

MATERIAL SUPPORTING THE AGENDA

Volume XXb

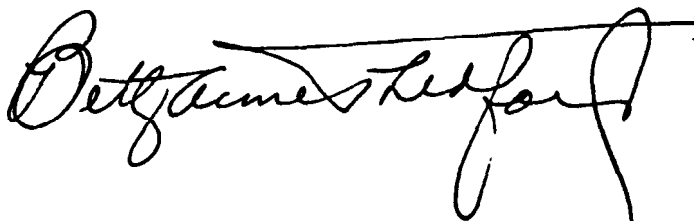
January 1973 - April 1973

This volume contains the Material Supporting the Agenda furnished to each member of the Board of Regents prior to the meetings held on January 1, 6, 9 and 26, March 5 and April 24, 1973.

The material is divided according to the Standing Committees and the meetings that were held and is submitted on three different colors, namely:

- (1) white paper - for the documentation of all items that were presented before the deadline date
- (2) blue paper - all items submitted to the Executive Session of the Committee of the Whole and distributed only to the Regents, Chancellor, and Chancellor Emeritus
- (3) 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 maybe some people get copies and some do not get copies. If the Secretary were furnished a copy, then that material goes in the appropriate subject folder.

A handwritten signature in cursive script, reading "Betty James Hedford". The signature is written in black ink and is positioned in the lower right quadrant of the page.

MATERIAL SUPPORTING THE AGENDA

There was no documentation for the Regents' meetings on December 22, 1972, and January 6 and 9, 1973.

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

Date: January 1, 1973
Time: 10:30 a.m.
Place: Executive Offices
Better Living Center
(formerly Electric Building)
Fair Park
Dallas, Texas

	<u>Page</u>
Subjects: 1. U. T. System: Authorization of Tuition Revenue Bonds and Appointment of Bond Counsel and Bond Consultant.	1
2. Galveston Medical Branch: Action on Recommendation of Committee with Respect to Disposition of 7,584.85 Acres of Land in Montgomery County, Texas (The Sealy and Smith Foundation)	2
3. U. T. Dallas, U. T. Permian Basin and U. T. San Antonio - Central Energy Plants: Award of Contracts	3
4. System Nursing School (San Antonio Nursing School): Award of Construction Contract	7
5. U. T. San Antonio: Ratification of Appointment of Acting President	8

Betty Anne Thedford, Secretary
Board of Regents
The University of Texas System

This notice is pursuant to S.B. 260, 61st Legislature, R.S., 1969, State of Texas (as amended).

1. U. T. SYSTEM - RECOMMENDATION FOR THE SALE OF NEW SERIES GENERAL TUITION REVENUE BONDS, APPOINTMENT OF BOND COUNSEL AND BOND CONSULTANT THEREFOR AND AUTHORIZATION TO PROCEED WITH THE PLANNING FOR SUCH BOND ISSUE AND THE INVITING OF BIDS FOR THE BONDS, THE PAYING AGENTS THEREFOR, AND THE PRINTING THEREOF.--The Board of Regents has heretofore authorized and sold \$117,000,000 of General Tuition Revenue Bonds, Series 1971, Series 1972 and Series 1972-A, for the purpose of providing funds to acquire, construct and equip buildings and facilities for the new component institutions of The University of Texas System created by the various acts of the 61st Legislature, Regular Session 1969. Under the terms of the Bond Resolution authorizing the outstanding bonds, the Board of Regents has issued the maximum amount of bonds permitted by the 1.25 times historical revenues test. In order to provide additional bond proceeds to complete the funding of the proposed The University of Texas Medical School at Houston, it will be necessary to issue a "New Series" of bonds which are not on a parity with the outstanding bonds but which will be subordinate and have a second lien on the excess tuition revenues. It should also be pointed out that interest subsidy grants have been approved by the Department of Health, Education and Welfare applicable to the outstanding bonds in an amount of \$400,489 per year commencing in 1974 or within one year from the completion and occupancy of the facilities being constructed at the new component institutions. Additional applications for interest subsidy grants are on file which should raise this total to \$604,873 per year.

It is recommended that \$6,000,000 of New Series General Tuition Revenue Bonds be sold, such bonds to mature in six years and which will be callable at any time at par. For the information of the Board, the following schedule indicates that the excess tuition revenues which will be available to pledge to such New Series Bonds over the next six-year period:

<u>FY Ending 8-31:</u>	<u>Debt Service Requirements on Outstanding Bonds</u>	<u>Estimated Tuition Income</u>	<u>Excess Tuition Revenues</u>
1973	\$7,878,564.75	\$10,115,038	\$2,236,474
1974	9,401,430.00	10,503,628	1,102,198
1975	9,401,343.00	11,731,681	2,330,338
1976	9,399,367.00	12,456,422	3,057,055
1977	9,069,636.00	12,500,000	3,430,364
1978	7,944,459.00	12,500,000	4,555,541

Deputy Chancellor Walker and the Associate Deputy Chancellor for Investments, Trusts and Lands recommend the approval of the proposed financing plan for the issuance of such New Series Bonds with authority being granted to them:

1. To employ the firm of McCall, Parkhurst, & Horton, as Bond Counsel, and Sam Maclin, as Bond Consultant:
2. To proceed with all the necessary planning for such bond issue and to submit recommendations therefor to the Board of Regents at its meeting scheduled on January 26, 1973, or to invite bids for such bonds, paying agency therefor and the printing thereof to be submitted at said meeting.

2. GALVESTON MEDICAL BRANCH.----- RECOMMENDATION RE SALE OF MONTGOMERY COUNTY LAND.--Mitchell Development Corporation of the Southwest, Houston, Texas, has offered to purchase 7,602.557 of land in Montgomery County, received from the Sealy and Smith Foundation, for the price and on the terms hereafter summarized:

Price - \$1,675. per acre - Total \$12,734,283.

Terms:

Cash \$ 1,273,428.
Note @ 7% 11,460,855.

Interest would be payable annually beginning one year after date, and principal to be amortized in equal annual installments over a 12 year period commencing on or before 3 years after date. Full prepayment privilege without penalty would be provided.

Survey - Seller would furnish the survey and plat recently completed.

Evidence of Title - Seller would furnish an abstract or an owners title insurance policy, as Buyer might elect. If title policy is elected, cost of owner's policy and mortgagee's policies would be shared equally by Buyer and Seller.

Minerals - All minerals acquired from Sealy and Smith would be conveyed to buyer--all subject to existing oil and gas leases.

Easements - Property would be conveyed subject to all valid easements, whether recorded or not.

Timber - Seller's lien would be subordinate to Buyer's right to sell or contract for sale of certain timber and timber rights; it being understood that no timber would be cut from any of the lands until the lien securing the note is released as to the particular tract, except "real estate cuts", defined as follows:

a. No hardwood will be cut, except in overflows and possible lake site areas.

b. An average of three stems of seed pine per acre will be left uncut for seeding.

c. No pine timber smaller than 12 inches in diameter 12 inches above the ground will be cut, unless such cutting is deemed advisable for thinning under good forestry practice.

Real Estate Commission - Both parties represent that no commission will be due to any third party.

Improvements to Land - Buyer agrees within four years to spend at least \$1,000,000. for on-site improvements to the land, which shall not include more than 10% for overhead expenses.

Notice of Lis Pendens - With respect to the 120 acre tract of land with respect to which a trespass to try title suit has been pending since 1964, Buyer agrees to assist in the defense of the title. If seller's title to some or all of such tract is finally defeated, a sum equal to \$1,675. times the number of acres to which title is defeated shall be credited against the note to the same extent as if the original purchase price had been reduced by that amount.

Partial Releases - Partial releases will be granted upon payment of 120% of the "purchase price", subject to the following:

- a. "Purchase price" as to the three separate tracts shall be considered to be:

EAST TRACT	\$1,250. per acre
MIDDLE TRACT	1,840. per acre
WEST TRACT	1,675. per acre
- b. Release parcels shall each contain a minimum of 100 acres. Each parcel released within the East Tract, Middle Tract or West Tract after the first parcel released within each such tract shall be contiguous to a parcel previously released within such tract.

Ad Valorem Taxes - Seller to furnish tax certificate showing payment of all prior years taxes, and if any due in year of closing, they are to be prorated.

The former Associate Deputy Chancellor for Investments, Trusts and Lands, joined by Deputy Chancellor Walker, recommends that the offer be accepted, with appropriate authority being granted to execute such documents and take such other action as may be necessary to consummate the sale.

3. U. T. DALLAS, U. T. PERMIAN BASIN, AND U. T. SAN ANTONIO: RATIFICATION OF AWARD OF CONTRACTS FOR CENTRAL ENERGY PLANTS TO WIN-SAM, INC., LONE STAR ENERGY COMPANY, AND WIN-SAM, INC., RESPECTIVELY.--The Special Committee appointed at the Regents' Meeting held December 8, 1972, has awarded contracts for central energy plants for the lowest and best proposals, as follows:

U. T. Dallas	Win-Sam, Inc., Dallas, Texas
U. T. Permian Basin	Lone Star Energy Company, Dallas, Texas
U. T. San Antonio	Win-Sam, Inc., Dallas, Texas

A tabulation of the proposals for each plant is found on the attached sheets.

System Administration recommends that the Board:

- a. Ratify the action taken by the Committee, subject to final negotiations.
- b. Authorize the reimbursement to appropriate project accounts, including Office of Facilities Planning and Construction Revolving Fund, from the cash payments to be received under the contracts awarded above. The reimbursement covers expenses of surveys, test borings, construction, materials testing, engineer's fees, and administrative and miscellaneous expenses.

CENTRAL ENERGY PLANT FOR THE UNIVERSITY OF TEXAS AT DALLAS, DALLAS, TEXAS

Proposals Received at 3:00 P. M., Nov. 14, 1972, at the Office of Facilities
Planning and Construction, The University of Texas System, Austin, Texas

	Bidder No. 1 Lone Star Energy Company Dallas, Texas	Bidder No. 2 Robert E. McKee, Inc., Dallas, Texas	Bidder No. 3 Wheelabrator Servisystems Corporation, New York, New York	Bidder No. 4 Win-Sam, Inc., Dallas, Texas
<u>Chilled Water Rates</u>				
First 0 ton hours per month	\$ --	\$27,308.54	\$63,080.00	\$44,553.00
First 1,000 ton hours per month	42.79	--	--	--
Next 300,000 ton hours per month	0.0308	--	--	--
Next 600,000 ton hours per month	0.0188	--	--	--
Next 1,100,000 ton hours per month	--	--	0.0096	--
All additional ton hours per month	0.0123	0.018407	0.0110	0.0126
<u>Adjustments to Chilled Water Rates</u>				
1. Fuel - \$/t.h. from ¢/M c. f. base	0.00018/29.5	0.000211/33.6602	0.00024/27.0	0.0003/30.19
2. Electricity - \$/t.h. from \$/KWH base	0.00029/0.012	0.001327/0.008315	0.00035/0.009	0.0007/0.010
3. Water - \$/t.h. from ¢/M gallons	0.0001/32.0	0.000073/41.5062	0.0001/42.0	0.0001/41.25
4. Labor	0.00069	0.000628	0.00226	0.0011
<u>Steam Rates</u>				
First 0 BTU per month	--	30,677.81	--	7,532.00
First 100 Mega BTU per month	75.54	--	--	--
Next 1,500 Mega BTU per month	1.408	--	--	--
Next 3,000 Mega BTU per month	1.083	--	--	--
Next 8,000 Mega BTU per month	--	--	0.72	--
All additional Mega BTU per month	0.788	0.801616	0.64	0.65
<u>Adjustments to Steam Rates</u>				
1. Fuel - \$/Mega BTU from ¢/M c.f. base	0.0125/29.5	0.016700/33.6602	0.021/27.0	0.0175/30.19
2. Electricity - \$/Mega BTU from \$/KWH	0.01139/0.012	0.031467/0.008315	0.0032/0.009	0.0130/0.010
3. Water - \$/Mega BTU from \$/M gallons	0.0008/0.32	0.000278/0.415062	0.00006/0.42	0.0012/41.25
4. Labor	0.02423	0.050710	-0-	0.0591
<u>Purchase Option</u>				
Third Anniversary	3,152,900.00	3,471,827.00	3,382,000.00	5,594,208.00
Fifth Anniversary	3,017,100.00	3,352,738.00	3,310,000.00	5,147,330.00
Tenth Anniversary	2,398,000.00	2,957,068.00	2,799,000.00	4,248,499.00
Fifteenth Anniversary	1,220,000.00	2,380,618.00	2,228,000.00	3,248,142.00
Twentieth Anniversary	591,600.00	1,466,893.00	1,283,000.00	1,915,718.00
<u>Rate of Return on Investment for Expanded Services</u>				
	7.98%	15%	20%	5-7/8%
<u>Bidder's Bond</u>	100,000.00	100,000.00	100,000.00	100,000.00

CENTRAL ENERGY PLANT FOR THE UNIVERSITY OF TEXAS OF THE PERMIAN BASIN, ODESSA, TEXAS

Proposals Received at 3:00 P.M., Nov. 14, 1972, at the Office of Facilities
Planning and Construction, The University of Texas System, Austin, Texas

	Bidder No. 1 Lone Star Energy Company Dallas, Texas	Bidder No. 2 Robert E. McKee, Inc., Dallas, Texas	Bidder No. 3 Wheelabrator Servisystems Corporation, New York, New York
<u>Chilled Water Rates</u>			
First 0 ton hours per month	\$ 32.78	\$ 7,570.41	\$57,290.00
First 1,000 ton hours per month	32.78	--	--
Next 100,000 ton hours per month	0.0739	--	--
Next 200,000 ton hours per month	0.0396	--	--
All additional ton hours per month	0.0176	0.028121	0.0133
<u>Adjustments to Chilled Water Rates</u>			
1. Fuel - \$/t.h. from ¢/M c.f. base	0.00019/30.1	0.000207/31.0	0.00019/30.0
2. Electricity - \$/t.h. from \$/KWH base	0.00049/0.015	0.002580/0.008402	0.00032/0.0115
3. Water - \$/t.h. from ¢/M gallons	0.0001/52.0	0.000032/50.0903	0.0001/46.0
4. Labor	0.00129	0.000428	0.00216
<u>Steam Rates</u>			
First 0 BTU per month	57.81	40,626.26	--
First 100 Mega BTU per month	57.81	--	--
Next 700 Mega BTU per month	2.275	--	--
Next 1,400 Mega BTU per month	1.458	--	--
All additional Mega BTU per month	0.832	0.654878	0.58
<u>Adjustments to Steam Rates</u>			
1. Fuel - \$/Mega BTU from ¢/M c.f. base	0.0125/30.1	0.016642/31.0	0.019/30.0
2. Electricity - \$/Mega BTU from \$/KWH	0.0131/0.015	0.019512/0.008402	0.0023/0.0115
3. Water - \$/Mega BTU from \$/M gallons	0.0008/0.52	0.000103/0.500903	0.000055/0.46
4. Labor	0.02823	0.032812	-0-
<u>Purchase Option</u>			
Third Anniversary	2,524,300.00	3,159,680.00	2,817,000.00
Fifth Anniversary	2,415,900.00	2,985,992.00	2,763,000.00
Tenth Anniversary	1,915,700.00	2,594,068.00	2,459,000.00
Fifteenth Anniversary	978,300.00	2,035,781.00	1,908,000.00
Twentieth Anniversary	479,200.00	1,218,821.00	1,091,000.00
<u>Rate of Return on Investment for Expanded Services</u>			
	7.98%	15%	20%
<u>Bidder's Bond</u>	100,000.00	100,000.00	100,000.00

CENTRAL ENERGY PLANT FOR THE UNIVERSITY OF TEXAS AT SAN ANTONIO, SAN ANTONIO, TEXAS

Proposals Received at 3:00 P. M., Nov. 14, 1972, at the Office of Facilities
Planning and Construction, The University of Texas System, Austin, Texas

	Bidder No. 1 Lone Star Energy Company Dallas, Texas	Bidder No. 2 Robert E. McKee, Inc., Dallas, Texas	Bidder No. 3 Wheelabrator Servisystems Corporation, New York, New York	Bidder No. 4 Win-Sam, Inc., Dallas, Texas
<u>Chilled Water Rates</u>				
First 0 ton hours per month	\$ --	\$27,248.65	\$57,236.00	\$41,561.00
First 1,000 ton hours per month	39.64	--	--	--
Next 300,000 ton hours per month	0.0278	--	--	--
Next 600,000 ton hours per month	0.0159	--	--	--
Next 1,800,000 ton hours per month	--	--	0.0087	--
All additional ton hours per month	0.0102	0.014188	0.0073	0.0104
<u>Adjustments to Chilled Water Rates</u>				
1. Fuel - \$/t.h. from ¢/M c.f. base	0.00017/27.0	0.000209/23.5240	0.000185/23.0	0.0003/27.16
2. Electricity - \$/t.h. from \$/KWH base	0.00026/0.011	0.001273/0.007297	0.00043/0.008	0.0006/0.009
3. Water - \$/t.h. from ¢/M gallons	0.0001/15.0	0.000047/17.1484	0.00002/12.0	0.0001/19.48
4. Labor	0.00055	0.000520	0.00216	0.0009
<u>Steam Rates</u>				
First 0 BTU per month	9 --	24,901.21	--	7,849.00
First 100 Mega BTU per month	70.01	--	--	--
Next 1,500 Mega BTU per month	1.366	--	--	--
Next 3,000 Mega BTU per month	1.083	--	--	--
All additional Mega BTU per month	0.785	0.604319	0.52	0.575
<u>Adjustments to Steam Rates</u>				
1. Fuel - \$/Mega BTU from ¢/M c.f. base	0.0125/27.0	0.017829/23.5240	0.018/23.0	0.0175/27.16
2. Electricity - \$/Mega BTU from \$/KWH	0.01092/0.011	0.026509/0.007297	0.0076/0.008	0.0135/0.009
3. Water - \$/Mega BTU from \$/M gallons	0.0008/0.15	0.000886/0.171484	0.00014/0.12	0.0009/19.48
4. Labor	0.02234	0.042561	-0-	0.0591
<u>Purchase Option</u>				
Third Anniversary	2,917,600.00	3,208,477.00	3,065,000.00	4,933,569.00
Fifth Anniversary	2,793,400.00	3,098,384.00	3,006,000.00	4,541,433.00
Tenth Anniversary	2,220,300.00	2,722,703.00	2,666,000.00	3,748,404.00
Fifteenth Anniversary	1,144,400.00	2,199,937.00	2,051,000.00	2,865,801.00
Twentieth Anniversary	554,200.00	1,355,459.00	1,161,000.00	1,690,217.00
<u>Rate of Return on Investment for Expanded Services</u>				
	7.98%	15%	20%	5-7/8%
<u>Bidder's Bond</u>	100,000.00	100,000.00	100,000.00	100,000.00

4. SYSTEM NURSING SCHOOL (SAN ANTONIO NURSING SCHOOL): RATIFICATION OF AWARD OF CONTRACT TO LYDA, INC., FOR NEW FACILITY AND APPROPRIATION THEREFOR.--In accordance with authorization given at the Regents' Meeting held December 8, 1972, bids were called for and were received, opened and tabulated on December 20, 1972, as shown below for the construction of a new facility for The University of Texas School of Nursing at San Antonio:

Bidder	Base Bid	Add Alt. No. 1	Deduct Alt. No. 2	Add Alt. No. 3
J. W. Bateson Company, Inc., and Centex Corporation, a Joint Venture dba J. W. Bateson Company, Dallas, Texas	\$3,417,700	\$100,000	\$150,000	\$ 9,200
Wallace L. Boldt, General Contractor, Inc., San Antonio, Texas	3,406,463	110,000	174,000	7,000
Browning Construction Company, San Antonio, Texas	3,350,000	100,000	150,000	7,500
Bartlett Cocke, Jr., Construction Company, San Antonio, Texas	3,320,765	122,301	165,813	9,483
H. H. Hancock, Inc., San Antonio, Texas	3,365,000	112,000	142,000	12,000
Lyda, Inc., San Antonio, Texas	3,269,140	106,000	158,000	9,100
D. J. Rheiner Construc- tion Company, San Antonio, Texas	3,280,000	141,600	151,800	9,100
Gene Treiber Construction Company, San Antonio, Texas	3,324,737	122,700	149,992	8,700

Each bidder submitted with his bid a bidder's bond in the amount of 5% of the greatest amount bid.

At the Regents' Meeting held December 8, 1972, a Committee, consisting of Chairman Peace, Committee Chairman Erwin, Deputy Chancellor Walker, Director Kristoferson, and President Willman, was appointed with authority to award a contract for this project within the authorized total project cost of \$3,850,000.00. In accordance with this authorization, the Committee appointed has awarded a contract to the low bidder, Lyda, Inc., San Antonio, Texas, as follows:

Base Bid	\$3,269,140.00
Add Alternate No. 3 (Add Roadway)	<u>9,100.00</u>
Total Contract Award	<u>\$3,278,240.00</u>

The total of this contract award, Architect's Fees thereon, estimated costs of furniture and furnishings, air balancing, landscaping, construction scheduling allowance and miscellaneous expenses is within the authorized total project cost of \$3,850,000.00.

President Willman and System Administration recommend that the Board:

- a. Ratify the action taken by the Committee in awarding the contract as outlined above.
- b. Appropriate \$3,850,000.00 from Tuition Revenue Bonds, \$145,000.00 having been previously advanced from Permanent University Fund Bond proceeds to be repaid from this appropriation.

5. U. T. San Antonio: Ratification of Appointment of Acting President