophage-mitochondrial-respiration-inhibitory-factor (RIF), and to identify it in human monocytes and monocytic cell lines.

The molecular and chromatographic approach will involve: (a) isolation of RIF in mRNA, (b) construction of cDNA and genomic library, (c) subtraction cDNA cloning, and (d) alternatively, to use cosmid vectors for the isolation, expression, and rescue of RIF gene(s).

A similar strategy will be used for the isolation of a human monocyte cytotoxin (human B-HMT).

The factors are embodied in the patent applications listed on Schedule 1 to the Exclusive License Agreement. Throughout the 2-year period, the Scope of Work will include efforts to identify improvements in the processes to isolate these factors.

These efforts may also result in the isolation and characterization of other factors not as yet described.

EXHIBIT B

BUDGET

<u>Paid to UTSCC</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Subtotal</u>
Salaries and Fringe			
Benefits	\$133,894	\$162,204	\$296,098
Supplies	15,000	16,500	31,500
Animals	7,750	8,525	16,275
Institutional Overhead	-0-	69,127	69,127
	<u>\$156,644</u>	<u>\$256,356</u>	<u>\$413,000</u>

Direct Purchases Pro-  
vided by Macrophage:

Supplies	\$ 31,500
Animals	16,275
Equipment	<u>84,000</u>

\$131,775

Contingency \$ 55,225

TOTAL FUNDING COMMITMENT \$600,000

Annual Budgeted Amounts

\$156,644	Year 1
187,229	Year 2
69,127	4th Payment, Year 2

SCHEDULE I  
to  
EXCLUSIVE LICENSE AGREEMENT

1. "Methods and Compositions for the Inhibition of Tumor Cell Proliferation", U.S. Serial No. 794,348. Filed November 1, 1985.
2. "Human Monocyte Derived Soluble Factors with Tumoricidal Properties". Patent Application Recommended by UTSCC Patent Committee on August 11, 1986.

## **Finance and Audit Committee**

FINANCE AND AUDIT COMMITTEE

Date: February 12, 1987  
Time: Following the meeting of the Executive Committee  
Place: Regents' Meeting Room, Ninth Floor, Ashbel Smith Hall

	<u>Page</u> <u>F&amp;A</u>
1. U. T. System: <u>Docket No. 32 of the Office of the Chancellor</u>	2
2. U. T. Board of Regents: Proposed Amendments to Regents' <u>Rules and Regulations</u> , Part Two, Chapter V, Section 2.3, Subsection 2.32 (Overtime)	2
3. U. T. System: Recommendation for Appropriation of Funds for the 74th Board for Lease Oil and Gas Lease Sale	3

1. U. T. System: Docket No. 32 of the Office of the Chancellor.--

RECOMMENDATION

It is recommended that Docket No. 32 of the Office of the Chancellor be approved.

It is requested that the Committee confirm that authority to execute contracts, documents, or instruments approved therein has been delegated to the officer or official executing same.

2. U. T. Board of Regents: Proposed Amendments to Regents' Rules and Regulations, Part Two, Chapter V, Section 2.3, Subsection 2.32 (Overtime).--

RECOMMENDATION

The Office of the Chancellor recommends that the Regents' Rules and Regulations, Part Two, Chapter V, Section 2.3, Subsection 2.32, be amended to read as follows:

2.3 Overtime.

2.31

The schedule of activities shall be so organized that employees are not required to work in excess of established work periods except when operating necessities demand it. Any overtime services actually required must have the advance written approval of the chief administrative officer or the chief business officer, or both.

2.32

With the exception of professional medical personnel and bona fide executive, administrative, and professional positions, all [~~regular,--full-time~~] employees required or permitted to work in excess of forty hours per week shall be compensated for such overtime either:

2.321

By receiving compensatory [equivalent] time off at the rate of one and one-half (1½) hours off for each hour of overtime, subject to the accrual limitation of 480 hours in the case of personnel engaged in public safety or emergency response activities; or 240 hours for other categories of employees. Such compensatory time off shall be granted at a mutually convenient date anytime during the twelve month period following the end of the workweek in which such compensatory time is accrued, or during a shorter time period as specified by

~~the component institution [during the same biennium in which the overtime was accrued.--If possible, the equivalent time off should be granted within the same pay period in which the overtime was accrued];~~ or

- 2.322 In cases where granting compensatory time is impracticable, by receiving pay equivalent to one and one-half times the regular rate of pay.
- 2.33 Compensatory time for those employees excepted from this provision shall be determined by the chief administrative officer of the institution involved.
- 2.34 Institutions paying overtime shall maintain a monthly record of overtime paid indicating the number of employees so compensated and the total amount paid.

#### BACKGROUND INFORMATION

The 1985 Amendments to the Fair Labor Standards Act, as interpreted by Attorney General Opinion JM-475 (1986), require that the provisions of the Regents' Rules and Regulations dealing with overtime compensation be revised in order to comply with the new federal statute and with the State Appropriations Bill.

3. U. T. System: Recommendation for Appropriation of Funds for the 74th Board for Lease Oil and Gas Lease Sale.--

#### RECOMMENDATION

The Office of the Chancellor concurs with the recommendation of the Board for Lease of University Lands to pay up to \$30,000 for expenses incurred in connection with the 74th Oil and Gas Lease Sale held in Midland, Texas, on January 29, 1987.

#### BACKGROUND INFORMATION

The Board for Lease of University Lands, at its meeting on January 29, 1987, approved a budget of \$30,000 for expenses in connection with the 74th Oil and Gas Lease Sale. Article 66.65(c) of the Texas Education Code provides for payment of a special fee equal to one percent of the total sum of each successful bid on oil and gas leases to be used to defray the expenses of oil and gas lease sales. Monies from prior sales are available to pay these expenses.

## **Academic Affairs Committee**

ACADEMIC AFFAIRS COMMITTEE

Date: February 12, 1987  
Time: Following the meeting of the Finance and Audit Committee  
Place: Regents' Meeting Room, Ninth Floor, Ashbel Smith Hall

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1. U. T. Austin: Proposed Appointments to Endowed Academic Positions in the College of Pharmacy Effective Immediately.--

RECOMMENDATION

The Office of the Chancellor concurs with President Cunningham's recommendation to approve the following appointments to endowed academic positions in U. T. Austin's College of Pharmacy effective immediately:

<u>Name of Proposed Appointee</u>	<u>Endowed Academic Position</u>
Dr. Daniel Acosta, Jr., Professor	Alcon Centennial Professorship in Pharmacy, established June 1983; initial holder
Dr. Steven W. Leslie, Professor	Coulter R. Sublett Professorship in Pharmacy, established February 1976 and redesignated June 1986

BACKGROUND INFORMATION

Dr. Acosta, a faculty member at U. T. Austin since 1974, is a leading researcher in the area of cellular toxicology of xenobiotics and the development of in vitro methodology to evaluate toxic compounds. He directs U. T. Austin's Biochemical Toxicology Program within the Drug Dynamics Institute and currently is the Formal Liaison between the Society of Toxicology and the Tissue Culture Association. Dr. Acosta received a 1978-79 Ford Foundation Postdoctoral Fellowship and recently was selected as the Burroughs Wellcome Toxicology Scholar. He has authored or coauthored more than 65 scientific articles and has directed the research of 15 graduate and postdoctoral students.

Dr. Leslie, a faculty member at U. T. Austin since 1974, is internationally recognized as a leading researcher in the area of neuronal calcium metabolism. His research on the effects of anesthetics on brain calcium channels has been sponsored by the National Institute of Alcoholism and Alcohol Abuse (NIAAA) since 1979. He has received a Research Career Development Award from the NIAAA and a grant from the Texas Advanced Technology Research Program. He is frequently invited to lecture at universities and scientific meetings and was recently appointed director of U. T. Austin's newly formed Institute for Neurological Sciences Research, composed of neuroscience faculty from the Colleges of Education, Pharmacy, Natural Sciences, Liberal Arts, and Engineering. He is an outstanding teacher and researcher and has authored or coauthored more than fifty publications in refereed scientific journals.

2. U. T. Austin: Proposed Appointment to the Mike A. Myers Centennial Professorship in Computer Sciences in the College of Natural Sciences Effective September 1, 1987.--

#### RECOMMENDATION

The Office of the Chancellor concurs with President Cunningham's recommendation that Dr. Robert S. Boyer, Professor of Computer Sciences, be appointed as the initial holder of the Mike A. Myers Centennial Professorship in Computer Sciences in the College of Natural Sciences at U. T. Austin effective September 1, 1987.

#### BACKGROUND INFORMATION

Dr. Boyer, a faculty member at U. T. Austin since 1981, is internationally recognized as one of the leading researchers in the fields of automatic theorem proving and formal program verification. He has authored or coauthored two books and more than twenty scholarly articles, and has received research grants from the National Science Foundation, the Office of Naval Research, British Petroleum, and the Department of Defense. In addition to supervising numerous master's and Ph.D. degree candidates, Dr. Boyer has been an effective contributor to the administration of the Department of Computer Sciences. He is currently completing his second year as head of the Intelligent Systems Architectures project at the Microelectronics and Computer Technology Corporation (MCC) in Austin.

The Mike A. Myers Centennial Professorship in Computer Sciences was established by the U. T. Board of Regents in August 1983.

3. U. T. Austin: Proposed Appointment to the Oliver H. Radkey Regents Professorship in History in the College of Liberal Arts Effective September 1, 1987.--

#### RECOMMENDATION

The Office of the Chancellor concurs with President Cunningham's recommendation that Dr. Sheila M. Fitzpatrick, Professor of History, be appointed as the initial holder of the Oliver H. Radkey Regents Professorship in History in the College of Liberal Arts at U. T. Austin effective September 1, 1987.

#### BACKGROUND INFORMATION

Dr. Fitzpatrick, a faculty member at U. T. Austin since 1975, is an internationally recognized European historian, especially in the field of Soviet social history. She is the author or coauthor of four books and more than fifteen research articles, primarily in the areas of education, social mobility, and the arts. Dr. Fitzpatrick is a trustee of the National Council

for Soviet and East European Research and a member of the Subcommittee on History of the Joint Committee on Soviet Studies, Social Science Research Council. Her previous appointments include Senior Fellow, Harriman Institute for Advanced Study of the Soviet Union, Columbia University; Fellow, Woodrow Wilson International Center for Scholars, Washington, D.C.; and Visiting Scholar, Research School of Social Sciences, Australian National University. She is an excellent teacher and is active in the Department of History and College of Liberal Arts administrative assignments.

The Oliver H. Radkey Regents Professorship in History was established by the U. T. Board of Regents in June 1985.

4. U. T. El Paso - College of Engineering Industrial Advisory Council: (a) Report of Acceptance of Membership and (b) Proposed Nominees Thereto (NO PUBLICITY UNTIL ACCEPTANCES ARE RECEIVED).--

REPORT FOR THE RECORD

In October 1984, nominees were approved for initial membership on the College of Engineering Industrial Advisory Council at U. T. El Paso. The acceptance of membership by those listed below is herewith reported for the record:

	<u>Term Expires</u>
Mr. Federico Barrio T., Ciudad Juarez, Mexico	1987
Mr. Tony G. Conde, El Paso	1987
Mr. Kenneth Farah, El Paso	1989
Mr. Hector Holguin, El Paso	1987
Mr. Richard Michel, El Paso	1988
Mr. Frederick H. Mitchell, El Paso	1987
Mr. Henry Neil, El Paso	1989
Mr. Edward D. Nelson, El Paso	1989
Mr. Michael A. Tantimonaco, El Paso	1988
Mr. Hector Barrio Terrazas, El Paso	1988
Mr. Ignacio R. Troncosco, El Paso	1988
Mr. James A. Wise, White Sands Missile Range, NM	1987
Mr. Tony Woo, El Paso	1987

RECOMMENDATION

The Office of the Chancellor concurs with President Monroe's recommendation for approval of the following nominations to the College of Engineering Industrial Advisory Council at U. T. El Paso:

For one-year term to expire in 1987

Mr. David Boyer, El Paso, Business: Acting Refinery  
Manager, Chevron USA, Inc.

For two-year terms to expire in 1988

Col. Charles C. Clarke, El Paso, Business: Chief of Staff, U. S. Army Air Defense Artillery Center at Fort Bliss  
Mr. Samuel P. Drake, El Paso, Business: Director of Maquila Development, The Omega Group  
Mr. Guillermo Licon, El Paso, Business: President, Sub-Land, Inc.  
Mr. Harry W. Ray, El Paso, Business: Vice President of Engineering Function, El Paso Natural Gas Co.  
Mr. Hank A. Schlieper, El Paso, Business: Manager, ASARCO  
Mr. Jaime Torrez, El Paso, Business: President, J. T. Construction Co., Inc.

For three-year terms to expire in 1989

Mr. George Bailey, El Paso, Business: Works Manager, Phelps Dodge Refining Corporation  
Mr. Pablo Salcido, El Paso, Business: Director, Department of Economic Development, City of El Paso  
Mr. John Turner, El Paso, Business: Plant Manager, Autonetics Marine Systems Division

Unfilled Terms

Term Expires

Seven

To Be Determined

#### BACKGROUND INFORMATION

In accordance with usual procedures, no publicity will be given to these nominations until acceptances are received and reported for the record at a subsequent meeting of the U. T. Board of Regents.

5. U. T. San Antonio: Proposed Teaming Agreement with the Systems Research Laboratories, Inc. (SRL), Dayton, Ohio.--

#### RECOMMENDATION

The Office of the Chancellor concurs with the recommendation of President Wagener that approval be given to the Teaming Agreement set out on Pages AAC 7 - 13 by and between U. T. San Antonio and the Systems Research Laboratories, Inc. (SRL), Dayton, Ohio. The purpose of this agreement is to establish a working team relationship between the parties to join their skills to prepare proposals in the area of life sciences for submission to the U. S. Government and to obtain the award of contracts to SRL for projects for which U. T. San Antonio will act as a subcontractor. In effect, U. T. San Antonio is to participate in the preparation of research proposals by SRL and then bid on subcontract research work with SRL. All U. T. San Antonio costs, direct and indirect, are to be covered.

## BACKGROUND INFORMATION

The proposed agreement has been reviewed and approved by the Office of General Counsel and will become effective upon approval by the U. T. Board of Regents and Systems Research Laboratories, Inc. This agreement is similar to an agreement between the Texas Engineering Experiment Station (TEES) and U. T. San Antonio approved by the U. T. Board of Regents in August 1986.

TEAMING AGREEMENT

THIS AGREEMENT is effective this 12th day of February, 1987,  
between:

SYSTEMS RESEARCH LABORATORIES, INC.  
(hereinafter called "SRL"), a corporation  
organized and existing under the laws of  
the State of Ohio, with Offices in Dayton,  
Ohio,

and

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

1. The intent and purpose of this Agreement, which constitutes the entire agreement between the parties and supercedes any previous understandings, commitments, or agreements, oral or written, which includes all phases of the project (hereinafter called "Project"), is to establish a working team relationship between the parties to join their skills to prepare proposals for submission to the U.S. Government and to obtain the award of contract for the Project. This is a teaming agreement as contemplated by and subject to limitations in FAR 9.6.
2. SRL is and will be preparing a proposal(s) in response to the requirements of the Project. It is understood that each party will, in its sole judgment, exert reasonable effort to prepare a proposal(s) which will result in selection by the Government of SRL as prime contractor and of UTSA as the subcontractor for the Project. Each party agrees to continue to exert such reasonable effort, in its sole judgement, toward this objective throughout any briefings,

presentations, and negotiations concerning a proposed contract which may follow the submission of the proposal(s).

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

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

6. During proposal preparation and contract negotiations, or prior to award for the Project, SRL may require additions, deletions, or modifications to the SRL or UTSA portion. UTSA will be notified by SRL of the additions, deletions, or modifications desired to the UTSA effort and subject to agreement thereon by the parties, UTSA will participate in the revisions thereto, including price revisions.
7. In the event of an award to SRL of a contract for the Project, SRL will offer and UTSA will accept a subcontract to perform work and render services required by the prime contractor in accordance with the description of UTSA's responsibilities as were defined by mutual agreement prior to proposal submission. The subcontract will be a basic agreement, embodying provisions consistent with the prime contract and those provisions mutually agreed upon. SRL will then issue specific work requirements to UTSA in the form of task assignments, as they may arise, against the basic subcontract and contain Statement of Work, Price, and Schedule.
8. All news releases, public announcements, advertising or publicity released related to this Project by either SRL or UTSA shall be done in accordance with the terms and approval procedures of the ensuing prime contract with the U.S. Government.
9. This Agreement is not intended to constitute, create, give effect to, or otherwise recognize a joint venture, partnership, or formal business entity of any kind and the rights and obligations of the

parties shall be limited to those expressly set forth herein. Nothing herein shall be construed as providing for the sharing of profits or losses arising out of the efforts of either or both parties.

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

10. This Agreement may not be assigned or otherwise transferred by either party in whole or in part without the expressed prior written consent of the other party.

11. Except as otherwise stated, this agreement will terminate upon the occurrence of any of the following events:

(a) If the Government notifies SRL that it has been eliminated from consideration for award as prime contractor on any phase of the Project; or

(b) If SRL does not receive award of a contract within two years of the proposal for any phase; or

- (c) If a prime contract for the Project shall be awarded to any company other than SRL; or
  - (d) Cancellation or withdrawal by the Government of the requirements of the project; or
  - (e) If either UTSA or SRL becomes insolvent or makes a general assignment for the benefit of creditors or if either UTSA or SRL is adjudged bankrupt, under the bankruptcy Act.
12. UTSA and SRL agree that as to all inventions which are or may be patentable, made in the performance of any phase of the Project, by one or more employees of one of the parties, the respective employer shall have, subject to any rights of the employee and subject to the rights of the Government, exclusive right to file for a patent thereon, and no rights whatsoever under any resulting issued patent shall accrue to the other party. Rights as to inventions jointly conceived by employees of UTSA and SRL shall be as mutually agreed upon. No license whatsoever, expressed or implied, under any inventions or patents, shall pass hereunder between the parties.
13. Any notice expressly provided for under the Agreement shall be in writing, shall be given either manually or by mail, telegram, radiogram, or cable, and shall be deemed sufficiently given if and when received by the party to be notified at its address set forth below or if and when mailed by registered or certified mail, postage

paid, addressed to such party at such address. Either party may, by notice to the other, change its address for receiving such notice.

If to SRL:       Systems Research Laboratories, Inc.  
                  2800 Indian Ripple Road  
                  Dayton, Ohio 45440-3696  
                  Attn:

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

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

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

ATTEST: \_\_\_\_\_

ATTEST: Thomas Shipley

FORM APPROVED: John L. Dawson

THE UNIVERSITY OF TEXAS AT  
SAN ANTONIO

BY: James A. Hayman

TITLE: President

SYSTEMS RESEARCH LABORATORIES, INC.

BY: Wesley Smith

TITLE: VICE PRESIDENT

BOARD OF REGENTS OF THE UNIVERSITY  
OF TEXAS SYSTEM

BY: James P. Duncan James P. Duncan  
Executive Vice Chancellor

CERTIFICATE OF APPROVAL for Academic Affairs

I hereby certify that the foregoing Agreement was approved by the Board of Regents of The University of Texas System on the \_\_\_\_\_ day of \_\_\_\_\_, 1986, and that the person whose signature appears above is authorized to execute such agreement on behalf of the Board.

\_\_\_\_\_  
Executive Secretary, Board of Regents  
The University of Texas System

## **Health Affairs Committee**

HEALTH AFFAIRS COMMITTEE

Date: February 12, 1987  
Time: Following the meeting of the Academic Affairs Committee  
Place: Regents' Meeting Room, Ninth Floor, Ashbel Smith Hall

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2. U. T. Austin, U. T. Health Science Center - San Antonio, and U. T. Cancer Center: Recommendation for Establishment and Approval of General Operating Policy for the Texas AntiCancer Drug Development Consortium	4
3. U. T. Health Science Center - Dallas: Proposed Appointment to the Robert W. Lackey Professorship in Physiology Effective February 12, 1987	12
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5. U. T. Medical Branch - Galveston: Proposed Appointment to the George and Cynthia Mitchell Distinguished Professorship in Geriatrics Effective September 1, 1986	13
6. U. T. Health Science Center - Houston: Proposed Appointment to the Chair in Pediatric Pathology Effective February 12, 1987	13
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8. U. T. Cancer Center: Proposed Appointment to the Virginia H. Cockrell Professorship in Immunology Effective January 1, 1987	14
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10. U. T. Cancer Center: Proposed Approval of Standard Affiliation Agreement and Standard Community Clinical Oncology Program Agreement for Use Related to the National Cancer Institute's Community Clinical Oncology Program and Authorization for the President to Execute on Behalf of the U. T. Board of Regents

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1. U. T. System: Proposal to Increase Institutional Premium Charges of The University of Texas System Professional Medical Malpractice Self-Insurance Plan.--

RECOMMENDATION

The Office of the Chancellor and the Office of General Counsel recommend that The University of Texas System Professional Medical Malpractice Self-Insurance Plan's premium rates be increased effective September 1, 1987, as follows:

Risk Class	Current Rate	Current Rate	Recommended Premium Rates	
	Staff	Resident	Staff	Resident
1	\$ 432	\$ 288	\$1,080	\$ 720
2	708	468	1,770	1,170
3	1,212	804	3,030	2,010
4	1,968	1,308	4,920	3,270
5	3,264	2,172	8,160	5,430

BACKGROUND INFORMATION

The U. T. Board of Regents authorized the creation of The University of Texas System Professional Medical Malpractice Self-Insurance Plan at the April 1977 meeting.

The U. T. Board of Regents authorized initial premium rates for the Self-Insurance Plan at one-half the rate charged by the Hartford Insurance Company for the year ending March 31, 1977. These rates were not increased in nine years, although the total number of University of Texas System physicians covered by the Self-Insurance Plan increased from approximately 2,700 to 3,700 full-time staff and resident physicians and the liability limits, under the Self-Insurance Plan were raised from \$200,000 to \$400,000 per claim for staff physicians and from \$25,000 per claim to \$100,000 for interns, residents and fellows.

Actuaries retained by the Self-Insurance Plan recommended a 42% premium increase on June 30, 1984. This increase was deferred pending a re-reserving of the Plan's open liability files. On September 10, 1985, the actuaries recommended a 37.5% increase in premiums effective September 1, 1986, which was approved by the Board on October 11, 1985. When these approved rates were implemented effective September 1, 1986, they were reduced slightly to achieve actuarial consistency.

On January 9, 1986, the actuaries recommended an immediate 100% premium increase, or in the alternative, a 150% increase effective September 1, 1987. The instant recommendation opts for a 150% increase on September 1, 1987.

Commercial medical malpractice insurance carriers in Texas have increased their annual premiums from 300% to 400% since 1984. Commercial medical malpractice premiums are approximately seven times higher than the Self-Insurance Plan's current premiums. A 150% increase in Self-Insurance Plan premiums will still leave the annual premiums contributed by each University of Texas System physician's department far below what is charged by commercial carriers.

	<u>Insurance Corporation of America</u>	<u>Professional Mutual</u>	<u>St. Paul</u>	<u>Current UT Staff</u>	<u>Recommended UT Staff</u>
General Practice, no surgery	\$ 2,757	\$4,695	\$3,395	\$ 432	\$1,080
General Practice, minor surgery	4,687	8,453	5,018	708	1,770
Special Procedures	8,822	15,135	7,152	1,212	3,030
Urology	10,293	20,918	7,152	1,968	4,920
General Surgery	13,969	26,143	15,894	1,968	4,920
Orthopedic	19,850	42,983	21,140	3,264	8,160
OB/GYN	30,878	32,248	26,385	3,264	8,160

2. U. T. Austin, U. T. Health Science Center - San Antonio, and U. T. Cancer Center: Recommendation for Establishment and Approval of General Operating Policy for the Texas AntiCancer Drug Development Consortium.--

#### RECOMMENDATION

The Office of the Chancellor concurs with the recommendation of Presidents Cunningham, Howe, and LeMaistre that the U. T. Board of Regents establish and approve the General Operating Policy for the Texas AntiCancer Drug Development Consortium (TADDC) as set out on Pages HAC 6 - 11 on behalf of U. T. Austin, U. T. Health Science Center - San Antonio and U. T. Cancer Center.

#### BACKGROUND INFORMATION

In order to attract additional research funding and to promote the development, synthesis, testing and commercialization of anticancer drug compounds, component institutions within the U. T. System have recognized the need for a distinct organizational identity under which they can collaborate in a cooperative anticancer drug development effort. The Texas AntiCancer Drug Development Consortium will operate under the direction and control of the U. T. Board of Regents. The General Operating Policy provides that TADDC will consist initially of U. T. Austin, U. T. Health Science Center - San Antonio, and the U. T. Cancer Center. Other component institutions of the U. T. System may join TADDC upon request of the president of such institution, subject to approval by the U. T. Board of Regents. Its member institutions (including all faculty and employees who participate in the TADDC activities) will comply with the Regents' Rules and Regulations; with the Regents' policies and guidelines for sponsored research agreements, patent license

agreements, and for marketing intellectual property; and with the rules, regulations and procedures of the respective members.

Under the proposed General Operating Policy, TADDC will be managed by an Executive Committee consisting of two representatives from each member institution. The Executive Committee will appoint a Scientific Advisory Committee, a Financial Advisory Committee and an Administrative Coordinator. TADDC will prepare and submit annual budgets for approval by the U. T. Board of Regents.

The U. T. Cancer Center will coordinate solicitation of funds for TADDC, and TADDC will allocate funds for research projects proposed by its member institutions according to their scientific merit. Members' proposals for funding may include an amount for institutional overhead at a rate to be negotiated between the member and TADDC, but such amount will not exceed that charged by the member for federal grants and contracts.

All inventions and technology developed by TADDC, and income derived therefrom, will be subject to the Intellectual Property Policy of the U. T. System. TADDC will cooperate with the Office of Asset Management and the Office of General Counsel in transferring the resultant products and technology to the marketplace for the betterment of patients requiring medical care. Subject to the approval of the president of each member institution whose staff and/or employees participated in making the invention, and with the concurrence of the Office of the Chancellor, income not allocated to the inventor(s) will be distributed as follows:

- a. At least 20% to the member institution(s) whose staff and/or employees participated in making the invention;
- b. Up to 75% to be retained by TADDC for its use in funding future projects and/or TADDC operations; and
- c. Up to 5% to the Administrative Coordinator for its expenses in providing administrative support to TADDC.

TADDC will operate until dissolved by agreement of its members, or by an executive decision of the Office of the Chancellor, or by further action by the U. T. Board of Regents. Upon dissolution, any net assets of TADDC will be distributed in substantially equal portions to its members.

General Operating Policy For The  
Texas AntiCancer Drug Development Consortium

The Texas AntiCancer Drug Development Consortium ("Consortium") is established for the purposes of discovering, developing, synthesizing and testing anticancer drug compounds, and for transferring the resultant technology to the marketplace for the betterment of patients requiring medical care. The Consortium will comprise The University of Texas at Austin, The University of Texas Health Science Center at San Antonio and The University of Texas System Cancer Center, and such other component institutions of The University of Texas System (Members) as may later desire to join and participate in this drug development effort.

In achieving the objectives of the Consortium, the Members will adhere to the following organizational, administrative and operational guidelines and procedures:

I. Organization and Administration

- A. The Consortium shall be a voluntary, cooperative effort among its constituent Members for the purposes herein described and shall operate under the direction and control of the Board of Regents of The University of Texas System.
- B. The Members and their faculty and employees participating in the activities of the Consortium shall comply with the rules, regulations and procedures of their respective component institutions and with the Regents' Rules and Regulations and the Regents' Policy and Guidelines for the Negotiation, Review and Approval of Sponsored Research Projects with Nonprofit and for Profit Non-Governmental Entities; Policy and Guidelines Relating to Intellectual Property License Agreements with Private Entities, including those Formed Primarily for the Development and/or Commercialization of Intellectual Property Created at a Component Institution of the U.T. System; Policy and Guidelines for Management and Marketing of Intellectual Property.
- C. The Consortium shall be managed by an Executive Committee which shall be comprised of two (2) representatives from each Member institution. The Executive Committee shall be empowered to establish internal policies and procedures, to prepare plans and strategies, and to conduct operations as are permitted herein for the Consortium.

- D. Members of the Executive Committee shall be appointed by the President of each respective Member institution. Such appointments shall be made no later than August 1 of each year, to be effective for the fiscal year beginning September 1 thereafter. Without intending to limit the discretion of the administration of each Member to appoint representatives of its choosing, it is envisioned that the President of each Member shall appoint one management representative and one scientific representative to serve on the Executive Committee.
- E. The Executive Committee shall meet not less frequently than once each six-month period at a location of its choosing, and shall maintain a written record of its proceedings and actions. Not less often than once each year, appropriate executive officers of the Member institutions and of The University of Texas System Administration shall be invited to an Executive Committee meeting for the purpose of being informed about the Consortium's progress and activities.
- F. The Executive Committee shall appoint a Scientific Advisory Committee of not fewer than three (3) nor more than twelve (12) members to assist in reviewing matters of scientific relevance to the Consortium. Employees of component institutions who are appointed by the Executive Committee to the Scientific Advisory Committee shall serve subject to approval by the President of such institution. The Scientific Advisory Committee shall have an equal number of representatives from each Member and shall meet at the call of the Executive Committee or at such time and at such location as it may deem necessary.
- G. The Executive Committee shall appoint a Financial Advisory Committee of not fewer than three (3) nor more than twelve (12) members to assist in reviewing matters of financial or administrative relevance to the Consortium. Employees of component institutions who are appointed by the Executive Committee to the Financial Advisory Committee shall serve subject to approval by the President of such institution. The Financial Advisory Committee shall have an equal number of representatives from each Member and shall meet at the call of the Executive Committee or at such time and at such location as it may deem necessary.

- H. The Executive Committee may appoint from its membership such other standing or ad hoc committees or subcommittees as it considers necessary for achieving the objectives of the Consortium.
- I. The Administrative Coordinator of the Consortium shall have responsibility for maintaining and disbursing sponsored research funds received in the name of the Consortium, for preparing accounting reports, and for coordinating the dissemination of information to Consortium Members. The University of Texas System Cancer Center shall serve initially as the Administrative Coordinator of the Consortium. Subject to approval of the Office of the Chancellor of The University of Texas System, the Executive Committee shall have the right to designate a different Administrative Coordinator if such designation is later found to be desirable or necessary for better achieving the objectives of the Consortium.

## II. Accounting

- A. The Executive Committee shall prepare a Consortium budget describing estimated income and expenditures for each fiscal year. Policies and procedures for the administration of such budget shall also be prepared, and shall be consistent with this General Operating Policy. The annual budget, policies and procedures of the Consortium shall be submitted for approval by the Board of Regents.
- B. The Administrative Coordinator of the Consortium shall be authorized to make payment from Consortium funds for research support and for other out-of-pocket expenses of the Consortium which may be approved by the Executive Committee.
- C. The Consortium shall have no authorization to borrow funds, and it shall not allocate funds to exceed available cash amounts.

## III. Solicitation of Funds

- A. The University of Texas System Cancer Center shall serve as a coordinator for the solicitation of funds on behalf of the Consortium, though each Member shall be free to make such inquiries and contacts with third parties as it deems beneficial for the Consortium.

#### IV. Allocation of Consortium Funds for the Support of Sponsored Research

- A. Member institutions of the Consortium, not individual staff members, may make application to the Executive Committee for funds to support specific projects. In so doing, individual staff members will comply with policies and procedures established at such Member institutions for prior review and submission of research grants to third-party sources. In this role, the Consortium shall serve as a third-party funding source, and each Member's application for funding may include an amount for institutional overhead at a negotiated rate between the Member organization and the Consortium, but not to exceed that charged by the member for federal grants and contracts. In no instance shall the Consortium levy an additional overhead charge on such research projects.
- B. As monies are available to support research activities of the Consortium, the Executive Committee shall conduct such evaluations and seek such advice as it considers necessary to determine the proper allocation of funds.

#### V. Patents and Licensing

- A. Inventions, discoveries and other technology arising out of research sponsored by the Consortium shall be referred to the Patent Committee of the appropriate Member institution for handling in accordance with the Regents' Rules and Regulations. The Consortium will actively involve and cooperate with the administrations of its Member institutions, the Office of Asset Management and the Office of General Counsel in negotiating research agreements and licensing agreements on behalf of the Consortium between the Board of Regents of The University of Texas System and third parties.

#### VI. Withdrawal or Addition of Members

- A. Other component institutions of The University of Texas System shall be added as Members to the Consortium upon request made by the president, subject to approval by the U. T. Board of Regents. In the event that a member organization should wish to withdraw from the Consortium, the Executive Committee shall work with the appropriate officials of such Member institution to effect a timely and proper withdrawal from the Consortium.

## VII. Distribution of Earnings

- A. It is anticipated that earnings, royalties, fees and other income shall accrue to the Board of Regents of The University of Texas System from the licensing of discoveries and inventions made through research funded by the Consortium. After deductions from such income for appropriate costs and expenses as may be permitted under the Regents' Rules and Regulations and the Handbook of Operating Procedures for the respective Member institutions, the resulting income from each individual licensed matter shall be allocated as follows:
1. The inventor(s) will receive that portion of such income as is prescribed by the Handbook of Operating Procedures for that inventor's Member institution.
  2. The remainder of such income after payments to the inventor(s) under A.1. above shall be applied as follows, subject to the approval of the President of each Member institution whose staff and/or employees participated in making the invention, and with the concurrence of the Office of the Chancellor:
    - a. At least 20% to be paid to the Member institution(s) whose staff and/or employees participated in making the invention. Where multiple Member institutions are involved, the amount of earnings shall be divided equally among such Members without regard to the number of participating inventors at each.
    - b. Up to 75% to be retained by the Consortium for its use in funding future projects and/or Consortium operations.
    - c. Up to 5% to be paid to the Administrative Coordinator for its management and administrative support of the Consortium.
- B. The Consortium shall keep such records of its earnings and expenses as to enable The University of Texas System Administration to make proper distribution for the above, and such distribution shall be made not more than thirty (30) days following the receipt of funds from a licensee.

#### VIII. Term and Dissolution

- A. The Consortium shall operate until such time as it is dissolved by the agreement of its Members, by an executive decision of the Office of the Chancellor, or by action of the Board of Regents of The University of Texas System.
- B. Upon dissolution of the Consortium, it shall first be obligated to pay all outstanding proper expenses incurred by it and shall then dispose of its remaining assets by distributing substantially equal portions thereof to its Members.

3. U. T. Health Science Center - Dallas: Proposed Appointment to the Robert W. Lackey Professorship in Physiology Effective February 12, 1987.--

#### RECOMMENDATION

The Office of the Chancellor concurs with the recommendation by President Wildenthal to appoint John C. Vanatta, M.D., as initial holder of the Robert W. Lackey Professorship in Physiology at the U. T. Health Science Center - Dallas effective February 12, 1987. This appointment is contingent upon the redesignation of the Professorship as proposed in Item 36, Page L&I - 27.

#### BACKGROUND INFORMATION

Forty years ago, John C. Vanatta, M.D., joined the U. T. Health Science Center - Dallas faculty as a Fellow in Physiology. Subsequently, he became an Instructor and was promoted to Professor of Physiology in 1957. Dr. Vanatta has written many articles and abstracts, and he is an active member of the American Physiological Society. He is known for his enthusiasm and compassion for students and received the Outstanding Teacher Award from the U. T. Southwestern Medical School Alumni Association and Faculty Senate in 1986. In summary, Dr. Vanatta has given the Department of Physiology and the U. T. Health Science Center - Dallas distinction in teaching, service, and research.

4. U. T. Health Science Center - Dallas: Proposed Appointment to the Raymond and Ellen Willie Chair in Molecular Neuropharmacology Effective February 12, 1987.--

#### RECOMMENDATION

The Office of the Chancellor concurs with the recommendation by President Wildenthal to appoint Alfred G. Gilman, M.D., Ph.D., as initial holder of the Raymond and Ellen Willie Chair in Molecular Neuropharmacology at the U. T. Health Science Center - Dallas effective February 12, 1987. This appointment is contingent upon the establishment of the Chair as proposed in Item 37, Page L&I - 27.

#### BACKGROUND INFORMATION

Alfred G. Gilman, M.D., Ph.D., received his medical and doctorate degrees from Case Western Reserve University, Cleveland, Ohio. Dr. Gilman is one of the leading pharmacologists in the world. His research has resulted in more than one hundred publications and has led to his election to the National Academy of Sciences. Since joining the U. T. Health Science Center - Dallas in 1981 as Professor and Chairman of the Department of Pharmacology, he has received numerous teaching awards and has recruited outstanding faculty. Under his leadership, the Department of Physiology has emerged as one of the very best in the United States.

5. U. T. Medical Branch - Galveston: Proposed Appointment to the George and Cynthia Mitchell Distinguished Professorship in Geriatrics Effective September 1, 1986.--

RECOMMENDATION

The Office of the Chancellor concurs with the recommendation by President Levin to appoint Derek M. Prinsley, M.D., as initial holder of the George and Cynthia Mitchell Distinguished Professorship in Geriatrics at the U. T. Medical Branch - Galveston effective September 1, 1986.

BACKGROUND INFORMATION

Derek M. Prinsley, M.D., received his medical degree from the University of Durham, Durham, England, in 1948. Prior to joining the U. T. Medical Branch - Galveston faculty, he was Director, National Research Institute of Gerontology and Geriatric Medicine at the University of Melbourne, Melbourne, Australia. Dr. Prinsley has held several positions with the World Health Organization and is currently serving on their Expert Advisory Panel on Health of Elderly Persons. He has published more than fifty articles and is known internationally as an expert in geriatric medicine.

The U. T. Board of Regents established the George and Cynthia Mitchell Distinguished Professorship in Geriatrics at its August 1984 meeting.

6. U. T. Health Science Center - Houston: Proposed Appointment to the Chair in Pediatric Pathology Effective February 12, 1987.--

RECOMMENDATION

The Office of the Chancellor concurs with the recommendation by President Bulger to appoint Harvey S. Rosenberg, M.D., as initial holder of the Chair in Pediatric Pathology at the U. T. Health Science Center - Houston effective February 12, 1987. This appointment is contingent upon the establishment of the Chair as proposed in Item 40, Page L&I - 29.

BACKGROUND INFORMATION

Harvey S. Rosenberg, M.D., is a graduate of Baylor University College of Medicine, Houston, Texas, and was a Baylor faculty member from 1953 to 1978. Dr. Rosenberg is an internationally acclaimed pathologist and Diplomate of the American Board of Pathology. He has served on numerous editorial boards and is the author or co-author of many journal articles and textbook chapters. Appointment to the Chair in Pediatric Pathology is appropriate recognition of Dr. Rosenberg's distinguished medical career.

7. U. T. Health Science Center - Houston: Proposed Appointment to the A. G. McNeese Chair in Pediatric Surgery Effective February 12, 1987.--

RECOMMENDATION

The Office of the Chancellor concurs with the recommendation by President Bulger to appoint Richard J. Andrassy, M.D., as initial holder of the A. G. McNeese Chair in Pediatric Surgery at the U. T. Health Science Center - Houston effective February 12, 1987.

BACKGROUND INFORMATION

In 1985, Richard J. Andrassy, M.D., joined the U. T. Health Science Center - Houston faculty as Professor and Director, Division of Pediatric Surgery. He also serves as Chief of Pediatric Surgery at University Children's Hospital at Hermann Hospital, Houston, Texas, and Chief of Pediatric Surgery Tumors Section at the U. T. Cancer Center. Dr. Andrassy was a faculty member at the U. T. Health Science Center - San Antonio from 1983 to 1985 and has been Surgery Consultant to the Surgeon General since 1981. He has published numerous articles on a variety of topics relating to pediatric surgery. Dr. Andrassy is a dedicated researcher and the recipient of grants from several pharmaceutical corporations. He is exceptionally qualified to hold this prestigious appointment.

The U. T. Board of Regents established the A. G. McNeese Chair in Pediatric Surgery at its October 1982 meeting.

8. U. T. Cancer Center: Proposed Appointment to the Virginia H. Cockrell Professorship in Immunology Effective January 1, 1987.--

RECOMMENDATION

The Office of the Chancellor concurs with the recommendation by President LeMaistre to appoint Jordan U. Gutterman, M.D., as initial holder of the Virginia H. Cockrell Professorship in Immunology at the U. T. Cancer Center effective January 1, 1987.

BACKGROUND INFORMATION

Jordan U. Gutterman, M.D., received his medical degree in 1964 from the Medical College of Virginia, Richmond, Virginia. In 1971, Dr. Gutterman began his career with the U. T. Cancer Center as a Fellow, Department of Developmental Therapeutics and on January 1, 1987, Dr. Gutterman was appointed Chairman, Department of Clinical Immunology. During his career at the U. T. Cancer Center, he has received national and international acclaim for his research in the use of interferon and interleukin 2 as treatments against cancer. Dr. Gutterman serves on numerous committees and editorial boards. He is an exceptional researcher and prolific author.

The U. T. Board of Regents established the Virginia H. Cockrell Professorship in Immunology at its February 1982 meeting.

9. U. T. Cancer Center: Proposed Appointment to the Paul and Mary Haas Chair in Genetics in Honor of Amanda Marie Whittle Effective February 1, 1987.--

#### RECOMMENDATION

The Office of the Chancellor concurs with the recommendation by President LeMaistre to appoint Benoit de Crombrughe, M.D., as initial holder of the Paul and Mary Haas Chair in Genetics in Honor of Amanda Marie Whittle at the U. T. Cancer Center effective February 1, 1987.

#### BACKGROUND INFORMATION

In 1961, Benoit de Crombrughe, M.D., received his medical degree from the Universite de Louvain, Louvain, Belgium. He has been associated with the National Cancer Institute, Bethesda, Maryland, in various capacities since 1963. Dr. de Crombrughe's most recent position has been as Chief, Gene Regulation Section, Laboratory of Molecular Biology, National Cancer Institute. He is the author or co-author of more than one hundred publications and is a member of the Editorial Board of the Journal of Biological Chemistry. On February 1, 1987, Dr. de Crombrughe will join the U. T. Cancer Center faculty as Professor and Chairman, Department of Genetics. Given his career in medicine and science, he is most deserving of being appointed to this prestigious Chair.

See related Item 44 set out on Page L&I - 31.

10. U. T. Cancer Center: Proposed Approval of Standard Affiliation Agreement and Standard Community Clinical Oncology Program Agreement for Use Related to the National Cancer Institute's Community Clinical Oncology Program and Authorization for the President to Execute on Behalf of the U. T. Board of Regents.--

#### RECOMMENDATION

The Office of the Chancellor concurs with the recommendation by President LeMaistre that the U. T. Board of Regents: (a) approve the Standard Affiliation Agreement set out on Pages HAC 17 - 19 and Standard Community Clinical Oncology Program Agreement set out on Pages HAC 20 - 25 for use by the U. T. Cancer Center related to the National Cancer Institute's Community Clinical Oncology Program; and (b) authorize the President of the U. T. Cancer Center to execute substantially equivalent instruments on behalf of the Board and to report these via the Docket.

## BACKGROUND INFORMATION

U. T. Cancer Center has applied for a grant to be a research base for the National Cancer Institute's Community Clinical Oncology Program. Under the program, specific M. D. Anderson protocols will be released to community oncology groups. In return, patient information will be provided from these groups for accrual of patient data. Both institutions will receive grant support for participating.

U. T. Cancer Center thus far has had 26 community oncology groups indicate their willingness to participate by executing affiliation and program agreements. All agreements are expressly conditioned on approval by the National Cancer Institute and its grant support for U. T. Cancer Center as a research base.

In general, the affiliation agreements provide for collaboration concerning protocols, for specific program agreements, for nonassumption of the other's liabilities, for express denial of indemnification, and for amendments, notices, and other standard provisions. The affiliation agreements call for a term of one year, with 90 days written termination notice. In addition, the community clinical oncology program agreements provide for collaboration, for quality assurance measures, for separate budgets and adherence to financial requirements of the National Cancer Institute, for confidentiality of patient information, and set out express responsibilities for the affiliating entity as well as for the U. T. Cancer Center. The program agreements are all subject to the related affiliation agreements.

The U. T. Cancer Center Docket for the April 1987 meeting will report the approval of affiliation agreements and program agreements with 26 clinical oncology groups conditioned upon the Regental approval of these standard forms and delegated authority to execute.

AFFILIATION AGREEMENT

This AGREEMENT made the \_\_\_\_\_ day of \_\_\_\_\_, 1986  
 by and between THE UNIVERSITY OF TEXAS SYSTEM CANCER CENTER ("CANCER CENTER"),  
 a component institution of The University of Texas System, ("SYSTEM"),  
 and \_\_\_\_\_ COMMUNITY CLINICAL ONCOLOGY PROGRAM ("CCOP"),  
 located at \_\_\_\_\_

## WITNESSETH:

WHEREAS, Cancer Center is recognized as a comprehensive cancer center with world-renowned expertise in the diagnosis, treatment and research of cancer diseases; and

WHEREAS, Cancer Center has extensive research expertise in the field of cancer diseases and cancer control, and by reason thereof has available a number of approved clinical protocols with applicability and use in community physician groups; and

WHEREAS, CCOP has formed as a consortium to aid in the delivery of modern research advances in the field of cancer to its patients; and

WHEREAS, Cancer Center and CCOP agree on the desirability of establishing collaborative activities between their organizations under the Community Clinical Oncology Program of the National Cancer Institute.

NOW, THEREFORE, with these objectives in mind Cancer Center and CCOP agree as follows:

1. Each party to this Agreement shall prepare a specific program proposal under the Community Clinical Oncology Program and apply for funding thereof to the National Cancer Institute. Failure by either party to this agreement to obtain such funding and to have available thereunder sufficient funds to meet the financial requirements for collaboration shall immediately negate this Agreement.
2. Cancer Center shall collaborate with CCOP by making approved clinical trial protocols and cancer control research protocols available for its use, and participate with CCOP in the community oncology program as is necessary. This participation shall include, but not be limited to, assisting in the development and review of new and existing protocols, enforcing appropriate quality control measures for clinical research under the program, aiding in the formulation and delivery of training and educational activities, and other related activities.

3. For the conduct of specific activities hereunder, Cancer Center and \_\_\_\_\_ CCOP shall prepare various Program Agreements describing such activities and the responsibilities of each party in the conduct thereof. The Program Agreements shall be reduced to writing and approved by authorized signatories of each party hereto. In the event of conflict between the text of Program Agreements and the text of this Agreement, this Agreement shall govern.
4. The parties each agree to assume individual responsibility for the actions and omissions of their respective employees, agents and assigns in conjunction with this agreement. Neither CCOP nor CANCER CENTER agrees to indemnify the other party to this Agreement from any liability, loss or damage either may suffer as a result of claims, demands, costs or judgments against either of them arising out of the activities carried out pursuant to this Agreement or the Program Agreement(s) between the parties.
5. All the agreements between the parties on the subject matter shall be reduced to writing. No amendments to this Agreement shall be valid unless in writing and signed by the duly authorized representatives of the parties, and approved by the Board of Regents of The University of Texas System.
6. No oral representations of any officer, agent, or employee of \_\_\_\_\_ CCOP or SYSTEM, or any of its component institutions, (including, but not limited to CANCER CENTER), either before or after the effective date of this Agreement, shall affect or modify any obligations of either party hereunder or under any Program Agreement.
7. Any notices, statements, payments, or reports required by this Agreement shall be considered given if sent postage prepaid and addressed as follows:

If to CANCER CENTER:

Executive Vice President for Administration  
 The University of Texas System Cancer Center  
 6723 Bertner, Box 193  
 Houston, Texas 77030

If to \_\_\_\_\_ CCOP:

NAME  
 TITLE  
 \_\_\_\_\_ CCOP  
 ADDRESS

8. This Agreement shall not become effective until it has been executed by the duly authorized representatives of Cancer Center and CCOP and approved by the Board of Regents of The University of Texas System, and shall continue in force thereafter from year to year unless terminated by either party upon giving ninety (90) days written notice to the other party. This Agreement will terminate immediately, as indicated in Paragraph 1, if either party to the Agreement does not obtain NCI Community Clinical Oncology Program funding, or either party's funding is cancelled during the term of this Agreement. The Program Agreements related to this Affiliation Agreement shall automatically terminate upon termination of this Agreement, except that the parties' responsibilities under these Agreements will continue after the termination as they pertain to patients who have been enrolled in clinical trial protocols prior to the termination of the Agreements but have not completed these trials at the time of this termination.

EXECUTED this the \_\_\_\_\_ day of \_\_\_\_\_, 1986.

THE UNIVERSITY OF TEXAS SYSTEM  
CANCER CENTER

By: \_\_\_\_\_  
President

ATTEST:

COMMUNITY CLINICAL ONCOLOGY PROGRAM

By: \_\_\_\_\_

FORM APPROVED:

CONTENT APPROVED:

\_\_\_\_\_  
Office of General Counsel  
The University of Texas System

\_\_\_\_\_  
Executive Vice Chancellor for Health Affairs  
The University of Texas System

COMMUNITY CLINICAL  
ONCOLOGY PROGRAM  
AGREEMENT

This AGREEMENT is made on the \_\_\_\_\_ day of \_\_\_\_\_, 1986, between THE UNIVERSITY OF TEXAS SYSTEM CANCER CENTER (hereinafter referred to as "CANCER CENTER"), located in Houston, Texas, a component institution of The University of Texas System (hereinafter referred to as "SYSTEM"), and \_\_\_\_\_ Community Clinical Oncology Program (hereinafter referred to as "\_\_\_\_ CCOP").

WHEREAS, it is agreed by the parties that the purpose of this agreement is to establish and describe the collaborative activities between \_\_\_\_ CCOP and CANCER CENTER, which will operate as a Research Base in the National Cancer Institute's Community Clinical Oncology Program.

NOW, THEREFORE, the parties agree as follows:

1. They will collaborate to provide quality clinical research and involvement in cancer control research activities, to maintain a high level of scientific collaboration and to participate in the overall evaluation of the Community Clinical Oncology Program.
2. Assurance of quality control is the joint responsibility of \_\_\_\_ CCOP and CANCER CENTER. The following quality control measures will be utilized:
  - A) All pathology slides from protocol patients will be made available by \_\_\_\_ CCOP for review at the CANCER CENTER Division of Pathology. If specified in protocols, slides will be submitted to Cancer Center for review, and CANCER CENTER pathology reports will be submitted to the appropriate \_\_\_\_ CCOP physicians. Pathology review sessions, including CANCER CENTER and \_\_\_\_ CCOP pathologists, will be convened as deemed necessary.
  - B) Chemotherapy, radiation therapy, immunotherapy, and surgical operative reports will be made available to the CCOP Medical Director at CANCER CENTER upon request to ensure protocol compliance.
  - C) Medical data entry sheets and all forms will be reviewed by Data Managers at \_\_\_\_ CCOP, before being forwarded to CANCER CENTER. Accrual to protocols, adherence to protocols, patient eligibility, patient evaluability, and timeliness and quality of data reporting will be reviewed by CANCER CENTER.
  - D) \_\_\_\_ CCOP will participate in appropriate quality assurance and performance review activities developed by the CANCER CENTER.
3. \_\_\_\_ CCOP and CANCER CENTER will maintain separate budgets and adhere to NCI financial requirements.

4. \_\_\_CCOP and CANCER CENTER will have joint responsibility for maintaining patient confidentiality except where release of patient information is duly authorized by the patient or his legal representative.
5. It is further agreed that \_\_\_CCOP shall:
  - A. Be responsible for the following functions:
    - 1) A steering or executive function to plan, direct, participate in and evaluate its performance in the CCOP program.
    - 2) A protocol or scientific function to review and select all protocols for clinical trials. Performance of this function should be done in conjunction with \_\_\_CCOP staff from surgical oncology, medical oncology, radiation oncology, supportive care, nursing and pharmacy.
    - 3) A data evaluation function to oversee all aspects of data management and evaluation, to review all forms before transmittal to the research base and to communicate feedback to the participating physicians. This function will be performed by the principal investigator, co-principal investigator, protocol nurse, and data managers.
    - 4) A pharmacy system that complies with all National Cancer Institute (NCI) and the Food and Drug Administration (FDA) guidelines. \_\_\_CCOP may request support from CANCER CENTER Department of Pharmacy as needed.
  - B. Follow NCI and FDA guidelines for reporting adverse drug reactions. Adverse drug reactions include (1) any unsuspected side effect of an anti-cancer agent, (2) any unsuspected interaction of an anti-cancer agent with any other drug, (3) a severe life-threatening Grade IV or fatal toxicity even if previously reported with that particular drug.

When an adverse drug reaction is observed or it is suspected, it will be called into the CCOP Medical Director at CANCER CENTER as soon as possible. Written reports to be submitted to CANCER CENTER will follow in a timely fashion. Policies for report and evaluation and implementation of changes related to adverse drug reactions will take place via the established CANCER CENTER channels, as well as the usual NCI and FDA channels.

- C. Agree to place at least ten evaluable patients annually on CANCER CENTER clinical trial protocols and at least ten evaluable patients annually on CANCER CENTER cancer control research protocols and to provide all specified data forms to the CCOP Medical Director at CANCER CENTER on a schedule to be defined by CANCER CENTER. \_\_\_\_\_ CCOP will ensure that any protocols competing for the same patients (disease and stage) will be evaluated and a selection made to avoid participation in competing protocols.
- D. Have reviewed and approved by its Institutional Review Board each protocol initiated and used by \_\_\_\_\_ CCOP. \_\_\_\_\_ CCOP is responsible for adherence to NCI guidelines as well as all other federal guidelines, including, but not limited to, those requirements set forth in Title 45, Part 46 of the Code of Federal Regulations (45 CFR 46), as these pertain to Institutional Review Board decisions, conditions and compliance. A copy of the DHHS Form 596, Protection of Human Subjects Assurance Certification Declaration, will be filed with the CANCER CENTER Institutional Review Board prior to CANCER CENTER's making any individual protocol available to \_\_\_\_\_ CCOP.
- E. Be responsible for obtaining informed consent in accordance with 45 CFR 46.116 and for ensuring that no human subject will be involved in research prior to obtaining the consent. Informed consent documents and elements of obtaining consent will strictly follow NCI guidelines. \_\_\_\_\_ CCOP will allow for periodic review of patient records in conjunction with protocols. All informed consents will include patient permission for original hospital records, as well as study forms, to be reviewed by the CANCER CENTER CCOP Statistical Center, by NCI, by site visits from NCI or CANCER CENTER, and by the FDA as necessary. A copy of a signed informed consent will be forwarded to the CANCER CENTER CCOP Statistical Center with the initial patient entry forms.
- F. Supply routine documentation regarding treatment adjustments as specified in the protocols, informed consent, drug records, reports of unanticipated problems involving risks, adverse drug reactions or injury reports and any other requested materials to the CCOP Medical Director at CANCER CENTER.
- G. Be responsible for calibration and inspection of its radiologic and radiotherapy equipment by the Radiological Physics Center (RPC).

- H. If requested by NCI, maintain a Patient Log on all patients eligible for protocols, which will include such information as numbers, age, sex, primary site of cancer, stage of disease, treatment and survival.
  - I. Provide assurance of efforts for short and long term follow-up of patients registered on protocols.
  - J. Attend and participate in regular meetings held by CANCER CENTER to review ongoing research activities, to participate with the CANCER CENTER CCOP Scientific Committees in writing and developing new protocols and reviewing ongoing studies, to plan ongoing collaborative clinical investigations and cancer control research activities, to participate in training and educational activities for support personnel (data managers, oncology nurses, pharmacists, etc.) and other appropriate meetings. \_\_\_ CCOP will collaborate in all appropriate ways with all other CCOP's using CANCER CENTER as a Research Base.
  - K. Agree that the \_\_\_ CCOP Principal Investigator will be a member of the CANCER CENTER's CCOP Steering Committee.
  - L. Agree to accept periodic on-site monitoring by representatives of CANCER CENTER or NCI or an NCI designee.
  - M. Agree to an annual review of its progress by the CANCER CENTER's CCOP Steering Committee and NCI or NCI designee staff.
6. It is further agreed that CANCER CENTER shall:
- A. Provide \_\_\_ CCOP with access to current NCI-approved CCOP protocols, a list of which is attached (Exhibit I).
  - B. Establish a CCOP Statistical Center to:
    - 1) Maintain registration records for all protocols;
    - 2) Provide statistical review and assistance in analysis of data collection by \_\_\_ CCOP;
    - 3) Supply appropriate documents for on-study, pre-study flow sheets, off-study forms and all other forms necessary for participation in \_\_\_ CCOP and CANCER CENTER clinical trial protocols;
    - 4) Conduct performance review and quality assurance programs;

- 5) Conduct training sessions for data managers and other personnel related to \_\_\_ CCOP at the beginning of the program and at appropriate intervals. The cost of travel and lodging is to be at \_\_\_ CCOP expense;
  - 6) Conduct annual site visits to \_\_\_ CCOP for review of records, information transfer and general evaluation and consultation. The cost of travel and lodging is to be at CANCER CENTER expense.
- C. Form scientific committees to develop and monitor research activities and a CCOP Steering Committee which will be the guiding committee for all CCOP activities of CANCER CENTER. Principal Investigators or their representatives from \_\_\_ CCOP will participate in this Steering Committee.
  - D. Host regular meetings for \_\_\_ CCOP staff members to review ongoing research activities, encourage the participation in the writing and development of new protocols; plan ongoing collaborative clinical investigations in cancer control research activities; and participate in training and educational activities for support personnel and any other meetings felt to be appropriate.
  - E. Notify \_\_\_ CCOP in writing and by telephone, if appropriate, of subsequent modifications in the protocols listed.
  - F. Provide a toxicity monitoring system for adverse drug reactions and report same to the CCOP Steering Committee and the investigational drug branch at NCI in Bethesda, Maryland at (301) 496-1196 after notification by \_\_\_ CCOP of an adverse drug reaction.
  - G. Conduct annual performance reviews of \_\_\_ CCOP and, based on this review, institute any remedial actions that are deemed necessary, including, but not limited to, dissolution of the Affiliation Agreement between CANCER CENTER and \_\_\_ CCOP.

This Agreement shall become effective upon the execution and approval of the Affiliation Agreement between these parties dated \_\_\_\_\_, and shall continue in effect according to the terms of same.

ATTEST:

COMMUNITY CLINICAL ONCOLOGY PROGRAM (CCOP)

By: \_\_\_\_\_

THE UNIVERSITY OF TEXAS SYSTEM  
CANCER CENTER

By: \_\_\_\_\_  
Charles A. LeMaistre, M.D.  
President

CONTENT APPROVED:

By: \_\_\_\_\_

The University of Texas System

## **Buildings and Grounds Committee**

BUILDINGS AND GROUNDS COMMITTEE

Date: February 12, 1987  
Time: Following the meeting of the Health Affairs Committee  
Place: Regents' Meeting Room, Ninth Floor, Ashbel Smith Hall

	<u>Page</u> <u>B&amp;G</u>
1. U. T. Board of Regents: Proposed Amendments to Regents' <u>Rules and Regulations</u> , Part Two, Chapter VIII, Sections 1 (Major New Building Construction Exceeding the Amount of \$300,000 Per Project) and 6 (Modification of Bids)	2
2. U. T. Arlington - Science Building Humidity Control: Request for Appointment of Project Engineer to Prepare Final Plans; Authorization for Submission to the Coordinating Board; and Appropriation Therefor	3
3. U. T. El Paso: Recommendation for Approval of Increased Purchase Price to Acquire Property Consisting of Eight Parcels and Comprising 13 Lots, El Paso, El Paso County, Texas, from the Hotel Dieu Hospital, El Paso, Texas	4
4. U. T. Medical Branch - Galveston - Keiller Building Renovation and Reroofing: Request for Project Authorization; Appointment of Project Architect to Prepare Preliminary Plans, and Appropriation Therefor	5
5. U. T. Medical Branch - Galveston - Medical Sciences and Education Building: Request for Project Authorization; Appointment of Project Architect to Prepare Preliminary Plans; and Appropriation Therefor	6
6. U. T. Medical Branch - Galveston - Remodeling of John Sealy Hospital (Old Building) - Remodeling of Sixth, Seventh and Eighth Floors (Project No. 601-655): Request for Authorization to Prepare Final Plans and Appropriation Therefor	8
7. U. T. Cancer Center (U. T. Science Park): Recommendation to Waive the Regents' <u>Rules and Regulations</u> , Part One, Chapter VIII, Section 1, Subsection 1.1, and Approve Naming the Conference Center at the Research Division of the Science Park as the J. J. "Jake" Pickle Conference Center	9
8. U. T. Austin: Recommendation to Waive the Regents' <u>Rules and Regulations</u> , Part One, Chapter VIII, Section 1, Subsection 1.1, and to Approve Naming of a Campus Building	10

1. U. T. Board of Regents: Proposed Amendments to Regents' Rules and Regulations, Part Two, Chapter VIII, Sections 1 (Major New Building Construction Exceeding the Amount of \$300,000 Per Project) and 6 (Modification of Bids).--

#### RECOMMENDATION

The Office of the Chancellor recommends the following amendments to the Regents' Rules and Regulations, Part Two, Chapter VIII (Physical Plant Improvements), Sections 1 and 6:

- a. Amend Subdivision 1.31 of Section 1 (Major New Building Construction Exceeding the Amount of \$300,000 Per Project) as follows:
  - 1.31 After the Board approves the final plans and specifications, the Board shall authorize the Office of Facilities Planning and Construction to advertise for bids. Advertisements for bids for buildings shall be in accordance with State law [~~and shall be published for four consecutive weeks unless the urgency, limited scope of work, or economy, as determined by the Chancellor, shall justify a lesser period of time~~].
- b. Amend Subsection 6.1 of Section 6 (Modification of Bids) as follows:
  - 6.1 No bid shall be changed, amended, or modified by telegram or otherwise after the deadline for bid filing set out in the [~~it has been submitted or filed in response to an~~] advertisement for bids in connection with the construction or erection of permanent improvements at any of the component institutions of the System under Section 51.907, Texas Education Code, V.T.C.S.

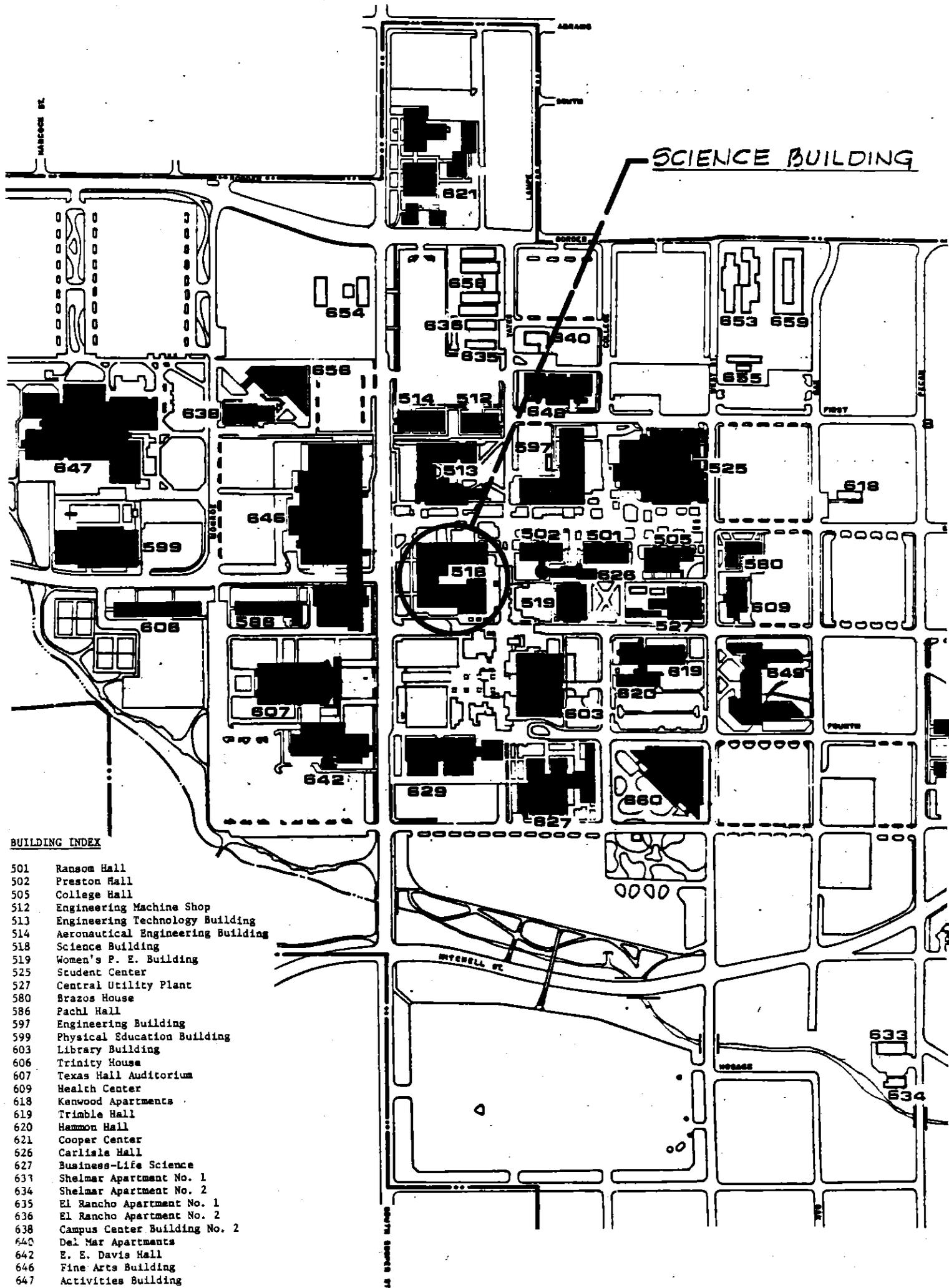
It is further recommended that the Executive Secretary to the U. T. Board of Regents, in consultation with the Office of General Counsel, be authorized to make appropriate editorial changes in the remainder of the Regents' Rules and Regulations that may be necessary in order to conform to the foregoing changes related to construction projects and to insure that the entire chapter is not gender specific.

#### BACKGROUND INFORMATION

Under the provisions of Chapter VIII, Section 3, the procedures set forth in Chapter VIII, Section 1 apply to construction projects under \$300,000 administered by the component institutions as well as projects over \$300,000 administered by the Office of Facilities Planning and Construction. Operational convenience and potential cost savings have caused several components to indicate the need to be able to utilize direct solicitation and other alternative means of bid advertisement in connection with construction projects when it appears such alternative means are better suited to advertising the project. An amendment to Chapter VIII, Section 1 of

# U. T. ARLINGTON

## CENTRAL CAMPUS AREA



SCIENCE BUILDING

**BUILDING INDEX**

- 501 Ransom Hall
- 502 Preston Hall
- 505 College Hall
- 512 Engineering Machine Shop
- 513 Engineering Technology Building
- 514 Aeronautical Engineering Building
- 518 Science Building
- 519 Women's P. E. Building
- 525 Student Center
- 527 Central Utility Plant
- 580 Brazos House
- 586 Pacht Hall
- 597 Engineering Building
- 599 Physical Education Building
- 603 Library Building
- 606 Trinity House
- 607 Texas Hall Auditorium
- 609 Health Center
- 618 Kenwood Apartments
- 619 Trimble Hall
- 620 Hammon Hall
- 621 Cooper Center
- 626 Carlisle Hall
- 627 Business-Life Science
- 631 Shelmar Apartment No. 1
- 634 Shelmar Apartment No. 2
- 635 El Rancho Apartment No. 1
- 636 El Rancho Apartment No. 2
- 638 Campus Center Building No. 2
- 640 Del Mar Apartments
- 642 E. E. Davis Hall
- 646 Fine Arts Building
- 647 Activities Building
- 648 Engineering Lab Building
- 649 Business-Administration Building
- 653 Border West Apartments
- 654 Cooper South Apartments
- 655 West Apartments
- 656 University Bookstore
- 658 Piscees Apartments
- 659 Capricorn Apartments
- 660 Nursing Building

the Regents' Rules and Regulations is needed to eliminate the requirement that bids only be advertised by general newspaper publication.

Potential cost savings has caused the Office of Facilities Planning and Construction to indicate the need to permit bidders to amend their bids up to the time of the bid opening for the purpose of updating price quotes from subcontractors and suppliers. The Office of Facilities Planning and Construction reports that this is a generally accepted practice in the construction industry and will result in direct cost savings. An amendment to Chapter VIII, Section 6, is needed to authorize amendments to bids up to the time of the advertised filing deadline.

2. U. T. Arlington - Science Building Humidity Control; Request for Appointment of Project Engineer to Prepare Final Plans; Authorization for Submission to the Coordinating Board; and Appropriation Therefor.--

#### RECOMMENDATION

The Office of the Chancellor concurs with the recommendation of President Nedderman that the U. T. Board of Regents:

- a. Appoint the firm of Friberg Associates, Inc., Fort Worth, Texas, as Project Engineer to prepare final plans and specifications for the correction of humidity control problems in the Science Building at U. T. Arlington at an estimated project cost of \$750,000. Final plans will be presented to the U. T. Board of Regents for consideration at a future meeting.
- b. Authorize submission of the project to the Coordinating Board, Texas College and University System
- c. Appropriate \$75,000 from Permanent University Fund Bond Proceeds for fees and related expenses through completion of final plans.

#### BACKGROUND INFORMATION

At its special meeting on January 14, 1987, the U. T. Board of Regents authorized within the parameters of the Capital Improvement Program an emergency building renovation project to correct a serious humidity control problem in the U. T. Arlington Science Building. The appointment of a Project Engineer and authorization for submission to the Coordinating Board will permit this project to proceed in a timely manner. On January 14, 1987, the U. T. Board of Regents allocated \$575,000 from Permanent University Fund Bond Proceeds for partial project funding. It is anticipated that the additional funding (estimated \$175,000) for the project will be appropriated from FY 1987-88 Capital Improvement Program reserves for repairs and rehabilitation.

3. U. T. El Paso: Recommendation for Approval of Increased Purchase Price to Acquire Property Consisting of Eight Parcels and Comprising 13 Lots, El Paso, El Paso County, Texas, from the Hotel Dieu Hospital, El Paso, Texas.--

#### RECOMMENDATION

The Office of the Chancellor concurs with President Monroe's recommendation to acquire property being:

Parcel #1: 1103-1111 N. Florence Street and 511 Arizona Avenue being the West 56' of Lots 1 and 2, and all of Lots 3 through 10, Block 7, Alexander Addition and

Parcel #2: 1110-1114 Campbell Street being the West 82' of Lots 11 and 12, and all of Lots 13, 14, and 15, Block 7, Alexander Addition,

from the Hotel Dieu Hospital, El Paso, Texas, for \$180,000 for use as unimproved parking for U. T. El Paso's College of Nursing and Allied Health.

The source of funds for this acquisition is the Parking Services Account Balance.

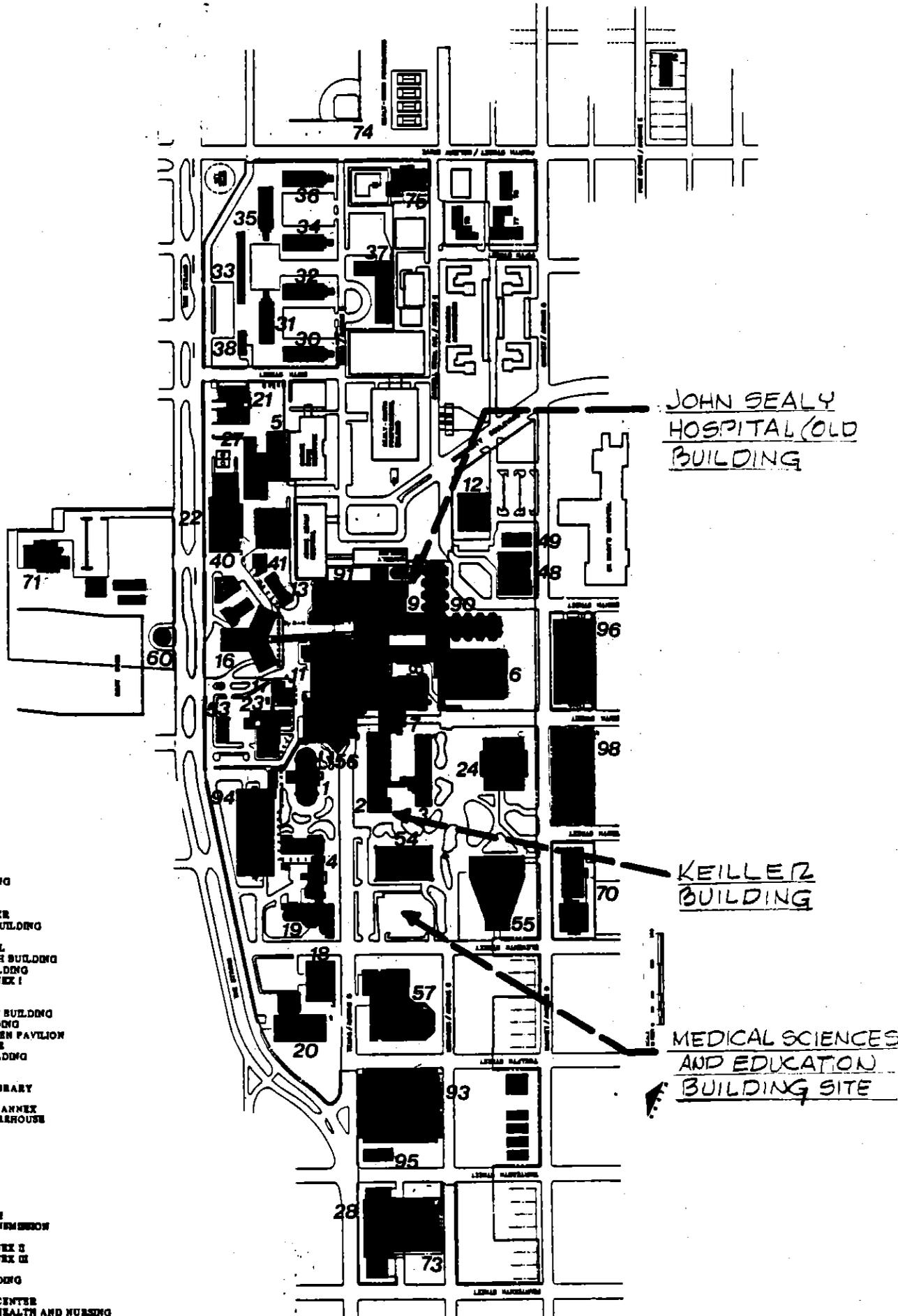
This item requires the concurrence of the Academic Affairs Committee.

#### BACKGROUND INFORMATION

At its April 1985 meeting, the U. T. Board of Regents approved the purchase of the Hotel Dieu property at a price of \$150,000. The purchase was subsequently approved by the Coordinating Board at its meeting on July 19, 1985. After a significant delay in scheduling a closing on this transaction, U. T. El Paso was notified by the new business manager of the hospital that the offer to sell the property had not been authorized by the board of directors for the Hotel Dieu Medical Center. Mr. James S. Wilson, Manager of Endowment Real Estate, then entered into new negotiations which resulted in the current offer on March 13, 1986, and which was later accepted by the board of directors of the Hotel Dieu. A contract, pending U. T. Board of Regents approval, was signed on January 7, 1987.

U. T. El Paso's College of Nursing and Allied Health is located off campus at 1101 North Campbell Street. The referenced property is located across from the College of Nursing and Allied Health and represents the only off-street parking for students enrolled in the College. The offered price of \$4.28 per square foot is within the range of appraisals which were originally obtained on the property.

# U. T. MEDICAL BRANCH AT GALVESTON



1. ASHBEL SMITH HALL
2. KEILLER BUILDING
3. GAIL BORDEN BUILDING
4. GRAVES BUILDING
5. SURGICAL RESEARCH
6. CHILD HEALTH CENTER
7. CLINICAL SCIENCES BUILDING
8. CHILDRENS HOSPITAL
9. JOHN SEALY HOSPITAL
11. JOHN W. McCULLOUGH BUILDING
12. ADMINISTRATION BUILDING
13. ADMINISTRATION ANNEX I
14. HENDRIX BUILDING
16. TDC HOSPITAL
17. OLD PHYSICAL PLANT BUILDING
18. MICROBIOLOGY BUILDING
19. MARY MOODY NORTHERN PAVILION
20. ANIMAL CARE CENTER
21. PHYSICAL PLANT BUILDING
22. STEAM TRANSMISSION
23. LAUNDRY
24. MOODY MEMORIAL LIBRARY
25. CARPENTER SHOP
27. SURGICAL RESEARCH ANNEX
28. GENERAL STORES WAREHOUSE
30. BRACKENRIDGE HALL
31. CLAY HALL
32. BETHEL HALL
33. NOLAN HALL
34. VESANT HALL
35. WORGAN HALL
36. LEAGUE HALL
37. UNIT D
38. DORM MACHINE ROOM
40. CHILLED WATER TRANSMISSION
41. PAINT SHOP
48. ADMINISTRATION ANNEX E
49. ADMINISTRATION ANNEX III
53. LABOR BUILDING
54. BASIC SCIENCES BUILDING
55. LEARNING CENTER
56. AMBULATORY CARE CENTER
57. SCHOOLS OF ALLIED HEALTH AND NURSING
60. HELIPORT
70. PHARMACOLOGY BUILDING
71. MAURICE EWING HALL
72. MARINE SUPPORT
73. WAREHOUSE
74. RECREATION FACILITIES
75. FIELD HOUSE
90. JOHN SEALY ANNEX, SOUTH ADDITION
91. JOHN SEALY ANNEX, NORTH ADDITION
92. SNACK BAR/ODDING HALL
93. EMPLOYEE PARKING GARAGE
94. PARKING GARAGE
95. CONSTRUCTION WAREHOUSE
96. PARKING GARAGE
98. EMPLOYEE PARKING GARAGE
99. PHYSICAL PLANT STOREROOM

4. U. T. Medical Branch - Galveston - Keiller Building Renovation and Reroofing: Request for Project Authorization; Appointment of Project Architect to Prepare Preliminary Plans, and Appropriation Therefor.--

#### RECOMMENDATION

The Office of the Chancellor concurs with the recommendation of President Levin that the U. T. Board of Regents:

- a. Authorize a project for the renovation and reroofing of the Keiller Building at the U. T. Medical Branch - Galveston at an estimated total project cost of \$11,000,000
- b. Appoint a Project Architect from the list set forth on Page B&G - 6 to prepare preliminary plans and a detailed cost estimate to be presented to the U. T. Board of Regents at a future meeting
- c. Appropriate \$1,150,000 from Educational and General Funds Unappropriated Balance previously allocated for the Keiller Building roof replacement and mechanical room equipment by Executive Committee Letter 86-21, some of which will now be used for fees and related project expenses through the preparation of preliminary plans.

This item requires the concurrence of the Finance and Audit and Health Affairs Committees.

#### BACKGROUND INFORMATION

The Keiller Building was completed in January 1925. Since that time, it has taken on an increasingly important role as a research building and, simultaneously, the nature of research has become far more complex and dependent upon toxic chemical compounds. The Keiller Building's mechanical system is inadequate to meet the requirements of a modern medical school research facility. The Keiller Building also does not meet the Life Safety Codes. There are several dead-end corridors, office and laboratory suites that exceed square foot requirements for one exit, and stairwells that are open to corridors. In addition, total replacement of the original clay tile roofing and flat built-up roof is required.

The Keiller Building currently houses the Departments of Pathology, Anatomy, and Preventive Medicine and Community Health. Laboratory-based research activities in these departments are highly sophisticated and utilize chemicals which must be vented by fume hoods. The mechanical system in this building has been overtaxed for more than a decade. Reallocations of additional space to the Department of Pathology will add to the requirement for laboratory ventilation.

It would be difficult to remove the research laboratories from the Keiller Building since they represent the research efforts of three well-developed academic departments. The effect of continued development of research in the Keiller Building without mechanical and laboratory renovations would subject the inhabitants of the building to undue contact with

chemical compounds in the air circulated throughout the building, according to environmental safety studies conducted over the last few years.

The Strategic Plan places high priority on the recruitment of faculty and the development of research and patient care programs. With the completion of Old Red, and the moving of the gross anatomy teaching space, the proposed renovation of the Keiller Building will make the space functional for pathology research laboratories. The Department of Pathology, with a new chairman and adequate research space, will be able to recruit excellent faculty to fill existing vacancies.

Funding for this project will be from U. T. Medical Branch Funds. Funds in the amount of \$1,150,000 were previously transferred from Educational and General Funds Unappropriated Balance (RBC #501, Executive Committee Letter 86-21, August 1986) for the Keiller Building roof replacement and mechanical room equipment. The source of funding places this project outside the scope of the Capital Improvement Program.

#### List of Firms for Consideration

##### Project Architect

Hightower/Alexander, Inc.  
Houston, Texas

Oliver & Beerman  
Galveston, Texas

The White Budd VanNess  
Partnership, Houston,  
Beaumont, Austin

##### Representative Projects

St. Joseph Hospital,  
Houston  
St. Mary's Hospital,  
Galveston  
Dresser Industries,  
Houston  
UTMB: Nutrition Lab

UTMB: Pharmacology  
and Microbiology Bldgs.;  
Administration Annex II;  
Parking Facilities; Marine  
Biomedical Institute  
Galveston County Hospital  
Renovations  
College of the Mainland,  
Texas City

U. T. Austin: Pharmacy Bldg.  
Texas Tech: Chemistry Bldg.  
Texas A&M: Biological  
Sciences Building  
University of Houston:  
Business Administration  
Building

5. U. T. Medical Branch - Galveston - Medical Sciences and Education Building: Request for Project Authorization; Appointment of Project Architect to Prepare Preliminary Plans; and Appropriation Therefor.--

#### RECOMMENDATION

The Office of the Chancellor concurs with the recommendation of President Levin that the U. T. Board of Regents:

- a. Authorize a project for the construction of a Medical Sciences and Education Building at the U. T. Medical Branch - Galveston at an estimated total project cost of \$25,000,000

- b. Appoint a Project Architect from the list set forth on Page B&G - 8 to prepare preliminary plans and a detailed cost estimate to be presented to the U. T. Board of Regents at a future meeting
- c. Appropriate \$5,000,000 from The Sealy & Smith Foundation grant funds, part of which will be used for fees and related project expenses through the preparation of preliminary plans.

#### BACKGROUND INFORMATION

The U. T. Medical Branch - Galveston has identified and documented, through its strategic planning process, the need for a new medical sciences and education facility to house the Department of Microbiology, laboratories and offices for the Marine Biomedical Institute, a satellite animal care facility to support the needs of the basic sciences departments, and portions of the Departments of Internal Medicine, Surgery, Neurology and Otolaryngology.

The new facility, at approximately 140,000 gross square feet, can be constructed within an estimated total project budget of \$25 million. Of this total, \$5 million has been pledged by The Sealy & Smith Foundation for the John Sealy Hospital and \$20 million has been approved from Permanent University Fund bond proceeds.

The need for this facility at the U. T. Medical Branch - Galveston is both real and urgent. The Department of Physiology and Biophysics, which supports a major part of the neuroscience effort at U. T. Medical Branch - Galveston, is currently located in the Basic Sciences Building, along with the Department of Human Biological Chemistry and Genetics (HBC&G) which also has an involvement in neuroscience research. Each of the four clinical departments which would be assigned space in the proposed facility has a major involvement in neuroscience research, education, and patient care. The physical proximity of these six departments and the Marine Biomedical Institute would significantly enhance the continued development of an excellent interdisciplinary program.

The relocation of the Department of Microbiology to the proposed facility would increase the integration of this excellent department with the research activities of the remainder of U. T. Medical Branch - Galveston. The new facility would be used for that purpose as well as to consolidate those portions of the Department of HBC&G which are scattered in five buildings throughout the campus. This reallocation would result in HBC&G being consolidated into two buildings a short distance apart, and in the closing and demolition of the Hendrix Building, an inadequate and unsafe facility currently used by the Department of HBC&G.

The proposed Medical Sciences and Education Building would enhance interdisciplinary efforts, particularly in the neurosciences research programs.

This project is within the scope of the Capital Improvement Program approved by the U. T. Board of Regents in October 1985 and is included in the 1987-1988 authorized funding plan.

List of Firms for Consideration

Project Architect

Jessen Inc.  
Austin, Texas

3D/International  
Houston, Texas

CRS Sirrine  
Houston, Texas

Representative Projects

UTMB: TDC Hospital,  
In Association  
U. T. Austin: Taylor Hall  
Renovation  
Advanced Micro Devices,  
Inc., Austin

Veteran's Administration  
Hospital, Houston  
Children's Nutrition  
Research Center, Houston  
Hermann Hospital Renovation,  
Houston

Gulf Oil Company, Houston  
Dallas/Fort Worth Medical  
Center  
Tenneco, Inc., Houston

6. U. T. Medical Branch - Galveston - Remodeling of John Sealy Hospital (Old Building) - Remodeling of Sixth, Seventh and Eighth Floors (Project No. 601-655): Request for Authorization to Prepare Final Plans and Appropriation Therefor.--

RECOMMENDATION

The Office of the Chancellor concurs with the recommendation of President Levin that the U. T. Board of Regents:

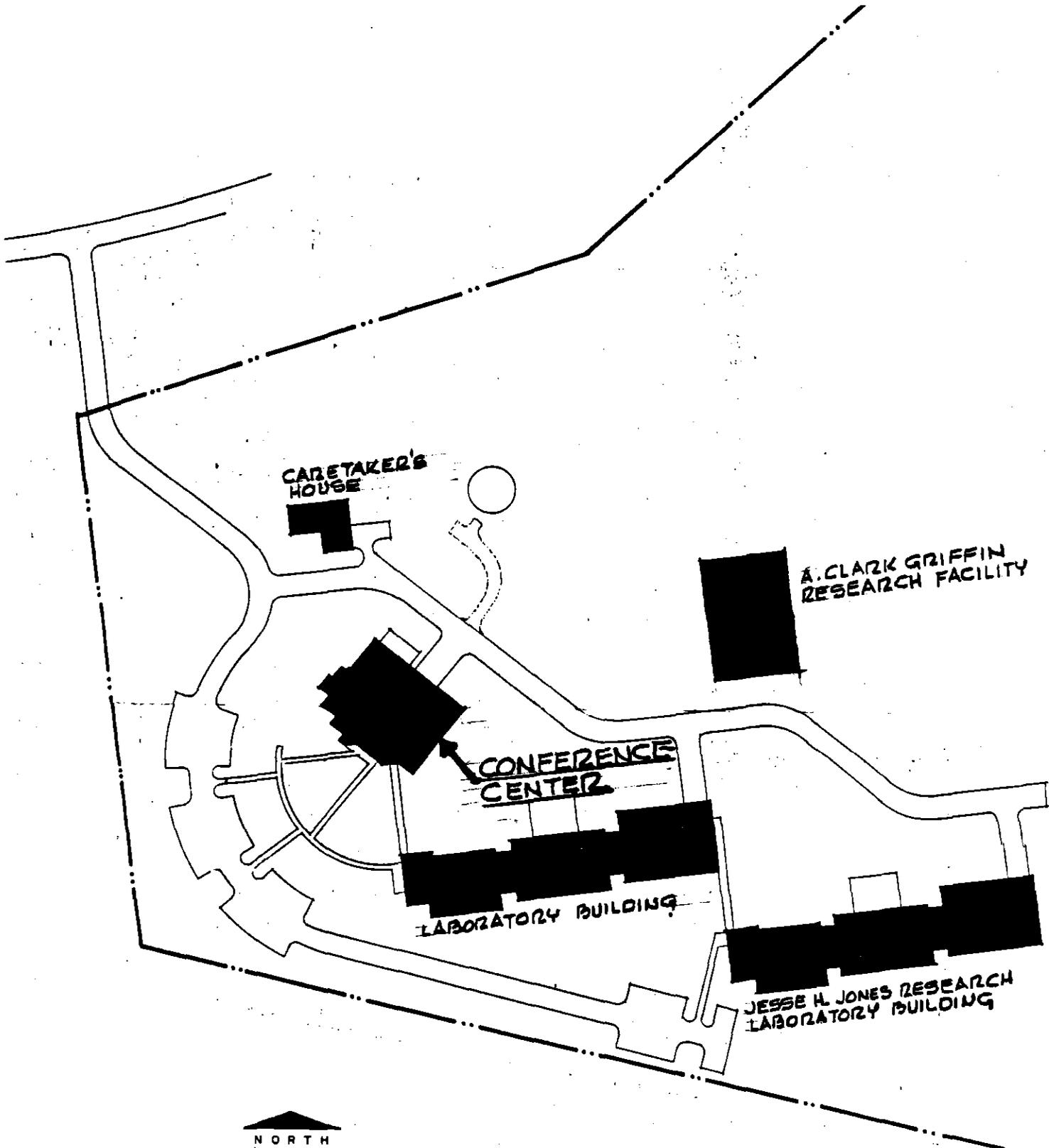
- a. Authorize the Project Architect to prepare final plans and specifications for the Remodeling of the Sixth, Seventh and Eighth Floors of John Sealy Hospital (Old Building) at the U. T. Medical Branch - Galveston at an estimated total project cost of \$8,350,000. Upon completion, the plans will be presented to the U. T. Board of Regents for consideration at a future meeting.
- b. Appropriate \$8,350,000 from The Sealy & Smith Foundation grant funds for total project funding.

BACKGROUND INFORMATION

The remodeling of areas on the sixth, seventh and eighth floors is a part of the phased remodeling of the 1954 sector of the John Sealy Hospital. Final plans, specifications and a detailed cost estimate will be prepared by the Project Architect, Page Southerland Page, Houston, Texas. This phase is part of a continuing effort to renovate the older sections of the hospital as authorized by the U. T. Board of Regents in February 1974.

This project will provide research laboratories and faculty offices for the Divisions of Cardiothoracic Surgery, Oral and

# UT SCIENCE PARK- RESEARCH DIVISION SMITHVILLE



## AREA SITE PLAN

Scale Feet

0 50 100 200 300 400

Maxillofacial Surgery, and General Surgery, as well as the Departments of Otolaryngology, Physical Therapy and Occupational Therapy and the EEG and Evoked Potential Laboratory. All of these areas support the patient care activities at the U. T. Medical Branch - Galveston.

This project is dependent upon a grant from The Sealy & Smith Foundation and is considered to be outside the scope of the Capital Improvement Program.

7. U. T. Cancer Center (U. T. Science Park): Recommendation to Waive the Regents' Rules and Regulations, Part One, Chapter VIII, Section 1, Subsection 1.1, and Approve Naming the Conference Center at the Research Division of the Science Park as the J. J. "Jake" Pickle Conference Center.--

#### RECOMMENDATION

The Office of the Chancellor concurs with the recommendation of President LeMaistre that the U. T. Board of Regents authorize an exception to the Regents' Rules and Regulations, Part One, Chapter VIII, Section 1, Subsection 1.1, which requires that persons in whose honor a building is to be named "shall have been deceased at least five years," and approve the naming of the conference center at the Research Division of the U. T. Science Park at the U. T. Cancer Center as the J. J. "Jake" Pickle Conference Center.

#### BACKGROUND INFORMATION

In 1968, the U. T. Cancer Center acquired 717 acres of land in Buescher State Park from the Parks and Wildlife Department to develop a Science Park for the purpose of studying the influence of the environment on the causes of cancer.

In September 1977, the first permanent buildings were occupied on this property, comprising two research laboratories, a conference center, and a caretaker's residence. A matching grant in the amount of \$1.25 million was received from the Economic Development Administration to fund the construction of these facilities. This grant was made largely through the influence and efforts of Congressman J. J. "Jake" Pickle, who has been a major supporter of the Science Park.

Today, the Research Division of the Science Park is recognized as one of the leading institutions in the world in the field of carcinogenesis. The staff is comprised of over thirty doctoral level research scientists in such disciplines as oncology, cell biology, biochemistry, molecular biology, virology, immunology, microanatomy, radiation biology, genetics, and pathology.

One of the unique aspects of this facility is the availability of an onsite conference center. This center is used for national and international conferences and workshops that address timely topics of research relevant to cancer causation, prevention, and treatment. It would be most fitting to name this conference center in honor of the individual who was instrumental in obtaining the federal funding which provided the impetus for the development of this facility, and who, over the years, has evidenced great interest in and support for this innovative approach to cancer research and treatment.

BUILDINGS AND GROUNDS COMMITTEE

ADDITIONAL ITEM

February 12-13, 1987

8. U. T. Austin: Recommendation to Waive the Regents' Rules and Regulations, Part One, Chapter VIII, Section 1, Subsection 1.1, and to Approve Naming of a Campus Building.--

RECOMMENDATION

The Office of the Chancellor concurs with the recommendation of President Cunningham that the U. T. Board of Regents authorize an exception to the Regents' Rules and Regulations, Part One, Chapter VIII, Section 1, Subsection 1.1, which requires that persons in whose honor a building is to be named "shall have been deceased at least five years," and approve naming the Little Campus Building in the Little Campus complex on the U. T. Austin campus as John W. Hargis Hall. This building currently houses the Admissions and Employment Centers.

BACKGROUND INFORMATION

Mr. John W. Hargis, deceased November 13, 1986, was the first Black undergraduate student admitted to U. T. Austin and received his B.S. in Chemical Engineering in January 1959, becoming the first Black to receive an undergraduate degree from the institution. Mr. Hargis retired as Vice President for Manufacturing and Corporate Director of Administration for Capitol Records, Los Angeles, California, in 1982 and in 1984 returned to Austin, volunteering a good deal of his time to university related activities. He was a Life Member of The Ex-Students' Association at U. T. Austin and was appointed as Chairman of the Black Alumni Task Force of The Ex-Students' Association in 1985. President Cunningham appointed Mr. Hargis Special Assistant to the President in October 1986.

JOHN W. HARGIS

Born (1935) and raised in Austin

Valedictorian - Anderson High School, 1953

Attended Morehouse College in Atlanta, 1953-54

Refused admittance to UT and then attended Prairie View,  
1954-55

Admitted to UT in summer 1955 and became first Black Under-graduate Student at The University

Founding member of Alpha Phi Alpha Fraternity at UT Austin

Graduated with B.S. in Chemical Engineering January 1959 and became first Black to receive undergraduate degree from The University

Worked as engineer in Austin for a few years and then moved to Connecticut

Lived and worked in New Canaan, Connecticut, where he was active in Democratic Party politics - Elected to Democratic Party steering committee and served on the New Canaan Board of Finance

Received a Master of Business Administration degree from the University of Bridgeport

Became a Life Member of The University of Texas at Austin Ex-Students' Association in 1972

Suffered major heart attack at age 40

Moved to Los Angeles, where he worked for Capitol Records serving as Vice President for Manufacturing and Corporate Director of Administration

Retired for health reasons from Capitol in 1982

Moved to Austin in 1984

Appointed by Gordon Appleman as Chairman of Black Alumni Task Force of Ex-Students' Association in 1985

Volunteered extensively with UT during 1985-86 with focus on improving relations between The University and the Black community

Appointed by President Cunningham as Special Assistant to the President in October 1986

Died November 13, 1986

MEMORIAL SERVICE FOR JOHN WILLIS HARGIS

Bates Recital Hall -- November 21, 1986

Remarks by William H. Cunningham

We are gathered here today so that The University community may honor the memory of John Hargis.

Some of you knew him as devoted family member, son and father. Some of you knew him as childhood companion, some as student who excelled in all he did and persisted in spite of great obstacles, others knew him as a professional colleague and community leader.

Most of us on the stage only knew him these last two years after his return to Austin. But we feel we knew him very well.

We knew him as a man of quiet strength who was committed to improving and strengthening The University that had not made his path easy. He taught us the meaning of forgiveness.

He also taught us how to teach. He was not a professor or a classroom teacher in the conventional sense, but he had an innate ability to instruct, to coach, to help us understand ourselves better and to get things done.

I shall miss him very much personally and The University is the poorer for his loss. We are here to share our grief for that loss and our joy for the fact that he was part of our lives.

MEMORIAL SERVICE FOR JOHN WILLIS HARGIS

Bates Recital Hall -- November 21, 1986

Remarks by Edwin R. Sharpe

John Hargis was born and raised in Austin. He attended the old Anderson High School and graduated as its valedictorian in 1953. Encouraged and supported by members of the local Black community, John left Texas for Atlanta, Georgia, to attend Morehouse College in the Fall of 1953.

Although he did well at Morehouse, John felt that he belonged in Texas and that he should pursue his education in his home state.

On returning to Austin, he was informed that he would not be admitted to the public university in his home town because he was Black. He was instructed that he could attend the state's public institution for Blacks, Prairie View A&M.

Under protest, John studied at Prairie View during the 1954-55 school year. He remained firm, however, in his determination to attend the major public institution in his state.

He applied for admission to UT again and, in the Summer of 1955, entered the institution with academic standing as a Junior. In so doing, he became the first Black undergraduate in the history of The University.

A few other Black students joined him at UT in the Fall of 1955. All faced difficulties and hardships in their quest for formal education. John worked diligently despite the circumstances and earned the degree of Bachelor of Science in Chemical Engineering in January 1959. He was the first Black to graduate with a Bachelor's degree from The University of Texas at Austin.

John's career following his graduation was a distinguished one. In a very short time and at a young age, John Hargis achieved distinction in business, in politics, and in volunteer and community service in the states of Connecticut and California. He also raised a family. And he did all of this despite major health problems which followed a massive heart attack he suffered at age 40.

Forced to retire from corporate life because of his health in 1982, John's thoughts returned to his home and to Texas. He felt drawn back to Austin. There were things to be done.

On returning home, John was concerned when he found that the relationship between his alma mater and the majority of the Black community was not a close one. He believed things should be different, so, in characteristic style, he set about to change them. He took his first action in volunteering to work with the UT Ex-Students' Association and became chairman of its Black Alumni Task Force. In short order he was working not only with alumni but also with students, faculty, staff and administrators.

John made things happen. In his work, he initiated dialogue; he sponsored receptions; he listened to peoples' concerns and complaints; he nudged, suggested, advised, cautioned, and encouraged.

He was gentle in his manner but always steadfast in his intent . . . his intent and determination to bring the Black community and The University community together in a united effort for the advancement of all.

John Hargis was a remarkable person. He was a man of insight, of compassion, of humor, and of action. He was, in the finest tradition, a native son of Texas in whom we all can take profound and great pride.

## **Land and Investment Committee**

LAND AND INVESTMENT COMMITTEE

Date: February 12, 1987  
Time: Following the meeting of the Buildings and Grounds Committee  
Place: Regents' Meeting Room, Ninth Floor, Ashbel Smith Hall

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L&I

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Investment Matters

Report on Clearance of Monies to Permanent University Fund for November and December 1986, and Report on Oil and Gas Development as of December 31, 1986

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U. T. ARLINGTON

1. Recommendation to Accept Transfer of Funds and Pledges to Establish the Accounting Alumni Professorship and Eligibility for Matching Funds Under the Texas Eminent Scholars Program

8

2. Recommendation to Accept Gift and Pledge to Establish The Freese and Nichols Scholarship

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3. Recommendation to Accept Gift to Establish The Albert H. Halff Associates Scholarship

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4. Recommendation to Accept a Gift of Real Property Being a 20 Acre Tract of Land Located in Baylor County, Texas, from Mr. Ted B. Court, Arlington, Texas

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U. T. AUSTIN

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U. T. HEALTH SCIENCE CENTER - DALLAS

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B. Real Estate Matters

U. T. ARLINGTON

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I. PERMANENT UNIVERSITY FUND

Report on Clearance of Monies to Permanent University Fund for November and December 1986, and Report on Oil and Gas Development as of December 31, 1986.--The following reports with respect to (a) certain monies cleared to the Permanent University Fund for November and December 1986, and (b) Oil and Gas Development as of December 31, 1986, are submitted by the Executive Vice Chancellor for Asset Management:

<u>Permanent University Fund</u>	<u>November 1986</u>	<u>December 1986</u>	<u>Cumulative Through December of this Fiscal Year (1986-1987)</u>	<u>Cumulative Through December of Preceding Fiscal Year (1985-1986)</u>	<u>Per Cent Change</u>
<u>Royalty</u>					
Oil	\$ 3,277,595.39	\$ 5,029,507.15	\$15,414,531.50	\$ 32,395,854.46	-52.42%
Gas	2,241,169.46	1,451,110.01	7,994,610.53	10,443,052.45	-23.45%
Sulphur	10,000.00	10,000.00	40,000.00	128,183.55	
Water	48,007.53	33,591.92	199,933.58	217,238.96	
Brine	3,130.56	1,066.86	12,223.89	40,185.90	
Trace Minerals	0.00	0.00	0.00	0.00	
<u>Rental</u>					
Oil and Gas Leases	31,805.24	15,800.09	375,012.51	376,427.40	
Other	0.00	0.00	3,163.64	1,000.00	
Sale of Sand, Gravel, Etc.	0.00	0.00	0.00	10,793.00	
Gain or (Loss) on Sale of Securities	<u>11,751,981.82</u>	<u>12,206,504.86</u>	<u>37,944,372.43</u>	<u>76,415,843.39</u>	
Subtotal	<u>17,363,690.00</u>	<u>18,747,580.89</u>	<u>61,983,848.08</u>	<u>120,028,579.11</u>	<u>-48.36%</u>
<u>Bonuses</u>					
Oil and Gas Lease Sales	(32,035.00)	0.00	(32,035.00)	5,913,600.00	
Amendments and Extensions to Mineral Leases	<u>14,218.57</u>	<u>14,419.50</u>	<u>23,021.44</u>	<u>176,187.39</u>	
Total Bonuses	<u>(17,816.43)</u>	<u>14,419.50</u>	<u>(9,013.56)</u>	<u>6,089,787.39</u>	
<u>TOTAL CLEARANCES</u>	<u>\$17,345,873.57</u>	<u>\$18,762,000.39</u>	<u>\$61,974,834.52</u>	<u>\$126,118,366.50</u>	<u>-50.86%</u>

Oil and Gas Development - December 31, 1986

Acreeage Under Lease - 724,118      Number of Producing Acres - 564,047      Number of Producing Leases - 2,262

II. TRUST AND SPECIAL FUNDS

A. GIFTS, BEQUESTS AND ESTATES

1. U. T. Arlington: Recommendation to Accept Transfer of Funds and Pledges to Establish the Accounting Alumni Professorship and Eligibility for Matching Funds Under the Texas Eminent Scholars Program.--

RECOMMENDATION

The Office of the Chancellor concurs with President Nedderman's recommendation to accept a \$100,000 transfer of previously reported gifts from current restricted funds and pledges to establish the Accounting Alumni Professorship at U. T. Arlington.

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

BACKGROUND INFORMATION

This Professorship is being funded to recognize outstanding performance by a faculty member in the Department of Accounting at U. T. Arlington. The Department of Accounting has received funds and pledges from individual alumni, the UTA Accounting Alumni Association, business firms, and internal sources to sufficiently fund the Professorship at \$100,000.

2. U. T. Arlington: Recommendation to Accept Gift and Pledge to Establish The Freese and Nichols Scholarship.--

RECOMMENDATION

The Office of the Chancellor concurs with President Nedderman's recommendation to accept a \$15,000 gift and a \$20,000 pledge, payable prior to December 31, 1988, for a total endowment of \$35,000 from Freese and Nichols, Inc., Arlington, Texas, to establish The Freese and Nichols Scholarship at U. T. Arlington.

Income earned from the endowment will be used to award an annual scholarship to a qualified high school student to attend U. T. Arlington as a Civil Engineering major meeting the criteria of the Civil Engineering Scholars Program.

BACKGROUND INFORMATION

Freese and Nichols, Inc., consulting engineers and planners, are funding this scholarship to promote civil engineering in the Dallas-Fort Worth Metroplex.

3. U. T. Arlington: Recommendation to Accept Gift to Establish The Albert H. Halff Associates Scholarship.--

#### RECOMMENDATION

The Office of the Chancellor concurs with President Nedderman's recommendation to accept a \$15,000 gift from Albert H. Halff Associates, Inc., Dallas, Texas, to establish The Albert H. Halff Associates Scholarship at U. T. Arlington.

Income earned from the endowment will be used to award an annual scholarship of \$2,000 for four years to a qualified high school student to attend U. T. Arlington as a civil engineering major meeting the criteria of the Civil Engineering Scholars Program.

#### BACKGROUND INFORMATION

Albert H. Halff Associates, Inc. are funding this scholarship to promote civil engineering in the Dallas-Fort Worth Metroplex.

4. U. T. Arlington: Recommendation to Accept a Gift of Real Property Being a 20 Acre Tract of Land Located in Baylor County, Texas, from Mr. Ted B. Court, Arlington, Texas.--

#### RECOMMENDATION

The Office of the Chancellor concurs with the recommendation of President Nedderman to accept a gift of real property being 20 undivided acres out of a 181.185 acre tract in Baylor County, Texas, from Mr. Ted B. Court of Arlington, Texas. Mr. Court has placed a value of \$500 per acre or \$10,000 on this gift. Proceeds from the sale of the property are for the unrestricted use of the President of U. T. Arlington.

#### BACKGROUND INFORMATION

At its April 1986 meeting, the U. T. Board of Regents accepted 15 acres out of the same 181.185 acre tract in Baylor County, Texas. Mr. Court has indicated that he intends to donate a portion of his interest in the 181.185 acre tract of land to U. T. Arlington each year over a period of 10 years. Mr. Court is a 1976 graduate of the Criminal Justice Program at U. T. Arlington.

5. U. T. Austin: The Regents Professorship in Pharmacy in the College of Pharmacy - Recommendation to Redesignate as the Romeo T. Bachand, Jr. Regents Professorship in Pharmacy.--

#### RECOMMENDATION

The Office of the Chancellor concurs with President Cunningham's recommendation to redesignate The Regents Professorship in Pharmacy in the College of Pharmacy as the Romeo T. Bachand, Jr. Regents Professorship in Pharmacy.

This recommendation is being made in accordance with a request from the Pharmaceutical Foundation Advisory Council.

#### BACKGROUND INFORMATION

The Regents Professorship in Pharmacy was established at the June 1984 meeting of the U. T. Board of Regents with matching funds of \$100,000 from The Regents' Endowed Teachers and Scholars Program.

Romeo T. Bachand, M.D., is a member of the Pharmaceutical Foundation Advisory Council and a Diamond Member in the Dean's Council in the College of Pharmacy at U. T. Austin.

6. U. T. Austin: David Bruton, Jr. Regents Professorship in Liberal Arts in the College of Liberal Arts - Recommendation to Accept Additional Gift and Pledge and Eligibility for Matching Funds Under The Regents' Endowed Teachers and Scholars Program and Redesignate as the David Bruton, Jr. Regents Chair in Liberal Arts.--

#### RECOMMENDATION

The Office of the Chancellor concurs with President Cunningham's recommendation to accept a gift of \$200,000 and a pledge of \$200,000, payable by December 1988, for a total of \$400,000 from the David Bruton, Jr. Charitable Trust, Dallas, Texas, for addition to the David Bruton, Jr. Regents Professorship in Liberal Arts in the College of Liberal Arts at U. T. Austin and to redesignate as the David Bruton, Jr. Regents Chair in Liberal Arts.

It is further recommended that the gift and pledge, as received, be matched under The Regents' Endowed Teachers and Scholars Program to increase the endowment to a total of \$1,000,000.

### BACKGROUND INFORMATION

The David Bruton, Jr. Regents Professorship in Liberal Arts was established at the February 1985 meeting of the U. T. Board of Regents with a \$115,000 gift and \$85,000 pledge for a total of \$200,000 from the David Bruton, Jr. Charitable Trust. A full report regarding the Trust with supporting details was presented to the U. T. Board of Regents at the May 1980 meeting.

7. U. T. Austin: Recommendation to Accept Transfer of Funds to Establish the Eloise Helbig Chalmers Endowed Scholarship in Music Therapy and Special Education in the College of Fine Arts.--

### RECOMMENDATION

The Office of the Chancellor concurs with President Cunningham's recommendation to accept a \$13,852.59 transfer of previously reported gifts from current restricted funds to establish the Eloise Helbig Chalmers Endowed Scholarship in Music Therapy and Special Education in the Department of Music, College of Fine Arts, at U. T. Austin.

Income earned from the endowment will be used to award scholarships to undergraduate and graduate students in the Department of Music who have special interest in the application of music in therapy and special education.

### BACKGROUND INFORMATION

Mrs. Eloise Helbig Chalmers, deceased 1966, bequeathed her home for the benefit of the Ima Hogg Foundation for Mental Health. The house, which was accepted at the July 1966 meeting of the U. T. Board of Regents, sold for \$8,500 in 1966. The accrued interest brings the current fund total to \$13,852.59.

8. U. T. Austin: Recommendation to Accept Gift to Establish Various Endowments in the College of Natural Sciences, Addition to the Department of Computer Sciences Administrative Endowment, and Eligibility for Matching Funds Under The Regents' Endowed Teachers and Scholars Program.--

### RECOMMENDATION

The Office of the Chancellor concurs with President Cunningham's recommendation to accept a \$1,000,000 gift from an anonymous donor for the benefit of the Department of Computer Sciences, College of Natural Sciences, at U. T. Austin to establish ten (10) new endowed faculty fellowships at \$66,700 each with \$667,000 of the gift and add \$333,000 to the Department of Computer Sciences Administrative Endowment. Titles for the ten endowments will be designated at a later date.

It is further recommended that \$333,000 of the gift allocated for the endowed faculty fellowships be matched under The Regents' Endowed Teachers and Scholars Program and used to increase the ten endowments to \$100,000 each.

#### BACKGROUND INFORMATION

The Department of Computer Sciences Administrative Endowment was established at the December 1985 meeting of the U. T. Board of Regents with a \$600,000 cash gift and a U. S. Treasury note with a \$1,000,000 par value due August 15, 1987, from an anonymous donor.

9. U. T. Austin: Joe B. Cook Professorship in Business Administration in the College of Business Administration and the Graduate School of Business - Recommendation to Accept Additional Gift and Eligibility for Matching Funds Under The Regents' Endowed Teachers and Scholars Program to Increase the Joe B. and Louise Cook Professorship in Mathematics in the College of Natural Sciences.--

#### RECOMMENDATION

The Office of the Chancellor concurs with President Cunningham's recommendation to accept a \$50,000 gift from Mr. Joe B. Cook, Houston, Texas, for addition to the Joe B. Cook Professorship in Business Administration in the College of Business Administration and the Graduate School of Business at U. T. Austin for a total endowment of \$150,000.

It is further recommended that \$25,000 of the gift be matched under The Regents' Endowed Teachers and Scholars Program with funds used to increase the Joe B. and Louise Cook Professorship in Mathematics in the College of Natural Sciences for a total endowment of \$125,000.

#### BACKGROUND INFORMATION

The Joe B. Cook Professorship in Business Administration was established at the February 1983 meeting of the U. T. Board of Regents with a \$100,000 gift from Mr. Cook. The gift was matched with funds from The Centennial Teachers and Scholars Program which were designated to establish the Joe B. and Louise Cook Professorship in Mathematics at the August 1983 meeting.

10. U. T. Austin: Recommendation to Accept Gifts to Establish the Sarah Dodson Endowed Scholarship in English in the College of Liberal Arts.--

#### RECOMMENDATION

The Office of the Chancellor concurs with President Cunningham's recommendation to accept gifts totaling \$10,000 from the family of Ms. Sarah C. Dodson to establish the Sarah Dodson Endowed Scholarship in English in the Department of English, College of Liberal Arts, at U. T. Austin.

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

#### BACKGROUND INFORMATION

Ms. Sarah C. Dodson, deceased July 1984, received her B.A. in 1922, her M.A. in 1924, and her Ph.D. in 1931 in English from U. T. Austin. She was an assistant professor in the Department of English at U. T. Austin from 1922 to 1962.

11. U. T. Austin: Report of Acceptance of Gift Annuity Via U. T. Foundation, Inc. for the Future Establishment of the Aubrey Fariss Professorship in Accounting in the College of Business Administration and the Graduate School of Business.--

#### REPORT

The Office of the Chancellor reports that The University of Texas Foundation, Inc. (an external foundation) has accepted a gift annuity in excess of \$100,000 from Mr. and Mrs. Aubrey Fariss, Houston, Texas, for the benefit of U. T. Austin. Upon the death of Mr. and Mrs. Fariss, the principal will be distributed to the U. T. Board of Regents to endow and establish the Aubrey Fariss Professorship in Accounting in the College of Business Administration and the Graduate School of Business. An agenda item at that time will formalize the acceptance of the gift and the establishment of the Professorship.

#### BACKGROUND INFORMATION

Mr. Fariss, a 1925 U. T. Austin graduate, is a retired partner of Peat, Marwick, Mitchell & Company in Houston, Texas. Mr. Fariss is 84 and Mrs. Fariss is 69. The gift annuity will be held and administered by The University of Texas Foundation, Inc.

12. U. T. Austin: Richard J. Gonzalez Regents Chair in Economic Development Based on Freedom and Private Enterprise in the College of Liberal Arts - Recommendation to Redesignate as the Richard J. Gonzalez Regents Chair in Economic Progress Based on Freedom and Private Enterprise.--

#### RECOMMENDATION

The Office of the Chancellor concurs with President Cunningham's recommendation to redesignate the Richard J. Gonzalez Regents Chair in Economic Development Based on Freedom and Private Enterprise in the Department of Economics, College of Liberal Arts, at U. T. Austin as the Richard J. Gonzalez Regents Chair in Economic Progress Based on Freedom and Private Enterprise.

This recommendation is being made in accordance with the donor's request.

#### BACKGROUND INFORMATION

The Richard J. Gonzalez Regents Chair in Economic Development Based on Freedom and Private Enterprise was established at the April 1984 meeting of the U. T. Board of Regents with a waiver of life interest in the Loraine O'Gorman Gonzalez Trust by Dr. Richard J. Gonzalez, Austin, Texas, and was matched under The Regents' Endowed Teachers and Scholars Program to double the endowment. A bequest under the Will of Mrs. Loraine O'Gorman Gonzalez was accepted at the January 1971 meeting of the U. T. Board of Regents that established a trust fund and designated income from the Trust to Dr. Richard J. Gonzalez, husband of Mrs. Gonzalez.

13. U. T. Austin: Norman Hackerman Professorship in Chemistry in the College of Natural Sciences - Recommendation to Accept Additional Gift and Eligibility for Matching Funds Under The Regents' Endowed Teachers and Scholars Program.--

#### RECOMMENDATION

The Office of the Chancellor concurs with President Cunningham's recommendation to accept a \$63,000 gift from an anonymous donor for addition to the Norman Hackerman Professorship in Chemistry in the College of Natural Sciences at U. T. Austin for a total endowment in excess of \$263,000.

It is further recommended that \$31,500 of the gift be matched under The Regents' Endowed Teachers and Scholars Program with the purpose of the funds to be designated at a later date.

### BACKGROUND INFORMATION

The Norman Hackerman Professorship in Chemistry was established at the June 1977 meeting of the U. T. Board of Regents with a \$107,000 gift from an anonymous donor. Dr. Norman Hackerman joined the U. T. Austin faculty in the Department of Chemistry in 1945. He held several academic positions and administrative appointments including Vice President of U. T. Austin and Vice Chancellor for Academic Affairs at U. T. System. He served as President of U. T. Austin from 1967 to 1970, and subsequently as President of Rice University.

14. U. T. Austin: Recommendation to Accept Gift to Establish the Bettie Johnson Halsell Endowed Scholarship in Liberal Arts in the College of Liberal Arts.--

### RECOMMENDATION

The Office of the Chancellor concurs with President Cunningham's recommendation to accept a \$10,000 gift from Ms. Harriet Halsell, Dallas, Texas, to establish the Bettie Johnson Halsell Endowed Scholarship in Liberal Arts in the College of Liberal Arts at U. T. Austin.

Income earned from the endowment will be used to award scholarships to deserving students in the College of Liberal Arts.

### BACKGROUND INFORMATION

Ms. Harriet Halsell graduated with a B.A. in Sociology from U. T. Austin in 1960. She is funding this endowment in memory of her mother, Bettie Johnson Halsell, deceased April 1984. Mrs. Halsell attended U. T. Austin from 1922 to 1929 and was a Life Member of The Ex-Students' Association.

15. U. T. Austin: Recommendation to Accept Transfer of Funds to Establish the John W. Hargis Endowed Presidential Scholarship in the College of Engineering.--

### RECOMMENDATION

The Office of the Chancellor concurs with President Cunningham's recommendation to accept a \$25,000 transfer of previously reported gifts from current restricted funds to establish the John W. Hargis Endowed Presidential Scholarship in the College of Engineering at U. T. Austin.

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

### BACKGROUND INFORMATION

Mr. John W. Hargis, deceased November 13, 1986, received his B.S. in Chemical Engineering from U. T. Austin in 1959. He had worked with Capitol Records from 1964 to 1982, his last position being Corporate Director of Administration. He was appointed Special Assistant to President William H. Cunningham at U. T. Austin in October 1986.

16. U. T. Austin: Recommendation to Accept Gift to Establish the Barbara C. Jordan Endowed Scholarship in Women's Athletics in the Division of Intercollegiate Athletics for Women.--

### RECOMMENDATION

The Office of the Chancellor concurs with President Cunningham's recommendation to accept a \$10,025 gift from Ms. Bobbie Caviness, Austin, Texas, to establish the Barbara C. Jordan Endowed Scholarship in Women's Athletics in the Division of Intercollegiate Athletics for Women at U. T. Austin.

Income earned from the endowment will be used to award scholarships to women athletes on the basis of financial need and academic competence.

### BACKGROUND INFORMATION

Ms. Caviness is funding this endowment in honor of Ms. Barbara Jordan, former Congresswoman from the 18th District of Texas in the United States House of Representatives from 1972 through 1978. Ms. Jordan is the current holder of the Lyndon B. Johnson Centennial Chair in National Policy and from 1979 through 1982 she held the Lyndon B. Johnson Public Service Professorship, both in the Lyndon B. Johnson School of Public Affairs at U. T. Austin.

17. U. T. Austin: Recommendation to Accept Gift and Pledge to Establish the Lorene Morrow Kelley Professorship in Microbiology in the College of Natural Sciences and Eligibility for Matching Funds Under The Regents' Endowed Teachers and Scholars Program.--

### RECOMMENDATION

The Office of the Chancellor concurs with President Cunningham's recommendation to accept a \$125,000 gift and \$75,000 pledge, payable prior to December 1987, for a total of \$200,000 from Mrs. Lorene Morrow Kelley, Edinburg, Texas, to establish the Lorene Morrow Kelley Professorship in Microbiology in the Department of Microbiology, College of Natural Sciences, at U. T. Austin.

It is further recommended that \$100,000 of the gift be matched under The Regents' Endowed Teachers and Scholars Program and used to increase the endowment.

#### BACKGROUND INFORMATION

Mrs. Kelley is funding this endowment in honor of her sister, Dr. Marie Betzner Morrow, deceased December 24, 1966. Dr. Morrow received her B.A. in 1926, her M.A. in 1927, and her Ph.D. in 1932 in Botany at U. T. Austin. She was assistant professor and later associate professor in the Department of Botany between the years 1939 and 1957. She was associate professor in the Department of Microbiology from 1957 until her retirement in 1966. Mrs. Kelley has contributed funds to four endowments in the College of Natural Sciences.

18. U. T. Austin: The Mesa Petroleum Company Fund in Sedimentary Geology in the College of Natural Sciences - Recommendation to Redesignate as the Jack K. Larsen-Mesa Petroleum Company Fund in Sedimentary Geology.--

#### RECOMMENDATION

The Office of the Chancellor concurs with President Cunningham's recommendation to redesignate The Mesa Petroleum Company Fund in Sedimentary Geology in the College of Natural Sciences at U. T. Austin as the Jack K. Larsen-Mesa Petroleum Company Fund in Sedimentary Geology.

This recommendation is being made in accordance with the request of the donor's family.

#### BACKGROUND INFORMATION

The Mesa Petroleum Company Fund in Sedimentary Geology was established at the February 1980 meeting of the U. T. Board of Regents with a gift of stock valued at \$22,800 from Mr. Jack K. Larsen, Amarillo, Texas. Additional gifts from Mr. Larsen and corporate matching funds from Mesa Petroleum Company have brought the endowment to an excess of \$108,000. Mr. Larsen, deceased March 25, 1986, graduated from U. T. Austin in 1940 and was a member of the Geology Foundation Advisory Council.

19. U. T. Austin: Recommendation to Accept Gift and Corporate Matching Funds to Establish the David and Doris Lybarger Endowed Scholarship in Engineering in the College of Engineering.--

RECOMMENDATION

The Office of the Chancellor concurs with President Cunningham's recommendation to accept a \$10,000 gift from Mr. David D. Lybarger, Rancho Santa Fe, California, and \$10,000 in corporate matching funds from Standard Oil Company, Cleveland, Ohio, for a total of \$20,000 to establish the David and Doris Lybarger Endowed Scholarship in Engineering in the College of Engineering at U. T. Austin.

Income earned from the endowment will be used to award scholarships to undergraduate students of all levels in the College of Engineering.

BACKGROUND INFORMATION

Mr. David D. Lybarger graduated from U. T. Austin in 1950 with a B.S. in Petroleum Engineering. He is a retired president of Standard Oil Production Company, Houston, Texas, and retired senior vice president of Standard Oil Company, Cleveland, Ohio. Currently, Mr. Lybarger is Chairman of the College of Engineering Foundation Advisory Council at U. T. Austin.

20. U. T. Austin: Will E. Orgain Lectureship Fund in the School of Law - Recommendation to Allocate Matching Funds from the Sheffield Challenge Fund Endowment Program.--

RECOMMENDATION

The Office of the Chancellor reports that The University of Texas Law School Foundation (an external foundation) has received additional funding for the Will E. Orgain Lectureship Fund in the School of Law at U. T. Austin. The Office of the Chancellor concurs with President Cunningham's recommendation to allocate \$15,000 in matching funds from the Sheffield Challenge Fund Endowment Program for addition to the endowment which will be held and administered by the U. T. Board of Regents.

BACKGROUND INFORMATION

The Will E. Orgain Lectureship Fund was established at the April 1985 meeting of the U. T. Board of Regents with a gift from Mr. B. D. Orgain, Beaumont, Texas, valued at \$46,154.26. The current gift of \$15,000 and matching funds of \$15,000 bring the total endowment to \$76,154.26.

21. U. T. Austin: Recommendation to Accept Gifts to Establish the Angus G. and Erna H. Pearson Undergraduate Scholarship in Computer Sciences in the College of Natural Sciences.--

RECOMMENDATION

The Office of the Chancellor concurs with President Cunningham's recommendation to accept a \$15,000 gift from Mrs. Erna H. Pearson, Austin, Texas, and a \$15,000 gift from an anonymous donor for a total of \$30,000 to establish the Angus G. and Erna H. Pearson Undergraduate Scholarship in Computer Sciences in the Department of Computer Sciences, College of Natural Sciences, at U. T. Austin.

Income earned from the endowment will be used to award scholarships to undergraduate students majoring in computer science based on academic ability and financial need.

BACKGROUND INFORMATION

Mrs. Erna H. Pearson received her B.A. in Physics in 1945 and her M.A. in Mathematics in 1946 from U. T. Austin. She is a retired lecturer and research scientist in the Department of Computer Sciences at U. T. Austin. Her husband, Angus G. Pearson, deceased December 1983, in whose memory she is funding this endowment, received his B.A. in Physics in 1938 and later his Ph.D. in Physics in 1966 from U. T. Austin. He was an associate professor in the Department of Computer Sciences at U. T. Austin.

22. U. T. Austin: Recommendation to Accept Gift to be Added to the U. T. System Pooled Income Fund.--

RECOMMENDATION

The Office of the Chancellor concurs with President Cunningham's recommendation to accept a \$25,000 gift from Dr. John S. Alexander, Fort Worth, Texas, to be added to the U. T. System Pooled Income Fund. Dr. Alexander will receive the income generated by this gift during his lifetime and upon his death, the funds are to be used for the benefit of the College of Liberal Arts at U. T. Austin.

BACKGROUND INFORMATION

Mr. John S. Alexander received his B.A. from U. T. Austin in the Plan II program in 1950. In 1954, he received his M.D. from the U. T. Medical Branch - Galveston.

23. U. T. Austin: Recommendation to Accept Gifts and Corporate Matching Funds to Establish the Raymond F. Rabke, Jr. Scholarship in the College of Engineering.--

RECOMMENDATION

The Office of the Chancellor concurs with President Cunningham's recommendation to accept a \$1,950 gift from Mrs. Shirley P. Rabke, Houston, Texas, a gift of \$5,850 in corporate matching funds from Pennzoil Company, Houston, Texas, and gifts from various donors for a total in excess of \$10,000 to establish the Raymond F. Rabke, Jr. Scholarship in the Department of Chemical Engineering, College of Engineering, at U. T. Austin.

Income earned from the endowment will be used to award scholarships to students in the Department of Chemical Engineering with preference being given to U. S. citizens and Texas residents.

BACKGROUND INFORMATION

Mr. Raymond F. Rabke, Jr., deceased August 29, 1986, received his B.S. in Chemical Engineering from U. T. Austin in 1956. He was employed with Exxon Company from 1956 to 1971 and with Pennzoil Products Company as executive vice president - manufacturing from 1971 until his death in 1986. Mrs. Rabke received her B.B.A. from U. T. Austin in 1954.

24. U. T. Austin: Recommendation to Accept Gift to Establish the Louis and Elizabeth Scherck Geology Scholarship in the College of Natural Sciences (No Publicity).--

RECOMMENDATION

The Office of the Chancellor concurs with President Cunningham's recommendation to accept a \$100,000 gift from The Scherck Trust, Houston, Texas, to establish the Louis and Elizabeth Scherck Geology Scholarship in the Department of Geological Sciences, College of Natural Sciences, at U. T. Austin.

Income earned from the endowment will be used to award scholarships based on financial need and academic ability to junior, senior, and graduate students majoring in geology.

BACKGROUND INFORMATION

Mr. Scherck is an independent geologist in Houston, Texas.

NO PUBLICITY

25. U. T. Austin: Recommendation to Accept Gift to Establish the Marietta Daniels Shepard Memorial Scholarship Fund in the Graduate School of Library and Information Science.--

RECOMMENDATION

The Office of the Chancellor concurs with President Cunningham's recommendation to accept a \$15,000 gift from the Seminar on the Acquisition of Latin American Library Materials, Inc. (SALALM), Madison, Wisconsin, to establish the Marietta Daniels Shepard Memorial Scholarship Fund in the Graduate School of Library and Information Science at U. T. Austin.

Income earned from the endowment will be used to provide scholarship support for a Latin American student through their course of professional study in Library and Information Science.

BACKGROUND INFORMATION

SALALM is a professional association of librarians in the United States, Latin America, and elsewhere who specialize in Latin American materials and in information services to scholars studying aspects of Latin America. Mrs. Marietta Daniels Shepard, deceased August 21, 1984, was a founding member and the Executive Secretary of the association.

26. U. T. Austin: Recommendation to Accept Gifts to Establish the Elizabeth Tarpley Regents Lectureship in Home Economics in the College of Natural Sciences and Eligibility for Matching Funds Under The Regents' Endowed Teachers and Scholars Program.--

RECOMMENDATION

The Office of the Chancellor concurs with President Cunningham's recommendation to accept a \$20,000 gift from the Trustees of the Ella F. Fondren Trust FBO Sue Trammell Whitfield, Houston, Texas, and \$7,311 from various donors for a total of \$27,311 to establish the Elizabeth Tarpley Regents Lectureship in Home Economics in the Department of Home Economics, College of Natural Sciences, at U. T. Austin.

It is further recommended that \$13,655.50 of the gifts be matched under The Regents' Endowed Teachers and Scholars Program with the purpose of the funds to be designated at a later date.

BACKGROUND INFORMATION

Ms. Elizabeth Tarpley joined the faculty in the Department of Home Economics at U. T. Austin in 1927 and became head of the Textiles and Clothing Division in 1942. She held the position of division head until her retirement in 1961 at which time

she received the title of Professor Emeritus. Ms. Sue Trammell Whitfield received her B.A. in Home Economics from U. T. Austin in 1954. She is a Trustee of The Fondren Foundation.

27. U. T. Austin: Recommendation to Accept Gift to Establish the Texas Sesquicentennial Endowed Fellowship in History in the College of Liberal Arts.--

#### RECOMMENDATION

The Office of the Chancellor concurs with President Cunningham's recommendation to accept a \$10,811.04 gift from The Daughters of the Republic of Texas, Austin, Texas, to establish the Texas Sesquicentennial Endowed Fellowship in History in the Department of History, College of Liberal Arts, at U. T. Austin.

Income earned from the endowment will be used to give awards to deserving graduate students studying Texas history in the Department of History.

#### BACKGROUND INFORMATION

The Daughters of the Republic of Texas is an organization that filed its charter with the State in 1895. They have over 66 regional chapters with approximately 7,000 members who must be at least 16 years old and a lineal descendant of a man or woman who helped achieve independence for Texas from Mexico.

28. U. T. Dallas: Recommendation to Accept Gift to Establish the Distinguished Chair in Microelectronics and the Distinguished Chair in Telecommunications and Eligibility for Matching Funds Under the Texas Eminent Scholars Program (No Publicity).--

#### RECOMMENDATION

The Office of the Chancellor concurs with President Rutford's recommendation to accept a \$1,000,000 gift from an anonymous donor to establish the Distinguished Chair in Microelectronics and the Distinguished Chair in Telecommunications in the School of Engineering and Computer Science at U. T. Dallas with \$500,000 each.

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

#### NO PUBLICITY

29. U. T. El Paso: Recommendation to Accept a Gift of Real Property Located in Midland County, Texas, from Mr. Fred Hervey, El Paso, Texas; Authorize the Office of Asset Management to Negotiate the Sale; and Authorize the Executive Vice Chancellor for Asset Management to Execute All Documents Pertaining to the Sale.--

#### RECOMMENDATION

The Office of the Chancellor concurs with the recommendation of President Monroe to accept a gift of real property being Lots 9-13, Block 2, and Lots 3, 4, 6, 7, 15-20, 24-28, 30, 38, Block 3, Fairway Park Addition, and Lots 24-33, Block 22, Fairmont Park Addition, Section Two, Midland, Midland County, Texas, from Mr. Fred Hervey, El Paso, Texas. The donor's estimated value of the 32 lots is approximately \$354,000. Proceeds from the sale of the property will be made available for the unrestricted use of the President of U. T. El Paso.

It is further recommended that the Office of Asset Management be authorized to negotiate the sale of the property at fair market value and that the Executive Vice Chancellor for Asset Management be authorized to execute all documents pertaining to the sale.

#### BACKGROUND INFORMATION

Mr. Fred Hervey was born in El Paso and has spent most of his life there. He is the Chairman of the Circle K Corporation and Sun World Corporation. Mr. Hervey served two terms as Mayor of El Paso. He was elected Chairman of U. T. El Paso's Development Board in 1971 and remains on the Development Board. In 1982, Mr. Hervey was honored as the first recipient of the El Gran Paseno Award which is the highest honor given by U. T. El Paso to an individual who is not an alumnus or employee.

30. U. T. El Paso: Recommendation to Accept Gift to Establish the George Hervey Memorial Scholarship Fund.--

#### RECOMMENDATION

The Office of the Chancellor concurs with President Monroe's recommendation to accept a \$10,000 gift from Mrs. Bette Hervey, El Paso, Texas, to establish the George Hervey Memorial Scholarship Fund at U. T. El Paso.

Income earned from the endowment will be used to provide an annual scholarship of \$750 or more, renewable for four years, to a worthy and qualified student from the College of Business Administration meeting the criteria of the U. T. El Paso Presidential Scholarship Program.

### BACKGROUND INFORMATION

Mrs. Hervey is funding this endowment in memory of her husband, George Hervey, deceased in 1986. Mr. Hervey attended U. T. El Paso and was a prominent El Paso businessman and civic leader. He was recognized as one of El Paso's largest home builders.

31. U. T. El Paso: Recommendation to Accept a Gift of Real Property Located in El Paso County, Texas, from Mr. Thomas A. Jackson, Glen Arm, Maryland; Authorize the Office of Asset Management to Negotiate the Sale; and Authorize the Executive Vice Chancellor for Asset Management to Execute All Documents Pertaining to the Sale.--

### RECOMMENDATION

The Office of the Chancellor concurs with the recommendation of President Monroe to accept a gift of real property being Lots 24 and 25, Block 7, Horizon City Estates, Unit No. 84, El Paso County, Texas, from Mr. Thomas A. Jackson, Glen Arm, Maryland. Proceeds from the sale of the property will be made available for the unrestricted use of the President of U. T. El Paso.

It is further recommended that the Office of Asset Management be authorized to negotiate the sale of the property at fair market value and that the Executive Vice Chancellor for Asset Management be authorized to execute all documents pertaining to the sale.

### BACKGROUND INFORMATION

This property is being donated to U. T. El Paso by Mr. Thomas A. Jackson, Glen Arm, Maryland, in memory of Mr. Joseph Edwards for whatever use the University should deem proper. Mr. Jackson is a primary stockholder in a computer wholesale distributorship, PC Microdealer, in Maryland. Both Mr. Jackson and Mr. Edwards lived in El Paso and were friends of U. T. El Paso.

32. U. T. El Paso: Recommendation to Accept Gift to Establish a Third and Fourth Mr. and Mrs. MacIntosh Murchison Chair in Engineering and Eligibility for Matching Funds Under the Texas Eminent Scholars Program (No Publicity).--

### RECOMMENDATION

The Office of the Chancellor concurs with President Monroe's recommendation to accept a \$1,000,000 gift from Mrs. Louise B. Murchison, El Paso, Texas, to establish a third and fourth Mr. and Mrs. MacIntosh Murchison Chair in Engineering funded at \$500,000 each at U. T. El Paso.

It is further recommended that the actual income which will be earned on the gifts of \$500,000 each be certified to the appropriate State authorities for matching under the Texas Eminent Scholars Program as set out in Chapter 51, Subchapter I of the Texas Education Code, when matching funds are made available under that act.

#### BACKGROUND INFORMATION

The Mr. and Mrs. MacIntosh Murchison Professorship was established at the August 1985 meeting of the U. T. Board of Regents with a previous gift from Mrs. Murchison and was redesignated at the April 1986 meeting as the Mr. and Mrs. MacIntosh Murchison Chair in Engineering. She funded a second Mr. and Mrs. MacIntosh Murchison Chair in Engineering that was established at the June 1986 meeting of the U. T. Board of Regents.

Mrs. Louise B. Murchison made this donation prior to her death on November 17, 1986. She was a member of The Chancellor's Council. Mr. and Mrs. Murchison were from early pioneer families that aided El Paso in civic activities for many years. The current mayor of El Paso, Jonathan W. Rogers, is their son-in-law and has acted with power of attorney for Mrs. Murchison on her donations.

#### NO PUBLICITY

33. U. T. Health Science Center - Dallas: Recommendation to Accept Challenge Gift to Establish a Chair (No Publicity).--

#### RECOMMENDATION

The Office of the Chancellor concurs with President Wildenthal's recommendation to accept a \$500,000 challenge gift from an anonymous donor to establish a Chair, the title of which will be designated at a later date, at the U. T. Health Science Center - Dallas. The terms of the letter agreement require that the institution match the \$500,000 gift from private sources prior to January 31, 1988. Appointment to the Chair will be reserved for the President of the U. T. Health Science Center - Dallas.

#### NO PUBLICITY

34. U. T. Health Science Center - Dallas: Recommendation to Accept Gift to Establish the Clinical Nutrition Research Scholars Endowment Fund in the Center for Human Nutrition (No Publicity).--

RECOMMENDATION

The Office of the Chancellor concurs with President Wildenthal's recommendation to accept a \$500,000 gift from an anonymous donor to establish the Clinical Nutrition Research Scholars Endowment Fund in the Center for Human Nutrition at the U. T. Health Science Center - Dallas.

Income earned from the endowment will be used to provide stipends for the research scholars.

NO PUBLICITY

35. U. T. Health Science Center - Dallas: Recommendation to Accept Gift to Establish the John Lawrence and Patsy Louise Goforth Fund in Pathology.--

RECOMMENDATION

The Office of the Chancellor concurs with President Wildenthal's recommendation to accept a \$50,000 gift from Mrs. Patsy Louise Goforth, Dallas, Texas, to establish the John Lawrence and Patsy Louise Goforth Fund in Pathology at the U. T. Health Science Center - Dallas.

Income earned from the endowment will be used for research in the Department of Pathology at the U. T. Health Science Center - Dallas.

BACKGROUND INFORMATION

Mrs. Patsy Goforth is funding this endowment in honor of her husband, John L. Goforth, M.D., who died in 1985. The U. T. Health Science Center - Dallas anticipates that when accumulated interest and additional gifts bring the total of the endowment to \$100,000 that it will be redesignated to the John Lawrence and Patsy Louise Goforth Professorship in Pathology.

Dr. Goforth's medical career, which spanned over 50 years, contributed greatly to the community of Dallas and the practice of medicine. His expertise in pathology, his hospital activities, and laboratory served the entire region with distinction. Dr. Goforth received numerous awards from medical societies and associations.

36. U. T. Health Science Center - Dallas: Robert W. Lackey Visiting Professorship - Recommendation to Redesignate as the Robert W. Lackey Professorship in Physiology.--

RECOMMENDATION

The Office of the Chancellor concurs with President Wildenthal's recommendation to redesignate the Robert W. Lackey Visiting Professorship as the Robert W. Lackey Professorship in Physiology at the U. T. Health Science Center - Dallas.

BACKGROUND INFORMATION

The Robert W. Lackey Visiting Professorship was established at the December 1984 meeting of the U. T. Board of Regents with gifts totaling \$56,892.35 from various donors. Additional gifts have raised the level of the endowment to over \$100,000, thus qualifying this endowment for conversion to a permanent endowed Professorship.

See Item 3 , Page HAC - 12 related to proposed appointment to this Professorship.

37. U. T. Health Science Center - Dallas: Recommendation to Accept Gift to Establish the Raymond and Ellen Willie Chair in Molecular Neuropharmacology and Eligibility for Matching Funds Under the Texas Eminent Scholars Program.--

RECOMMENDATION

The Office of the Chancellor concurs with President Wildenthal's recommendation to accept a \$500,000 gift from Raymond and Ellen Willie, Jr., Dallas, Texas, to establish the Raymond and Ellen Willie Chair in Molecular Neuropharmacology at the U. T. Health Science Center - Dallas. The Chair is being established to honor Dr. Harold B. Crasilneck.

It is further recommended that the actual income which will be earned on the \$500,000 cash gift be certified to the appropriate State authorities for matching under the Texas Eminent Scholars Program as set out in Chapter 51, Subchapter I of the Texas Education Code when matching funds are made available under that act.

BACKGROUND INFORMATION

Raymond and Ellen Willie, friends of Dr. Charles Sprague, President Emeritus of the U. T. Health Science Center - Dallas, are funding this endowment in honor of Dr. Harold B. Crasilneck, their mutual friend and a long-time supporter of the U. T. Health Science Center - Dallas.

See Item 4 , Page HAC - 12 related to proposed appointment to this Chair.

38. U. T. Medical Branch - Galveston: Recommendation to Accept Gift of Securities to Establish the Marcel Patterson Memorial Lectureship in the Medical Humanities.--

RECOMMENDATION

The Office of the Chancellor concurs with President Levin's recommendation to accept a gift of 800 shares of AT&T common stock valued at \$21,719.27 from Mrs. Marcel Patterson, Galveston, Texas, to establish the Marcel Patterson Memorial Lectureship in the Medical Humanities at the U. T. Medical Branch - Galveston.

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

BACKGROUND INFORMATION

Mrs. Patterson is funding this endowment in honor of her husband, Dr. Marcel Patterson, deceased. Dr. Patterson came to the U. T. Medical Branch - Galveston in 1954 in the Department of Internal Medicine. He became Professor and Director of the Division of Gastroenterology in 1965 and held staff appointments in the Department of Preventive Medicine and Community Health and the Graduate School.

39. U. T. Health Science Center - Houston: Recommendation to Accept Gift and Transfer of Funds to Establish The Harold Cooper Lectureship for the Department of Psychiatry and Behavioral Sciences.--

RECOMMENDATION

The Office of the Chancellor concurs with President Bulger's recommendation to accept an \$18,000 gift from Mrs. Florence Cooper, Houston, Texas, and a \$2,000 transfer from the Department of Psychiatry and Behavioral Sciences departmental MSRDP funds for a total endowment of \$20,000 to establish The Harold Cooper Lectureship for the Department of Psychiatry and Behavioral Sciences at the U. T. Health Science Center - Houston.

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

BACKGROUND INFORMATION

Mrs. Cooper is funding this endowment in memory of her husband, Harold Cooper who died in 1971. Mr. Cooper, a self-made businessman, was a banker, developer, realtor, philanthropist, and President of the Sterling Button Company in New York. He was a director of a number of New York banks and was active in Shriners and Masonic organizations.

40. U. T. Health Science Center - Houston: Recommendation to Accept Transfer of Funds to Establish the Chair in Pediatric Pathology.--

RECOMMENDATION

The Office of the Chancellor concurs with President Bulger's recommendation to accept a \$500,000 transfer from the Department of Pathology and Laboratory Medicine MSRDP funds to establish the Chair in Pediatric Pathology at the U. T. Health Science Center - Houston.

The Chair will be named at a later date in honor of a donor who will have made a significant contribution of no less than \$250,000.

See Item 6, Page HAC - 13 related to a proposed appointment to this Chair.

41. U. T. Health Science Center - Houston: Recommendation to Accept a Gift of an Annuity to Establish the Joseph C. Valley, Sr. Memorial Trust Fund for Gerontological Nursing.--

RECOMMENDATION

The Office of the Chancellor concurs with President Bulger's recommendation to accept a gift of an annuity, purchased from the Allstate Life Insurance Company, to be paid in twenty-five annual installments of \$20,000 each, beginning on or before September 1, 1987, for a total of \$500,000. This annuity is a gift from the wife and children of Mr. Joseph C. Valley, Sr., to establish a restricted funds account entitled the Joseph C. Valley, Sr. Memorial Trust Fund for Gerontological Nursing at the U. T. Health Science Center - Houston.

BACKGROUND INFORMATION

Joseph C. Valley, Sr., was a resident of a nursing home in Houston, Texas, at the time of his death. His wife, Selenia E. Valley, and his children sued the nursing home claiming that the acts of the home and its employees caused Mr. Valley's death. With monies awarded in the settlement, the family has established a fund in their father's name and have selected as recipient of the annuity the School of Nursing at the U. T. Health Science Center - Houston.

42. U. T. Health Science Center - Houston: Recommendation to Accept Transfer of Funds, Pledge, and Undivided Interest in Real Property Being 58 Acres in Three Tracts of Land Out of the John McDonald Survey, Abstract No. 291, Mission Bend Subdivision, Fort Bend County, Texas, to Establish the William M. Wheless, III Professorship in Orthopedic Surgery.--

RECOMMENDATION

The Office of the Chancellor concurs with President Bulger's recommendation to accept a \$50,000 transfer of previously reported gifts from current restricted funds and a pledge to transfer additional funds of \$50,000 prior to December 31, 1989, for a total of \$100,000 to establish the William M. Wheless, III Professorship in Orthopedic Surgery at the U. T. Health Science Center - Houston.

It is further recommended that an undivided 0.5834% interest in 58 acres in three tracts of land out of the John McDonald Survey, Abstract No. 291, Mission Bend Subdivision, Fort Bend County, Texas, be accepted and upon sale of all or any part of the property the net proceeds be used to increase the endowment of the William M. Wheless, III Professorship in Orthopedic Surgery. This 0.5834% interest is out of and a part of an undivided 12.5% interest beneficially owned by Mr. Wheless, pursuant to Nominee Agreement between P/W Properties, Inc., Houston, Texas, and Mr. Wheless. According to an appraisal provided by the donor, the estimated value of the interest is \$19,998.26.

BACKGROUND INFORMATION

Mr. Wheless will become President of the Development Board at the U. T. Health Science Center - Houston in 1988. He has been an active member of the Development Board for ten years and has been responsible for raising hundreds of thousands of dollars for the U. T. Health Science Center - Houston.

43. U. T. Health Science Center - San Antonio: Recommendation to Accept Gift to Establish the Hugh Roy Cullen Professorship in Nursing and the Lillie Cranz Cullen Professorship in Nursing and Eligibility for Matching Funds Under the Texas Eminent Scholars Program.--

RECOMMENDATION

The Office of the Chancellor concurs with President Howe's recommendation to accept a \$200,000 gift from The Cullen Foundation, Houston, Texas, to establish the Hugh Roy Cullen Professorship in Nursing and the Lillie Cranz Cullen Professorship in Nursing at the U. T. Health Science Center - San Antonio with separate endowments of \$100,000 each.

It is further recommended that the actual income earned on the gift of \$200,000 be certified to the appropriate State authorities for matching under the Texas Eminent Scholars Program as set out in Chapter 51, Subchapter I of the Texas Education Code, when matching funds are made available under that act.

#### BACKGROUND INFORMATION

The Cullen Foundation was founded in 1947 by Hugh Roy and Lillie Cranz Cullen as a broad-based charitable organization to promote education, medicine, the arts, and public service in the State of Texas.

44. U. T. Cancer Center: Paul and Mary Haas Chair in Honor of Amanda Marie Whittle - Recommendation to Redesignate as the Paul and Mary Haas Chair in Genetics in Honor of Amanda Marie Whittle.--

#### RECOMMENDATION

The Office of the Chancellor concurs with President LeMaistre's recommendation to redesignate the Paul and Mary Haas Chair in Honor of Amanda Marie Whittle as the Paul and Mary Haas Chair in Genetics in Honor of Amanda Marie Whittle at the U. T. Cancer Center.

#### BACKGROUND INFORMATION

The Amanda Marie Whittle Professorship in Tumor Virology was established at the April 1981 meeting of the U. T. Board of Regents with a \$250,000 gift from the Paul and Mary Haas Foundation of Corpus Christi, Texas, in memory of the Haas' granddaughter who died as a result of cancer. It was redesignated as the Paul and Mary Haas Chair in Honor of Amanda Marie Whittle at the August 1986 meeting of the U. T. Board of Regents.

See Item 9, Page HAC - 15 related to a proposed appointment to this Chair.

45. U. T. Cancer Center: Recommendation to Accept Gift to Establish the H. O. McKenzie Lecture Fund in Diagnostic Imaging.--

#### RECOMMENDATION

The Office of the Chancellor concurs with President LeMaistre's recommendation to accept a \$10,000 gift from the Radiation & Medical Research Foundation of the Southwest, Fort Worth, Texas, to establish the H. O. McKenzie Lecture Fund in Diagnostic Imaging at the U. T. Cancer Center.

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

#### BACKGROUND INFORMATION

The Radiation & Medical Research Foundation of the Southwest was founded in 1980 by Mr. H. O. McKenzie to support oncology seminars with a primary emphasis on the role of radiation therapy and the treatment of cancer. Mr. McKenzie was associated with the General Electric Corporation in the X-ray Division for approximately forty-five years. Since his retirement, he has served as a consultant to several health-related organizations in the design of radiology laboratories.

46. U. T. Cancer Center: Recommendation to Accept a Pledge for the U. T. Science Park Research Division for the Funding of a Major Construction Project.--

#### RECOMMENDATION

The Office of the Chancellor concurs with President LeMaistre's recommendation to accept a \$1,000,000 pledge from Mr. and Mrs. Ralph Meadows, Columbus, Texas, as provided in the Ralph and Lillian Meadows Trust Agreement for the funding of an additional research laboratory at the U. T. Science Park Research Division at the U. T. Cancer Center.

#### BACKGROUND INFORMATION

Mr. and Mrs. Meadows would like their contribution to be used as a challenge gift to encourage the Friends of the Science Park to secure matching funds. The contribution from Mr. and Mrs. Meadows, along with the potential matching funds, plus a \$2,000,000 appropriation from the U. T. Board of Regents, will provide sufficient funding for such a facility which is estimated to cost approximately \$4,000,000.

Mrs. Meadows is currently undergoing treatment at the U. T. Cancer Center.

B. REAL ESTATE MATTERS

1. U. T. Arlington: Gift from Dr. E. Lowell Whitley and Dr. R. Kent Cherry, Arlington, Texas - Report of Sale of Real Property Being 1300 West Mitchell Street (Lot 5, Block 1) and 1304 West Mitchell Street (Lot 7, Block 1), Swift Addition, Arlington, Tarrant County, Texas, to Tarrant Investment Properties, Arlington, Texas.--

REPORT

The Office of the Chancellor reports that the gift of real property being 1300 West Mitchell Street (Lot 5, Block 1) and 1304 West Mitchell Street (Lot 7, Block 1), Swift Addition, Arlington, Tarrant County, Texas, has been sold to Tarrant Investment Properties, Arlington, Texas, for \$28,000 less closing costs of \$551.69 for a net amount of \$27,448.31. The net proceeds from the sale of the lots, which were a gift from Dr. E. Lowell Whitley and Dr. R. Kent Cherry of Arlington, Texas, will be used for general purposes of U. T. Arlington.

BACKGROUND INFORMATION

At its April 1986 meeting, the U. T. Board of Regents authorized the Office of Asset Management to sell the property at fair market value and authorized the Executive Vice Chancellor for Asset Management to execute all documents pertaining to the sale. The lots were a gift from Dr. E. Lowell Whitley and Dr. R. Kent Cherry of Arlington, Texas, and were accepted by the U. T. Board of Regents at its April 1981 meeting.

2. U. T. Cancer Center (U. T. M.D. Anderson Hospital - Houston): Estate of Doloras Baumgard, Deceased, Nederland, Texas - Report of Sale of Real Estate Being Lots 2 and 3, Block 81, Alvord, Wise County, Texas, to Mr. and Mrs. Jesse Jones, Jr., Alvord, Texas.--

REPORT

The Office of the Chancellor reports that the gift of real property being Lots 2 and 3, Block 81, Alvord, Wise County, Texas (Estate of Doloras Baumgard, Deceased, Nederland, Texas), has been sold to Mr. and Mrs. Jesse Jones, Jr., Alvord, Texas, for \$4,000 less closing costs of \$377.73 for a net amount of \$3,622.27. The net proceeds from the sale will be used in support of cancer research at U. T. M.D. Anderson Hospital and Tumor Institute of the U. T. Cancer Center.

## BACKGROUND INFORMATION

At its December 1986 meeting, the U. T. Board of Regents authorized the Office of Asset Management to sell the lots at fair market value. Further, the Executive Vice Chancellor for Asset Management was authorized to execute all documents required for the sale. At its February 1983 meeting, the U. T. Board of Regents accepted the final distribution from the Estate of Doloras Baumgard, deceased, Nederland, Texas. The total distribution from the estate was \$56,568.36 plus some remaining real estate located in Wise County, Texas, and Haskell County, Oklahoma.

## **Executive Session of the Board**

BOARD OF REGENTS  
EXECUTIVE SESSION  
Pursuant to Vernon's Texas Civil Statutes  
Article 6252-17, Sections 2(e), (f) and (g)

Date: February 12, 1987

Time: The Board will recess to Executive Session, if time permits, on Thursday afternoon and continue at 9:00 a.m. on Friday morning. If the regular agenda on Thursday does not permit sufficient time to begin the Executive Session, it will convene at 9:00 a.m. on Friday.

Place: Regents' Conference Room, Ninth Floor  
Ashbel Smith Hall

1. Pending and/or Contemplated Litigation - Section 2(e)
2. Land Acquisition, Purchase, Exchange, Lease or Value of Real Property and Negotiated Contracts for Prospective Gifts or Donations - Section 2(f)  
  
U. T. System: Consideration of the Negotiation of Certain Lease Arrangements Related to the Commercial Vineyards and Winery on West Texas Lands
3. Personnel Matters [Section 2(g)] Relating to Appointment, Employment, Evaluation, Assignment, Duties, Discipline, or Dismissal of Officers or Employees