

MATERIAL SUPPORTING THE AGENDA

VOLUME XXXIXa

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

October 11, 1991
December 5, 1991

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.



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

Meeting No.: 857
Date: October 11, 1991
Location: Arlington, Texas

BOARD OF REGENTS
OF
THE UNIVERSITY OF TEXAS SYSTEM

CALENDAR

Place: Conference Room 4, Third Floor
E. E. Davis Hall
The University of Texas at Arlington
703 Monroe
Arlington, Texas

Host Institution: The University of Texas at Arlington

Friday, October 11, 1991

10:00 a.m.

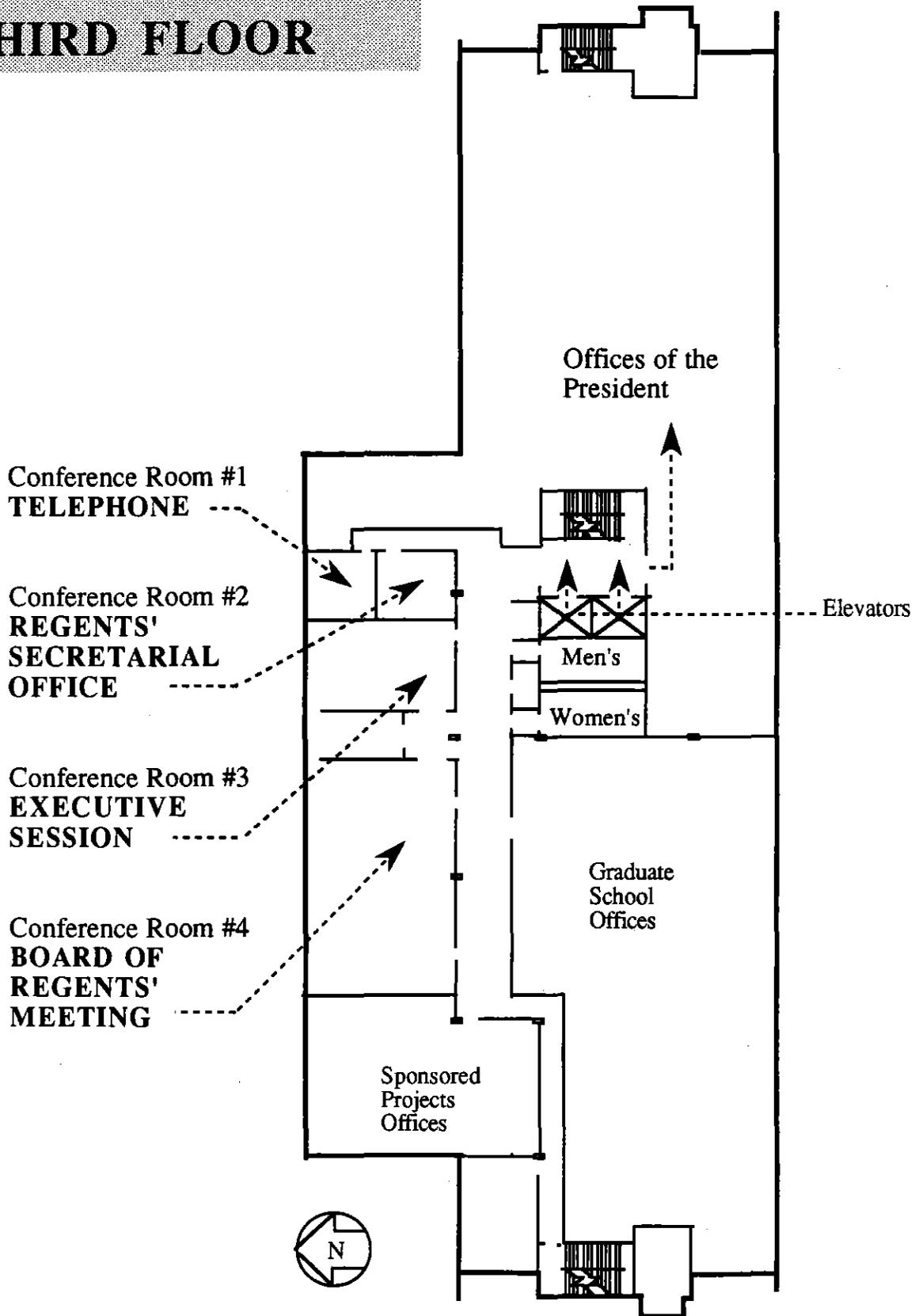
Convene in Open Session with
recess to Executive Session
as per the agenda

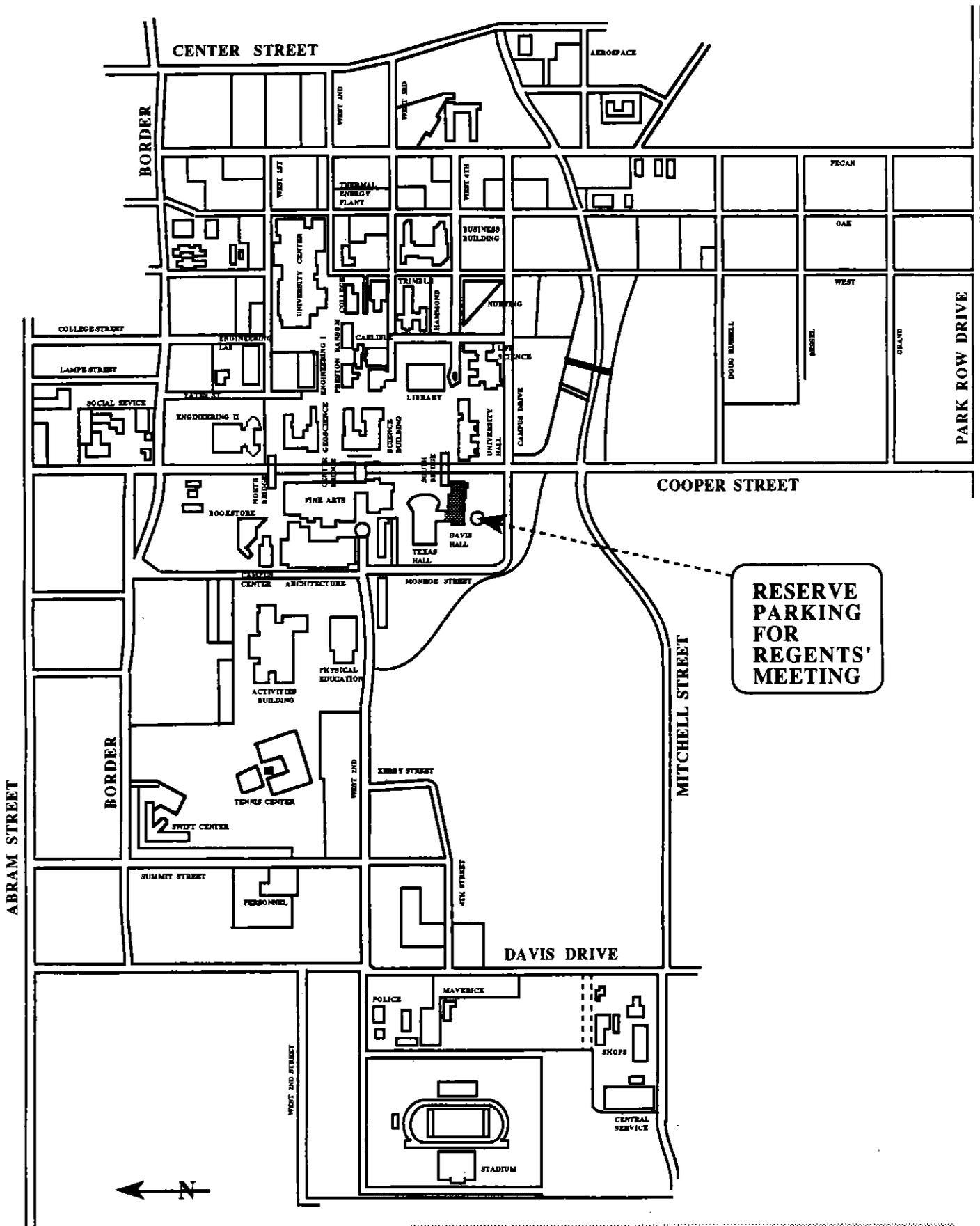
See Pages B of R 1 - 13,
Items A - Q

Telephone Numbers

President Nedderman's Office	(817) 273-2101
Loews Anatole Hotel 2201 Stemmons Freeway	(214) 748-1200

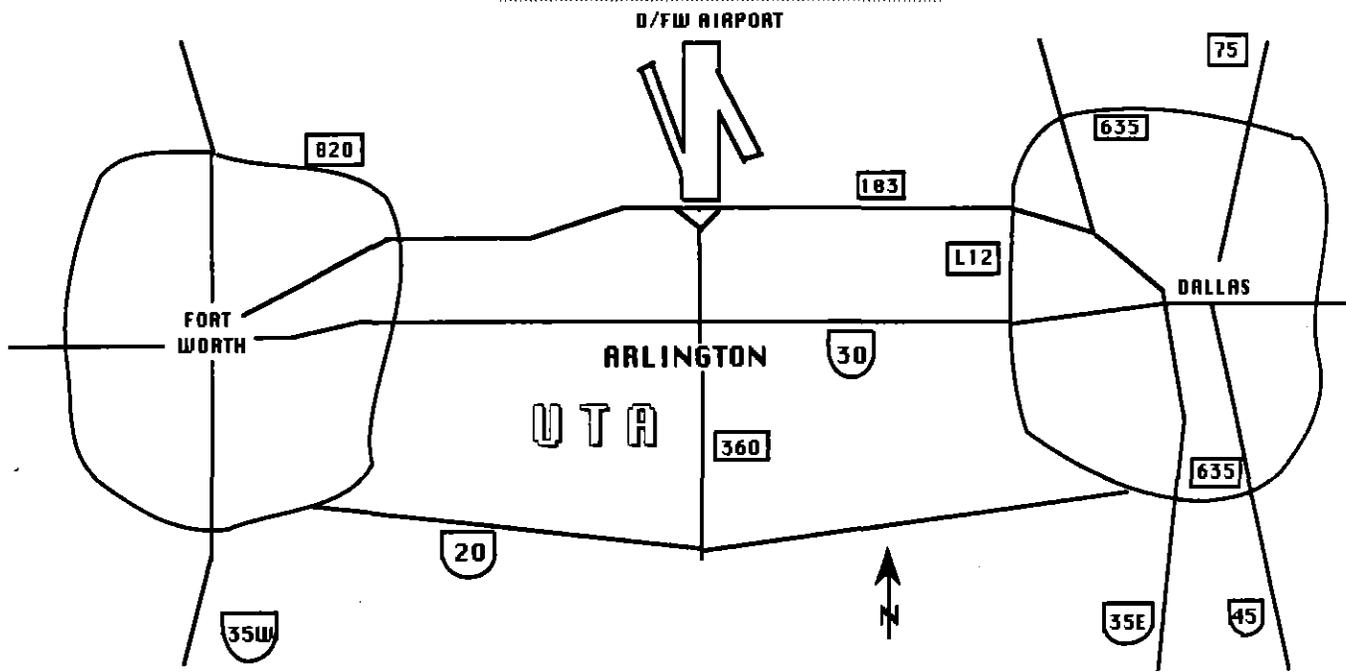
E.E. DAVIS HALL THIRD FLOOR



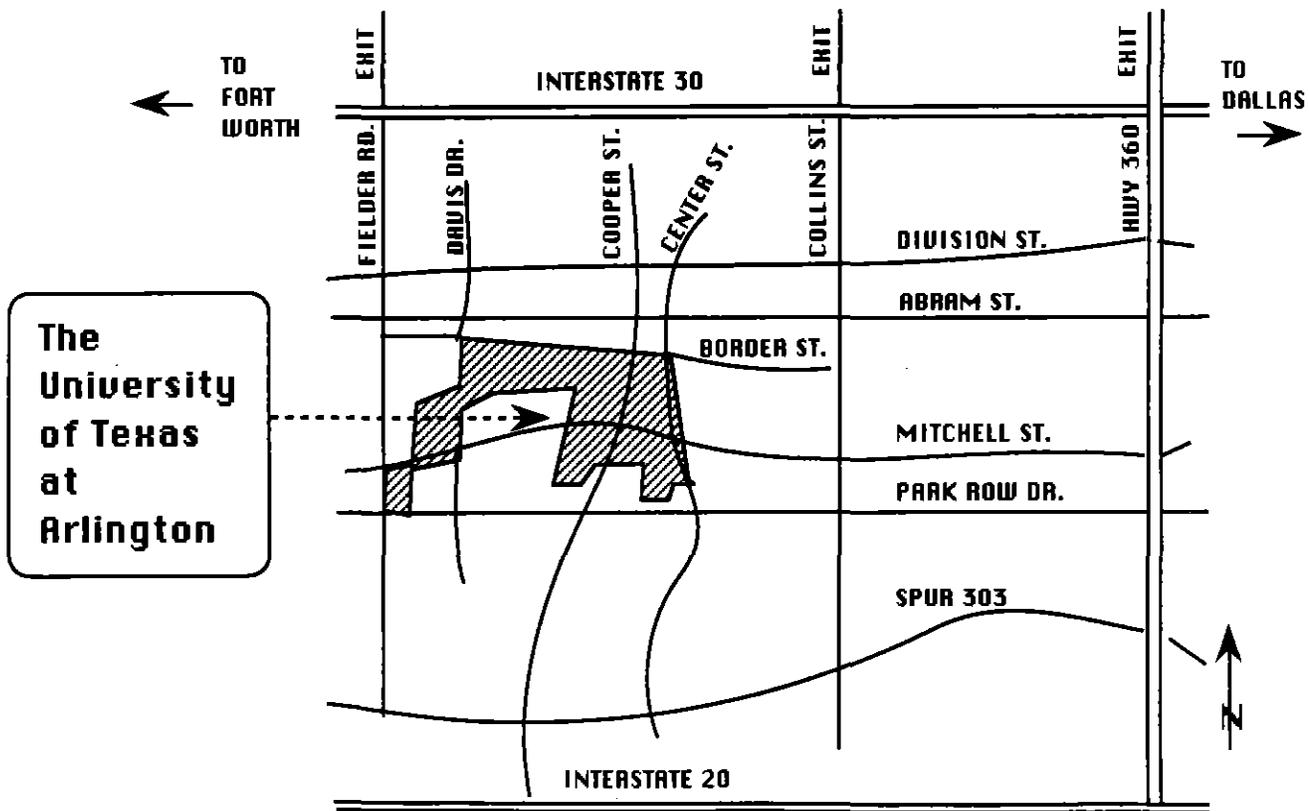


**THE UNIVERSITY OF TEXAS
AT ARLINGTON
CAMPUS MAP**

METROPLEX AREA



ARLINGTON AREA MAP



The University of Texas at Arlington

Meeting of the Board

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

Date: Friday, October 11, 1991

Time: 10:00 a.m. Convene in Open Session with
recess to Executive Session
as per the agenda

Place: Conference Room 4 (Open Session) and Conference
Room 3 (Executive Session), Third Floor,
E. E. Davis Hall, U. T. Arlington

- A. CALL TO ORDER
- B. WELCOME BY PRESIDENT NEDDERMAN
- C. APPROVAL OF MINUTES OF REGULAR MEETING HELD AUGUST 8, 1991
- D. SPECIAL ITEM

U. T. System: Request for Permission for Individuals to
Serve on the Interstate Oil and Gas Compact Commission
[Regents' Rules and Regulations, Part One, Chapter III,
Section 13, Subsections 13.(10) and 13.(11)].--

RECOMMENDATION

The Chancellor recommends that approval be given for the following U. T. System personnel to serve on the Interstate Oil and Gas Compact Commission as requested by Governor Ann Richards:

- a. Ms. Susan Bradshaw, Senior Attorney
Office of General Counsel
- b. Mr. Lanvil Gilbert, Title Attorney
Office of General Counsel
- c. Mr. Jack M. Howard, Lands Analyst
Office of General Counsel
- d. Mr. Linward Shivers, Senior Attorney
Office of General Counsel

It is further recommended that the U. T. Board of Regents find that: (1) the holding of this membership by these individuals is of benefit to the State of Texas and (2) there is no conflict between the positions these individuals hold at U. T. System and their membership on the Interstate Oil and Gas Compact Commission.

BACKGROUND INFORMATION

The Interstate Oil and Gas Compact Commission is a voluntary organization of oil and gas producing states designated to promote and encourage the conservation of oil and gas. The Commission's members serve without remuneration for a term to continue at the pleasure of the Governor.

This recommendation is in accordance with approval requirements for positions of honor, trust, or profit provided in Article 6252-9a of Vernon's Texas Civil Statutes, and Part One, Chapter III, Section 13, Subsections 13.(10) and 13.(11) of the Regents' Rules and Regulations.

E. 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 Beecherl
Vice-Chairman Ramirez, Vice-Chairman Cruikshank
MSA Page Ex.C - 1

Business Affairs and Audit Committee: Chairman Loeffler, Regent Cruikshank, Regent Holmes
MSA Page BAAC - 1

Academic Affairs Committee: Chairman Barshop
Regent Holmes, Regent Ramirez, Regent Temple
MSA Page AAC - 1

Health Affairs Committee: Chairman Ramirez
Regent Cruikshank, Regent Moncrief, Regent Temple
MSA Page HAC - 1

Facilities Planning and Construction Committee:
Chairman Moncrief, Regent Barshop, Regent
Cruikshank, Regent Rapoport
MSA Page FPCC - 1

Asset Management Committee: Chairman Cruikshank
Regent Beecherl, Regent Loeffler, Regent Rapoport
MSA Page AMC - 1

F. RECONVENE AS COMMITTEE OF THE WHOLE

G. ITEMS FOR THE RECORD

1. U. T. System: Report on Status of Degree Programs and Academic Organization Requests Approved by the U. T. Board of Regents for Submission to the Texas Higher Education Coordinating Board.--

REPORT

Following is a report for the record on the status of degree programs and academic organization requests within the U. T. System which have been approved by the U. T. Board of Regents for submission to the Texas Higher Education Coordinating Board. Included are items which have been acted upon by the Coordinating Board since October 31, 1990; were still pending before the Coordinating Board as of September 10, 1991; or have been withdrawn temporarily from Coordinating Board consideration since October 31, 1990. Only three Coordinating Board meetings have occurred since the last report. Full approval for only two programs was given at the January 1991 meeting. At the April and July meetings, the Coordinating Board, as a matter of statewide policy, approved program requests with the specific restriction that implementation be delayed until statewide funding concerns could be resolved. Those items are listed in section b. below.

- a. Degree Programs Approved by the Coordinating Board for Implementation

U. T. Health Science Center - Houston

Cooperative M.S. in Nursing Degree with U. T.
Pan American in the Lower Rio Grande Valley

U. T. Health Science Center - San Antonio

Cooperative M.S. in Nursing Degree with U. T.
Pan American in the Lower Rio Grande Valley

- b. Degree Programs Approved by the Coordinating Board with Delayed Implementation

U. T. Arlington

Jazz Studies Option Under the Bachelor of Music
Degree Options in Music/Business, Music/Theatre,
Music/Media under Bachelor of Science in Music

U. T. Pan American

B.B.A. in International Business
M.S. in Mathematics

U. T. Tyler

M.S. in Mathematics

U. T. Medical Branch - Galveston

Master of Physical Therapy in Allied Health
Sciences School

- c. Requests Approved by the U. T. Board of Regents and Pending with the Coordinating Board
- U. T. Arlington
- M.A. in Anthropology
- U. T. Austin
- M.A. and Ph.D. in Molecular Biology
Ph.D. in Medieval Studies
- U. T. El Paso
- M.S. in Nurse-Midwifery
Ph.D. in Psychology
- U. T. Pan American
- B.S. in Nursing
M.S. in Sociology
Separation of Department of Sociology and Social Work into Two Departments
- U. T. San Antonio
- M.S. in Management of Technology
Ph.D. in Biology
- U. T. Tyler
- M.S. in Biology
- U. T. Southwestern Medical Center - Dallas
- Reorganization of the Graduate School of Biomedical Sciences
- U. T. Health Science Center - Houston
- Administrative Units and Program Director Title Changes in Allied Health Sciences School
- Change Division of Orthopaedic Surgery to the Department of Orthopaedic Surgery in the School of Medicine
- Futuristic Accelerated Sequence Track (F.A.S.T.) leading to a M.S. in Nursing Degree in School of Nursing
- U. T. Health Science Center - San Antonio
- Administrative Units and Program Director Title Changes in Allied Health Sciences School
- d. Approved by the U. T. Board of Regents and Yet to be Submitted to the Coordinating Board
- None
- e. Requests Approved by the U. T. Board of Regents, Sent to the Coordinating Board and Withdrawn
- U. T. El Paso
- M.Ed. in Developmental Education

2. U. T. System: Status Report on Administratively Approved Academic Program Changes.--

REPORT

Under U. T. Board of Regents approved guidelines, certain academic program changes, "nonsubstantive" by Texas Higher Education Coordinating Board terminology, which are consistent with the U. T. Board of Regents and Coordinating Board approved institutional missions are forwarded by the appropriate Executive Vice Chancellor to the Coordinating Board for approval at the staff level, subject to periodic reporting to the U. T. Board of Regents for the record. Following is a report for the record of 24 such nonsubstantive approvals granted by the Coordinating Board for nine (9) U. T. System general academic and health-related component institutions since August 1990.

U. T. Arlington (3 items)

1. Name of the Institute of Urban Studies changed to the School of Urban and Public Affairs
2. Name of the Department of Philosophy changed to the Department of Philosophy and Humanities
3. Realigned the Department of Social Work by changing administrative responsibility for the Bachelor of Social Work program from the College of Liberal Arts to the Graduate School of Social Work; and changed the name of the Graduate School of Social Work to the School of Social Work, and the name of the Department of Sociology, Anthropology, and Social Work to the Department of Sociology and Anthropology

U. T. Austin (2 items)

4. Changed the names of the masters and doctoral programs in Middle Eastern and Oriental languages, literatures, and cultures to Master of Arts and Ph.D. degrees with major in Middle Eastern and Asian Languages, Literatures, and Cultures; and added Arabic, Persian, Hebrew, Hindi, Sanskrit, Urdu, Malayalam, Telugu, Chinese and Japanese concentrations
5. Name of the Department of Drama changed to the Department of Theatre and Dance

U. T. Dallas (2 items)

6. Name of the Bachelor of Arts in General Studies degree changed to Bachelor of Arts in Interdisciplinary Studies
7. Name of the Master of Arts in Political Economy degree changed to Master of Public Affairs

U. T. El Paso (2 items)

8. Name of the Doctor of Geological Sciences degree changed to Doctor of Philosophy in Geological Sciences
9. A major in Interdisciplinary Studies approved for the Bachelor of Interdisciplinary Studies degree

U. T. Pan American (1 item)

10. Name of the Department of School Services and Counseling changed to the Department of Educational Psychology

U. T. Permian Basin (1 item)

11. Name of the Bachelor and Master of Arts degrees in Literature to Bachelor and Master of Arts degrees in English

U. T. San Antonio (4 items)

12. Name of the Master of Science in Natural Resources degree changed to Master of Science in Environmental Sciences
13. Bachelor of Fine Arts in Art and Design with a Concentration in Interior Design changed to Bachelor of Science in Interior Design
14. Bachelor of Fine Arts in Art and Design with a Concentration in Art changed to Bachelor of Fine Arts in Art
15. Name of the Bachelor of Business Administration in Management with a Concentration in Business Management changed to Bachelor of Business Administration in Management with a Concentration in Leadership and Administration

U. T. Health Science Center - Houston (4 items)

16. Name of the Department of Microbiology changed to the Department of Microbiology and Molecular Science in the School of Medicine
17. Division of Emergency Medicine Program established within the Department of Surgery
18. Established a joint program with Texas Woman's University (TWU) in Pediatric Nurse Practitioner leading at U. T. Health Science Center - Houston to the existing Master of Science in Nursing degree and leading at TWU to the existing Master of Science degree
19. Separated the educational programs of Medical Technology and Cytogenetics and the length and admission requirements of each

U. T. Health Science Center - San Antonio (5 items)

20. Allowed U. T. Health Science Center - San Antonio and U. T. Pan American to offer Bachelor of Science in Nursing degree on the campus of U. T. Brownsville
 21. Authorized Bachelor of Science degrees in Medical Technology, Occupational Therapy and Physical Therapy to be offered independently in addition to the joint program with U. T. San Antonio
 22. Added a post-baccalaureate Categorical Certificate in Medical Technology
 23. Name of the Department of Otolaryngology changed to the Department of Otolaryngology-Head and Neck Surgery
 24. Name of the Department of Physical Medicine and Rehabilitation changed to the Department of Rehabilitation Medicine
3. U. T. Arlington: Report of Membership of Advisory Committee for the Selection of a Chief Administrative Officer (President).--

REPORT

As a result of the planned retirement of Dr. Wendell H. Nedderman as President of U. T. Arlington effective December 31, 1991, the membership of the Advisory Committee for the Selection of a Chief Administrative Officer (President) at The University of Texas at Arlington is herewith reported for the record. This committee has been constituted pursuant to the Regents' Rules and Regulations, Part One, Chapter II, Section 12.

Advisory Committee for the Selection
of a Chief Administrative Officer
for
The University of Texas at Arlington

System Administration Representatives

Executive Vice Chancellor James P. Duncan (Chairman)
Chancellor Hans Mark

Board of Regents

Regent W. A. "Tex" Moncrief, Jr.
Regent Ellen Temple

Chief Administrative Officers

Dr. William H. Cunningham, President, The University
of Texas at Austin
Dr. Miguel Nevarez, President, The University of
Texas - Pan American

Dean's Representative - U. T. Arlington

Dr. John McElroy, Dean, College of Engineering

Faculty Representatives - U. T. Arlington

Dr. Jill Clark, Associate Professor of Political
Science
Dr. Rex Crick, Associate Professor of Geology
Dr. Mark Dunn, Professor of Accounting

Student Representatives

Mr. J. R. Flores
Ms. Linda M. Moffatt

Alumni Association Representative

Ms. Pam Castell

Arlington Community Representatives

Mr. Robert McFarland
Mr. Nathan L. Robinett

- H. REPORT OF BOARD FOR LEASE OF UNIVERSITY LANDS
- I. REPORT OF SPECIAL COMMITTEES
- J. OTHER MATTERS

U. T. System: Report from Student Advisory Group Regarding Publication Entitled "Student Discipline for Scholastic Dishonesty: A Guide for Administrators, Faculty, and Hearing Officers."--

REPORT

Members of the U. T. System Student Advisory Group will report on the completion of this model publication by U. T. System Administration for use by component institutions.

- K. FOUNDATION MATTERS

As set forth in the Regents' Rules and Regulations, Part One, Chapter VII, Section 5, there are three Trust Foundations created by testamentary or inter vivos trust instruments which are controlled by the members of the Board of Regents acting in their capacities as Trustees for these Foundations. Following each reorganization of the Board of Regents, it is necessary that the Board meet separately as Trustees for these foundations to formalize certain organizational matters.

1. Ima Hogg Foundation Agenda.--

RECOMMENDATION

A brief meeting of the members of the U. T. Board of Regents, as Trustees of the Ima Hogg Foundation, at the October 11, 1991 meeting of the U. T. Board of Regents is recommended for action on the following agenda:

- a. Approval of Minutes of the preceding meetings held on April 6, 1989, June 14, 1990, and August 8, 1991.
- b. Election of officers of the Board of Trustees. The officers for the past two years have been Mr. Louis A. Beecherl, Jr., President; Mr. Sam Barshop, Vice President; and Mr. Michael E. Patrick, Secretary-Treasurer.

Historically, these officers have been:

President: Chairman of the U. T. Board
of Regents
Vice President: Vice-Chairman of the
U. T. Board of Regents
Secretary-Treasurer: Executive Vice
Chancellor for Asset Management.

Proposed new officers are:

President: Mr. Louis A. Beecherl, Jr.,
Chairman of the U. T. Board of Regents
Vice President: Mario E. Ramirez, M.D.,
Vice-Chairman of the U. T. Board of Regents
Secretary-Treasurer: Mr. Michael E. Patrick,
Executive Vice Chancellor for Asset Manage-
ment.

BACKGROUND INFORMATION

The Ima Hogg Foundation was incorporated on June 26, 1964, as a charitable and educational foundation with the U. T. Board of Regents as Trustees. Miss Hogg died on August 19, 1975. A codicil to Miss Hogg's will dated August 3, 1974, provides that the income from the Ima Hogg Foundation be used for the benefit of children's mental health in the Houston, Texas, area. Investments and other financial matters of the Ima Hogg Foundation are handled through the Office of Investments and the Office of Endowment Management and Administration of The University of Texas System with the disbursement of income through the Hogg Foundation for Mental Health.

2. The Robertson Poth Foundation Agenda.--

RECOMMENDATION

A brief meeting of the members of the U. T. Board of Regents, as Trustees of The Robertson Poth Foundation, at the October 11, 1991 meeting of the U. T. Board of Regents is recommended for action on the following agenda:

- a. Approval of Minutes of the preceding meetings held on April 6, 1989, December 7, 1989, June 14, 1990, and August 8, 1991.
- b. Election of officers of the Board of Trustees. The officers for the past two years have been Mr. Louis A. Beecherl, Jr., Chairman; Mr. Jack S. Blanton, Vice Chairman; Mr. Shannon H. Ratliff, Secretary-Treasurer; and Mr. Michael E. Patrick, Assistant Secretary-Treasurer.

Historically, these officers have been:

Chairman: Chairman of the U. T. Board of Regents
Vice Chairman: Chairman of the Health Affairs Committee
Secretary-Treasurer: Chairman of the Asset Management Committee
Assistant Secretary-Treasurer: Executive Vice Chancellor for Asset Management.

Proposed new officers are:

Chairman: Mr. Louis A. Beecherl, Jr.,
Chairman of the U. T. Board of Regents
Vice Chairman: Mario E. Ramirez, M.D.,
Chairman of the Health Affairs Committee
Secretary-Treasurer: Mr. Robert J. Cruikshank,
Chairman of the Asset Management Committee
Assistant Secretary-Treasurer: Mr. Michael E. Patrick, Executive Vice Chancellor for Asset Management.

BACKGROUND INFORMATION

Dr. Edgar J. Poth, his wife, Dr. Gaynelle Robertson Poth, and Dr. Douglas D. Stiernberg resigned as trustees of The Robertson Poth Foundation in 1967 and requested that the U. T. Board of Regents assume the management of the Foundation and recommended that the Chairman of the U. T. Board of Regents, the Chairman of the Health Affairs Committee, and the Chairman of the Asset Management Committee be appointed as substitute trustees to manage and control The Robertson Poth Foundation.

The Robertson Poth Foundation was established as a charitable, scientific, and educational foundation. Investments and other financial matters of The Robertson Poth Foundation are handled through the Office of Investments and the Office of Endowment Management and Administration of The University of Texas System. Income from the Foundation has gone to the U. T. Medical Branch - Galveston for support in the fields of Ophthalmology and General Surgery.

3. Winedale Stagecoach Inn Fund Agenda.--

RECOMMENDATION

A brief meeting of the members of the U. T. Board of Regents, as Trustees of the Winedale Stagecoach Inn Fund, at the October 11, 1991 meeting of the U. T. Board of Regents is recommended for action on the following agenda:

- a. Approval of Minutes of the preceding meetings held on August 10, 1989, June 14, 1990, and August 8, 1991.
- b. Election of officers of the Board of Trustees. The officers for the past two years have been Mr. Louis A. Beecherl, Jr., President; Mr. Sam Barshop, Vice President; Dr. William H. Cunningham, Secretary-Treasurer; and Mr. Michael E. Patrick, Assistant Secretary-Treasurer.

Historically, these officers have been:

President: Chairman of the U. T. Board
of Regents
Vice President: Vice-Chairman of the U. T.
Board of Regents
Secretary-Treasurer: President, U. T. Austin
Assistant Secretary-Treasurer: Executive
Vice Chancellor for Asset Management.

Proposed new officers are:

President: Mr. Louis A. Beecherl, Jr.,
Chairman of the U. T. Board of Regents
Vice President: Mario E. Ramirez, M.D.,
Vice-Chairman of the U. T. Board of Regents
Secretary-Treasurer: Dr. William H.
Cunningham, President, U. T. Austin
Assistant Secretary-Treasurer: Mr. Michael E.
Patrick, Executive Vice Chancellor for Asset
Management.

BACKGROUND INFORMATION

The organizational meeting of the Winedale Stagecoach Inn Fund was held January 16, 1965. The purpose of this Fund is for support of the Winedale Historical Center (name changed from Winedale Stagecoach Inn). The Winedale Historical Center is located on 190 acres of land at Round Top, Fayette County, Texas. The Winedale Historical Center was created by Miss Ima Hogg under the name of Winedale Stagecoach Inn and offered to the U. T. Board of Regents in 1965 and was formally dedicated on April 7, 1967.

The Winedale Historical Center is a growing center for performing arts and study of early Texas craftsmanship. The Winedale properties were leased to the U. T. Board of Regents for the benefit of U. T. Austin on October 24, 1975. Investments and other financial matters are handled through the Office of Investments and the Office of Endowment Management and Administration of The University of Texas System. The income from the Winedale Stagecoach Inn Fund is made available to U. T. Austin for operation, maintenance, related programs and exhibits at the Winedale Historical Center.

L. 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 on Page Ex.S - 1 of the Material Supporting the Agenda.

M. RECONVENE IN OPEN SESSION

N. 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)

- a. U. T. Medical Branch - Galveston: Proposed Settlement of Medical Liability Litigation
- b. U. T. Health Science Center - Houston: Proposed Settlement of Medical Liability Litigation

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

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

U. T. System: Consideration of Personnel Aspects of the Operating Budgets for the Fiscal Year Ending August 31, 1992, Including Auxiliary Enterprises, Grants and Contracts, Designated Funds, Restricted Current Funds and Medical and Dental Services, Research and Development Plans

O. SCHEDULED EVENTS

1. Board of Regents' Meeting

<u>Date</u>	<u>Location/Host</u>
December 5, 1991	U. T. Health Science Center - Houston

2. The following dates and locations are proposed for meetings of the Board of Regents in 1992:

<u>Dates</u>	<u>Locations/Hosts</u>
February 13, 1992	U. T. Tyler
April 9, 1992	U. T. San Antonio
June 11, 1992	U. T. Austin
August 13, 1992	Regents' Room, Austin
October 9, 1992	U. T. Dallas
December 3, 1992	Regents' Room, Austin

3. Other Events

October 10, 1991

U. T. System: Santa
Rita Award Presentation
in Dallas, Texas

October 23, 1991

U. T. Health Science
Center - San Antonio:
Dedication of Robert F.
McDermott Clinical
Science Building

P. OTHER BUSINESS

Q. ADJOURNMENT

1992

January 1992						
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September 1992						
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November 1992						
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December 1992						
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Executive Committee

EXECUTIVE COMMITTEE
Committee Chairman Beecherl

Date: October 11, 1991
Time: Following the convening of the Board of Regents
at 10:00 a.m.
Place: Conference Room 4, Third Floor
E. E. Davis Hall, U. T. Arlington

	<u>Page</u>
1. U. T. System: Recommendation to Approve 1992 Budget Preparation Policies and Limitations for General Operating Budgets, Auxiliary Enterprises, Contracts and Grants, Restricted Current Funds, Designated Funds, and Service and Revolving Funds Activities (Exec. Com. Letter 91-27)	2
2. U. T. Austin: Recommendation to Approve an Increase in the Compulsory Student Services Fee Effective with the Fall Semester 1991 (Catalog Change) (Exec. Com. Letter 91-25)	7
3. U. T. Austin - Energy Conservation Retrofit Work - Chilling Station No. 2 - Replacement of Cooling Tower (U. T. Austin Project No. CU-1031): Recommended Award of Construction Contract to Ceramic Cooling Tower Company, Fort Worth, Texas, and Request for U. T. Austin Administration to Execute Contract (Exec. Com. Letter 91-29)	8
4. U. T. El Paso - Burges Hall - Renovation for Institute for Manufacturing and Materials Management (Project No. 201-759): Recommended Award of Construction Contract to Croom Construction Company, El Paso, Texas, and Request to Increase Authorized Total Project Cost (Exec. Com. Letter 91-26)	13
5. U. T. Pan American: Recommendation for Approval of an Endowments Agreement with The University of Texas - Pan American Foundation, Inc.; Authorization for the Executive Vice Chancellor for Asset Management to Execute Agreement; and Establishment of Endowment Accounts as Required by the Agreement (Exec. Com. Letter 91-28)	18

1. U. T. System: Recommendation to Approve 1992 Budget Preparation Policies and Limitations for General Operating Budgets, Auxiliary Enterprises, Contracts and Grants, Restricted Current Funds, Designated Funds, and Service and Revolving Funds Activities (Exec. Com. Letter 91-27).--

RECOMMENDATION

The Executive Committee concurs in the recommendation of the Chancellor that the U. T. Board of Regents adopt the following policies for preparation of the 1992 Operating Budgets for the U. T. System:

U. T. System 1992 Budget Preparation Policies

In preparing the draft of the Fiscal 1992 operating budget, the chief administrative officer of each component institution should adhere to guidelines and policies as detailed below. Overall budget totals, including reasonable reserves, must be limited to the funds available for the year from:

- General Revenue Appropriations
- Estimates of Educational and General Income
- Limited Use of Institutional Unappropriated Balances

1. The recommendations for salary increases for personnel are subject to the current regulations and directives included in the General Appropriations Bill. This bill states in part:

Article V, Sec. 146. Employee Salary Increase

"Sec. 146. EMPLOYEE SALARY INCREASE. Contingent upon a finding of fact by the Comptroller of Public Accounts at the time of certification or after certification of this Act that sufficient revenue is estimated to be available from the General Revenue Fund and special funds, there is hereby appropriated to the Comptroller of Public Accounts such amounts as may be available for the purpose of providing not more than a 3% salary increase each year of the 1992-93 biennium for state employees and officials, including employees of institutions of higher education.

"The Comptroller of Public Accounts shall promulgate rules and regulations which may be necessary to administer this provision."

To budget Art. V, Sec. 146, a "Transfer from Comptroller of Public Accounts" should be shown as a general revenue item in the "Method of Financing" section of the operating budget summary. This should not be done until we receive notice from the State Comptroller.

Article V, Sec. 67. Salaries to be Proportional by Fund

It is the intent of the Legislature that unless otherwise restricted payment for salaries, wages, and benefits paid from appropriated funds shall be proportional to the source of funds.

2. General Salary Policy (applicable to all fund sources) - Subject to certification of funding by the State Comptroller and based upon instructions yet to be issued, all employees, including faculty, may receive up to a 3% salary increase in accordance with Article V, Section 146. Specific instructions will be issued later to accomplish such increases upon receipt of rules and funds transfer. Such increases will be from FY 1991 individual salary levels unless subsequent instructions are to the contrary.

Subject to available resources, salary increases for faculty, administrative/professional staff, and classified staff are limited to equity adjustments or those designed to accomplish contractual merit or other commitments (i.e., those held because of SB 111 restrictions). These increases may be implemented with this budget submission and prior to State Comptroller instructions.

Following are salary policy guidelines for the limited raise authority included herein or to accomplish legislatively authorized salary increases under instructions to be issued by the State Comptroller.

- (a) Faculty Salary Policy - Merit increases or advances in rank are to be on the basis of teaching effectiveness, research, and public service. Recognizing the expectations of the legislative leadership, institutions should, as a minimum, sustain faculty salary levels reached in 1991.
 - (b) Administrative and Professional Salary Policy - Merit salary increases may be granted to administrative and professional staff and are to be based on evaluation of performance in areas appropriate to work assignments. Merit increases for administrative and professional staff should approximate increases available for classified personnel but not exceed those available for faculty.
 - (c) Classified Personnel Salary Policy - Merit salary increases may be granted to classified personnel and are to be based on evaluation of performance in areas appropriate to work assignments. Merit increases may be given only to individuals who will have been employed by the institution for at least six months as of August 31, 1991, and should be given in full step increments in accordance with the institutional pay plan.
3. New faculty positions are to be based on conservative estimates of enrollment increases. Total faculty staffing should be reviewed in terms of needed adjustments in work load or student faculty ratios and with sensitivity to funds available for merit increases.
 4. New Administrative/Professional positions are to be requested only when justified by increased work loads and from funds available after merit salary increases are granted.
 5. New classified positions are to be requested only when justified by increased work loads and from funds available after merit salary increases are granted.

6. Maintenance, Operation, and Equipment items are to be increased only as justified by expanded work loads, inflation, or newly developing programs.
7. Travel funds are to be shown as separate line items.
8. The requirements for Teacher Retirement and Optional Retirement are subject to the regulations and directives included in the General Appropriations Bill. This bill states in part:

Article III, Pages 26 and 27. Teacher Retirement System and Optional Retirement Program

"1. Teacher Retirement System

State contribution at 7.31% of payroll necessary to match members' contributions . . .

"2. Optional Retirement Program

State contribution at 7.31% of payroll necessary to match members' contributions . . .

"6. USE OF LOCAL FUNDS FOR SUPPLEMENTING THE GENERAL REVENUE APPROPRIATION TO THE OPTIONAL RETIREMENT PROGRAM. Institutions and agencies authorized under state law to provide the Optional Retirement Program to their employees are authorized to use local funds or other sources of funds to supplement the General Revenue Fund appropriation in order to provide an employer contribution of 8.5% of payroll."

To implement rider 6, a new line should be included under Staff Benefits for the difference in the optional retirement rate of 8.5% and the funded rate of 7.31% only for those individuals currently on the payroll or under commitment by the institution.

9. Staff Group Insurance Premiums

The general revenue contribution for Staff Group Insurance Premiums is included in the appropriation to the Employees Retirement System on pages I-95, 100 and 101 as follows:

"2. Group Insurance, State Contributions

b. For the purpose of providing the state's general revenue contribution for each eligible active employee and retired employee of institutions of higher education . . .

"7. HIGHER EDUCATION EMPLOYEES GROUP INSURANCE CONTRIBUTIONS. Funds appropriated in Line Item 2.b., Group Insurance, State Contributions, shall be used for the purpose of providing a state's contribution to higher education employees' group insurance premiums. Such contributions shall be allocated in the following manner:

a. For each full-time active and retired employee enrolled in the "Employee Only" category, the state's monthly contribution shall not exceed the smaller of (1) the

actual cost of basic health and life insurance similar to that provided by the Employees Retirement System under its standard insurance plan, or (2) \$152.09 in fiscal year 1992 and \$178.23 in fiscal year 1993.

- b. For each full-time active and retired employee enrolled in a coverage category which includes a spouse and/or dependent(s), the state's monthly contribution shall not exceed the following amounts for each category: \$198.37 in fiscal year 1992 and \$246.14 in fiscal year 1993 for the "Employee and Children" category; \$221.10 in fiscal year 1992 and \$279.66 in fiscal year 1993 for the "Employee and Spouse" category; and \$267.48 in fiscal year 1992 and \$347.58 in fiscal year 1993 for the "Employee and Family" category

The general revenue funds provided in Item 2.b. above shall be transferred to institutions of higher education to cover the state contribution to group insurance for employees and retirees paid from general revenue appropriations, so long as such institutions retain their separate insurance programs in accordance with House Bill 2, 72nd Legislature, Regular Session. Thereafter, funds shall be applied directly to the group insurance premiums for employees and retirees who have ceased to be covered by the separate institutional plans and have been covered by the Employees Retirement System group insurance program (V.A.T.S. Insurance Code, Article 3.50-2).

Funds appropriated for higher education employees' group insurance contributions may not be used for any other purpose."

To budget Section 7, a "Transfer from Employees Retirement System" should be shown as a general revenue item in the "Method of Financing" section of the operating budget summary.

Staff Group Insurance Premiums for employees paid from Educational and General Income are included in each institution's appropriation for "State Basic Aid." Article III, Sec. 7, No. 6-Page III-140 states:

- "6. GROUP INSURANCE PREMIUMS. For the biennium ending August 31, 1993, there is hereby appropriated such amounts, from the Educational and General Funds available to institutions of higher education, as may be necessary to pay the proportional share of the State's contributions for Staff Group Health Insurance Premiums. Funds appropriated by this subsection may be transferred by those institutions not retaining separate insurance programs in accordance with House Bill 2, 72nd Legislature, Regular Session, to the Employees Retirement System at appropriate intervals to pay the proportional share of the group insurance premiums."

1992 OPERATING BUDGET CALENDAR

August 1991	U. T. Board of Regents' Approval of Policies (Executive Committee Letter)
September 5, 1991	<u>Ten</u> Draft copies of "Pink Sheet Summaries" (all funds) due to System Administration
September 10, 1991	<u>Seven</u> Draft Copies (bound) of Budgets due to System Administration (including 7 copies of supplemental data)
To be limited to narrative responses requested by appro- priate Executive Vice Chancellors and/or special hearings scheduled on an individual need basis	Budget Hearings with System Administration
September 16, 1991	<u>Fifteen</u> copies of corrected Budgets (bound) due to System Administration (with 7 copies of adjusted supplemental data as applicable)
September 23, 1991	Budgets mailed to the U. T. Board of Regents
October 11, 1991	U. T. Board of Regents' Budget Meeting
October 16, 1991	<u>Fifty</u> Copies of Budgets (unbound) due to System Administration for binding

BACKGROUND INFORMATION

The 1992 Budget Policies track the provisions stated in the Appropriations Bill and are substantially the same as those used in preparing the 1991 budgets. The Legislature provided for up to a 3% increase in General Revenue dollars for higher education salaries "contingent upon a finding of fact by the Comptroller of Public Accounts at the time of certification or after certification of this Act that sufficient revenue is estimated to be available from the General Revenue Fund and special funds." This finding by the State Comptroller and increase in General Revenue dollars has not occurred as of this circulation. Thus, salary increases are limited to equity adjustments and essential merit raises to accomplish contractual or other committed adjustments (i.e., those held because of SB 111 restrictions). Separate instructions will be issued later to accomplish legislatively authorized raises in accordance with State Comptroller instructions.

2. U. T. Austin: Recommendation to Approve an Increase in the Compulsory Student Services Fee Effective with the Fall Semester 1991 (Catalog Change) (Exec. Com. Letter 91-25).--

RECOMMENDATION

The Executive Committee concurs in the recommendation of the Chancellor, the Executive Vice Chancellor for Academic Affairs, and President Cunningham that the U. T. Board of Regents approve an increase in the Compulsory Student Services Fee at U. T. Austin from \$97.68 per semester or summer session to \$107.36 per semester or summer session for a student taking twelve or more semester credit hours effective with the Fall Semester 1991. The recommended fee is comprised of two components: (1) an increase in the compulsory fee for health services from \$42.24 to \$46.16 per semester or summer session for all students and (2) an increase from \$4.62 per semester credit hour to \$5.10 per semester credit hour for a maximum charge of \$61.20 for a student taking twelve or more credit hours of course work per semester or summer session for other services and agencies funded partially or totally from the Student Services Fee.

Upon Regental approval, the Minute Order will reflect that the next catalog published at U. T. Austin will conform to this action.

BACKGROUND INFORMATION

The proposed 9.91% Compulsory Student Services Fee increase will be used to meet increasing costs for student services at U. T. Austin. The Student Health Center Fee is assessed on a per student basis without regard to hours of enrollment and supports the Student Health Center and the Counseling and Mental Health Center. Agencies which receive partial or total support from the portion of the fee which is prorated on a semester credit hour basis are: Students' Attorney, Recreational Sports, Shuttle Bus, The Daily Texan, KTSB Student

Radio, Campus Activities, Students' Association, TSTV, Cabinet of College Councils, Ombudsman, Student Services Fee Advisory Committee, University Childcare, and Council of Graduate Students.

The proposed fee increase has been recommended by the U. T. Austin Student Services Fee Advisory Committee and is in accordance with Texas Education Code requirements.

The recommendation to increase the Compulsory Student Services Fee was circulated via Executive Committee Letter because the proposal arrived after the agenda deadline for the August Board meeting and the need for approval prior to the Fall Semester 1991 effective date. U. T. Austin has prepared Fall Semester 1991 fee billings to reflect the proposed fee increase pending Regental approval with the understanding that refunds will be made should the U. T. Board of Regents decline to approve the recommendation.

3. U. T. Austin - Energy Conservation Retrofit Work - Chilling Station No. 2 - Replacement of Cooling Tower (U. T. Austin Project No. CU-1031): Recommended Award of Construction Contract to Ceramic Cooling Tower Company, Fort Worth, Texas, and Request for U. T. Austin Administration to Execute Contract (Exec. Com. Letter 91-29).--

RECOMMENDATION

The Executive Committee concurs in the recommendation of the Chancellor, the Executive Vice Chancellor for Academic Affairs, and President Cunningham that the U. T. Board of Regents award a construction contract for Energy Conservation Retrofit Work - Chilling Station No. 2 - Replacement of Cooling Tower at U. T. Austin to the lowest responsible bidder, Ceramic Cooling Tower Company, Fort Worth, Texas, for the Base Bid in the amount of \$718,039, and authorize U. T. Austin Administration to execute the contract.

BACKGROUND INFORMATION

In accordance with authorization of the U. T. Board of Regents in June 1991, bids to Replace the Cooling Tower for Chilling Station No. 2 as part of the Energy Conservation Retrofit Work at U. T. Austin were received on August 16, 1991, as shown on Pages Ex.C 10 - 12.

The construction contracts for the Energy Conservation Retrofit Work will be bid in stages in order to schedule critical work when the existing system is shut down in December 1991, January and February 1992. The recommended contract award for this stage, Replacement of Cooling Tower for Chilling Station No. 2, to the Ceramic Cooling Tower Company, Fort Worth, Texas, in the amount of \$718,039 for the Base Bid can be made within the authorized total project cost of \$3,023,911. Total project funding in the amount of \$3,023,911 will be \$1,511,955 from grants and \$1,511,956 from Educational and General Funds.

Work in the Chilling Station involves replacement of a 29-year old, 2,000-ton chilling and cooling tower with a 3,000-ton unit and matching tower. Separate base bids were received to replace the cooling tower with Douglas fir, redwood and fiberglass construction because of price uncertainties and budget constraints. The Ceramic Cooling Tower Company, Fort Worth, Texas, was the low bidder for fiberglass construction. U. T. Austin recommends awarding of this contract for fiberglass materials because this construction offers longer life, lower maintenance, and a lower fan stack height than Douglas fir or redwood construction.

Approval of this project by the U. T. Board of Regents in June 1991 amended the current Capital Improvement Plan and the FY 1991 Capital Budget. The project was also approved by the Texas Higher Education Coordinating Board in June 1991.

ENERGY CONSERVATION RETROFIT WORK - CHILLING STATION NO. 2
REPLACEMENT OF COOLING TOWER, U. T. AUSTIN
Bids Received August 16, 1991

FIBERGLASS CONSTRUCTION

BIDDERS

Ceramic Cooling Tower
Company
Fort Worth, Texas

BASE BID

\$718,039

Alt. #1 - Ten-Year Warranty for the Structure
and the Casing

- 0 -

Alt. #2 - Eight Ounce Per Square Foot Casing for
Wood Construction Towers

Not Applicable

Alt. #3 - Fifteen Mil Before Forming Sheet Thickness
with 12MM Flute Opening for PVC Fill

No Bid

Alt. #4 - Cast Iron Column Anchors, 300 Series
Stainless Steel Hardware and Fire
Protection Piping Supports

(8,500)

Alt. #5 - Water Temperature Range of 101.5 degrees F.
to 85 degrees F.

(47,157)

Total Base Bid and Alternate Bids

\$662,382

Recommended Award - Base Bid Only

\$718,039

ENERGY CONSERVATION RETROFIT WORK - CHILLING STATION NO. 2
 REPLACEMENT OF COOLING TOWER, U. T. AUSTIN
 Bids Received August 16, 1991

DOUGLAS FIR CONSTRUCTION

BIDDERS

	<u>The Marley Cooling Tower Company Mission, Kansas</u>	<u>BAC-Pritchard, Inc. Baltimore, Maryland</u>
BASE BID	\$667,750	\$727,243
Alt. #1 - Ten-Year Warranty for the Structure and the Casing	20,150	(16,904)
Alt. #2 - Eight Ounce Per Square Foot Casing for Wood Construction Towers	(2,751)	(3,879)
Alt. #3 - Fifteen Mil Before Forming Sheet Thickness with 12MM Flute Opening for PVC Fill	(15,957)	25,072
Alt. #4 - Cast Iron Column Anchors, 300 Series Stainless Steel Hardware and Fire Protection Piping Supports	(32,357)	(24,770)
Alt. #5 - Water Temperature Range of 101.5 degrees F. to 85 degrees F.	<u>(105,620)</u>	<u>29,455</u>
Total Base Bid and Alternate Bids	\$531,215	\$736,217

ENERGY CONSERVATION RETROFIT WORK - CHILLING STATION NO. 2
 REPLACEMENT OF COOLING TOWER, U. T. AUSTIN
 Bids Received August 16, 1991

REDWOOD CONSTRUCTION

BIDDERS

	<u>The Marley Cooling Tower Company Mission, Kansas</u>	<u>BAC-Pritchard, Inc. Baltimore, Maryland</u>
BASE BID	\$695,697	\$744,819
Alt. #1 - Ten-Year Warranty for the Structure and the Casing	20,870	18,135
Alt. #2 - Eight Ounce Per Square Foot Casing for Wood Construction Towers	(2,751)	(3,879)
Alt. #3 - Fifteen Mil Before Forming Sheet Thickness with 12MM Flute Opening for PVC Fill	(15,957)	25,072
Alt. #4 - Cast Iron Column Anchors, 300 Series Stainless Steel Hardware and Fire Protection Piping Supports	(32,357)	(24,770)
Alt. #5 - Water Temperature Range of 101.5 degrees F. to 85 degrees F.	<u>(110,776)</u>	<u>29,455</u>
Total Base Bid and Alternate Bids	\$554,726	\$788,832

4. U. T. El Paso - Burges Hall - Renovation for Institute for Manufacturing and Materials Management (Project No. 201-759): Recommended Award of Construction Contract to Croom Construction Company, El Paso, Texas, and Request to Increase Authorized Total Project Cost (Exec. Com. Letter 91-26).--

RECOMMENDATION

The Executive Committee concurs in the recommendation of the Chancellor, the Executive Vice Chancellor for Academic Affairs, and President Natalicio that the U. T. Board of Regents:

- a. Award a construction contract for Burges Hall - Renovation for Institute for Manufacturing and Materials Management at U. T. El Paso to the lowest responsible bidder, Croom Construction Company, El Paso, Texas, for the Base Bid in the amount of \$2,177,000
- b. Authorize the Office of Facilities Planning and Construction to award up to \$175,000 in Alternate Bids by Croom Construction Company, El Paso, Texas, if sufficient savings within the authorized total project cost can be achieved
- c. Approve an increase in the authorized total project cost from \$2,275,000 to \$2,500,000 with an additional \$225,000 in funding from federal grant funds.

BACKGROUND INFORMATION

In accordance with the authorization of the U. T. Board of Regents in February 1991, bids for Burges Hall - Renovation for Institute for Manufacturing and Materials Management at U. T. El Paso were received on July 17, 1991, as shown on Pages Ex.C 15 - 17.

In October 1990, the U. T. Board of Regents authorized a total project cost of \$2,275,000 to be funded with federal grant funds for the renovation of Burges Hall. Burges Hall, an existing and vacant dormitory building, is strategically located at the main entrance to the campus. When bids were received for the project on July 17, 1991, they exceeded the estimated construction cost. The Project Architect has evaluated the construction cost estimate and found that the mechanical construction cost estimate did not fully reflect the project's complexity. Since Burges Hall is an existing dormitory with low floor to floor heights, the complexity of installing new plumbing to convert the existing dormitory into laboratory and office use caused the bid to exceed the mechanical construction cost estimate. U. T. El Paso Administration recommends that the U. T. Board of Regents allocate an additional \$225,000 in available federal grant funds to increase the total project cost from \$2,275,000 to \$2,500,000 to cover additional construction costs.

The recommended contract award to Croom Construction Company, El Paso, Texas, in the amount of \$2,177,000 can be made within the proposed total project cost of \$2,500,000. The total project cost is composed of the following elements:

Construction	\$2,177,000
Fees and Administrative Expenses	242,857
Miscellaneous Expenses	4,000
Project Contingency	<u>76,143</u>
Total Project Cost	\$2,500,000

This project will amend the 1991 Capital Improvement Plan and the FY 1991 Capital Budget. Funding for this project is \$2,500,000 in federal grant funds.

This project was approved by the Texas Higher Education Coordinating Board in April 1991.

RENOVATION OF BURGESS HALL
 THE UNIVERSITY OF TEXAS AT EL PASO
 Bids Received July 17, 1991

<u>BIDDER</u>	<u>Croom Construction Company El Paso, Texas</u>	<u>D. J. Contractors, Inc. El Paso, Texas</u>	<u>J. E. Boyd General Contractor, Inc. El Paso, Texas</u>
BASE BID	\$2,177,000	\$2,189,264	\$2,194,000
Add Alt. #1 - Install Fire Sprinkler System	51,300	62,000	56,000
Add Alt. #2 - Laboratory Cabinets/Casework	37,400	36,100	37,000
Add Alt. #3 - Standard Cabinets/Casework	49,000	51,200	47,000
Add Alt. #4 - Install 7 Fume Hoods	37,000	36,300	39,000
Add Alt. #5 - Install Venetian Blinds	4,200	3,300	3,300
Add Alt. #6 - Install Carpet	24,700	25,000	23,900
Add Alt. #7 - Install Lightning Protection System	9,400	11,100	10,200
Add Alt. #8 - Install Additional Smoke Detectors	<u>11,000</u>	<u>9,200</u>	<u>9,800</u>
Total Base Bid and Alternate Bids	\$2,401,000	\$2,423,464	\$2,420,200
Recommended Award - Base Bid Only	\$2,177,000	\$2,189,264	\$2,194,000

EX.C - 15

RENOVATION OF BURGESS HALL
 THE UNIVERSITY OF TEXAS AT EL PASO
 Bids Received July 17, 1991

<u>BIDDER</u>	<u>Silverton Construction Co., Inc. El Paso, Texas</u>	<u>F. T. James Construction, Inc. El Paso, Texas</u>	<u>Esa Construction, Inc. El Paso, Texas</u>
BASE BID	\$2,196,919	\$2,222,222	\$2,290,000
Add Alt. #1 - Install Fire Sprinkler System	62,300	63,333	59,000
Add Alt. #2 - Laboratory Cabinets/Casework	32,100	37,333	38,000
Add Alt. #3 - Standard Cabinets/Casework	52,000	45,333	61,000
Add Alt. #4 - Install 7 Fume Hoods	33,000	39,333	38,000
Add Alt. #5 - Install Venetian Blinds	3,200	3,333	3,300
Add Alt. #6 - Install Carpet	23,500	25,333	31,000
Add Alt. #7 - Install Lightning Protection System	10,000	9,333	11,500
Add Alt. #8 - Install Additional Smoke Detectors	<u>9,700</u>	<u>11,333</u>	<u>9,500</u>
Total Base Bid and Alternate Bids	\$2,422,719	\$2,456,886	\$2,541,300
Recommended Award - Base Bid Only	\$2,196,919	\$2,222,222	\$2,290,000

EX.C - 16

RENOVATION OF BURGESS HALL
THE UNIVERSITY OF TEXAS AT EL PASO
Bids Received July 17, 1991

<u>BIDDER</u>	<u>El Paso Builders, Inc. El Paso, Texas</u>	<u>Vistacon Inc. El Paso, Texas</u>	<u>Banes General Contractors, Inc. El Paso, Texas</u>	<u>R. D. Lowman General Contractor, Inc., El Paso, Texas</u>
BASE BID	\$2,334,204	\$2,445,000	\$2,472,000	\$2,564,000
Add Alt. #1 - Install Fire Sprinkler System	62,517	58,000	53,000	51,360
Add Alt. #2 - Laboratory Cabinets/Casework	37,049	38,700	34,200	35,993
Add Alt. #3 - Standard Cabinets/Casework	52,100	52,600	43,000	54,877
Add Alt. #4 - Install 7 Fume Hoods	49,000	54,000	39,500	60,320
Add Alt. #5 - Install Venetian Blinds	3,360	3,200	3,500	3,328
Add Alt. #6 - Install Carpet	24,299	25,000	23,000	24,332
Add Alt. #7 - Install Lightning Protection System	9,253	11,000	8,900	9,202
Add Alt. #8 - Install Additional Smoke Detectors	<u>17,000</u>	<u>9,000</u>	<u>16,300</u>	<u>16,906</u>
Total Base Bid and Alternate Bids	\$2,588,782	\$2,696,500	\$2,693,400	\$2,820,318
Recommended Award - Base Bid Only	\$2,334,204	\$2,445,000	\$2,472,000	\$2,564,000

5. U. T. Pan American: Recommendation for Approval of an Endowments Agreement with The University of Texas - Pan American Foundation, Inc.; Authorization for the Executive Vice Chancellor for Asset Management to Execute Agreement; and Establishment of Endowment Accounts as Required by the Agreement (Exec. Com. Letter 91-28).--

RECOMMENDATION

The Executive Committee concurs in the recommendation of the Chancellor, the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Asset Management, and President Nevarez that the U. T. Board of Regents approve an Endowments Agreement between the U. T. Board of Regents for and on behalf of U. T. Pan American, including U. T. Pan American (Brownsville) and The University of Texas - Pan American Foundation, Inc., Edinburg, Texas, for clarification of the respective rights and obligations of the U. T. Board of Regents and The University of Texas - Pan American Foundation, Inc., regarding the nature, investment, and administration of gifts previously received by each for the benefit of U. T. Pan American.

It is further recommended that the Executive Vice Chancellor for Asset Management be authorized to execute the Endowments Agreement for the U. T. Board of Regents in substantially the same form as set out on Pages Ex.C 20 - 26.

It is also recommended that accounts for the endowments listed on Schedule 2 of the Endowments Agreement be established by the Office of Asset Management upon approval of the agreement and transfer of funds by U. T. Pan American.

BACKGROUND INFORMATION

The Regents' Rules and Regulations, Part One, Chapter II, Section 6, Subsection 6.3, and "U. T. System Endowment Policy Guidelines" (adopted at the April 1988 meeting of the U. T. Board of Regents and amended at the December 1989 meeting) place responsibility for the "investing, managing, and administering of all endowment funds belonging to the U. T. System and its component institutions" with the Executive Vice Chancellor for Asset Management. As a result of the merger between Pan American University (PAU) and the U. T. System, it is necessary to complete transfer of all former PAU endowments [approximately \$6.3 million for U. T. Pan American and \$22,000 for U. T. Pan American (Brownsville)] to the Office of Asset Management for management pursuant to Regental policy.

Prior to the merger, all PAU endowment funds were managed by the institutional administration. The institution also maintained a close relationship with The Pan American University Foundation, chartered in 1928 to support the educational undertakings of PAU.

Following the merger, the Foundation and U. T. Pan American executed a Memorandum of Understanding memorializing the long-standing relationship and acknowledging the Foundation as The University of Texas - Pan American Foundation, Inc. The Foundation continues to invest and administer funds donated directly to the Foundation and held for the benefit of U. T. Pan American.

To clearly document the distinction between the institutional endowment funds and Foundation funds, a proposed Endowments Agreement has been drafted by the Offices of Asset Management and Academic Affairs in coordination with the Office of General Counsel. The proposed agreement separately schedules funds held by the Foundation to benefit U. T. Pan American; institutional endowment funds to be invested by the Office of Asset Management pursuant to Regental policies and institutional nonendowment gift funds that are appropriately retained and managed at the institutional level.

Approval of the agreement was requested via Executive Committee Letter to enable the transfer of funds to be completed prior to August 31, 1991.

ENDOWMENTS AGREEMENT

This Endowments Agreement entered into this _____ day of _____, 1991 by and between the Board of Regents of The University of Texas System on behalf of The University of Texas - Pan American (including The University of Texas Pan American at Brownsville) ("University") and The University of Texas - Pan American Foundation, Inc. ("Foundation").

1. By separate Memorandum of Understanding originally executed June 1, 1991, the University and the Foundation have deemed it appropriate to memorialize the nature of the relationship between the Foundation and the University, to ratify and approve past development activities by the Foundation for the University, and to agree mutually for the future regarding the respective roles, rights, and obligations of the University and the Foundation.

2. During the term of the Memorandum of Understanding, the Foundation agreed to continue to invest and administer the funds presently in its hands for the benefit of the University.

3. The University and the Foundation now deem it appropriate to clarify any ambiguities that may have arisen concerning the respective rights and obligations of the University and the Foundation regarding the nature, investment and administration of gifts previously received by each for benefit of the University.

4. Funds held by the Foundation in the accounts and amounts listed on the attached Schedule 1 shall continue to be held in trust by the Foundation for benefit of the University and the University shall have no responsibility or liability for the administration and investment of these funds, past or present.

5. Funds held by the University in the accounts and amounts listed on Schedule 2 shall continue to be held in trust as endowments by the University and the Foundation shall have no responsibility or liability for the administration and investment of these funds, past or present.

6. Funds held by the University in the accounts and amounts listed on Schedule 3 have been determined to be, and shall be held by the University as, current restricted funds and the Foundation shall have no responsibility or liability for the administration and investment of these funds, past or present.

This Agreement is effective immediately upon approval by the Board of Regents of The University of Texas System and execution by the parties.

The University of Texas -
Pan American

Board of Regents of
The University of Texas System

By: _____
Dr. Miguel Nevarez,
President

By: _____
Michael E. Patrick
Executive Vice Chancellor
for Asset Management

The University of Texas -
Pan American Foundation, Inc.

By: _____
A. R. Guerra,
Chair

CERTIFICATE OF APPROVAL

I hereby certify that pursuant to procedures authorized by the Board of Regents of The University of Texas System, the foregoing Agreement was approved on the _____ day of _____, 1991, 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

SCHEDULE 1

THE UNIVERSITY OF TEXAS - PAN AMERICAN FOUNDATION, INC.
 ENDOWMENT FUNDS

<u>ENDOWMENT</u>	<u>BALANCE AS OF 5/31/91</u>
Daniel Alvarez Memorial Scholarship	\$ 5,727.00
Anderson Memorial Scholarship	12,110.00
Anheuser-Busch Scholarship	12,500.00
Claudio Castaneda Endowment	5,000.00
Coca Cola Endowed Scholarship	5,000.00
Adrian & Norma Coleman Scholarship	5,000.00
Davidson Foundation	100,000.00
Kika de la Garza Scholarship	10,000.00
J. R. Dougherty, Jr. Scholarship	1,000.00
Felicitas Yturria Downie Scholarship	10,000.00
Edinburg Musical Culture Club Endowment	5,326.13
J. Lell Elliott Chemistry Endowment	40,000.00
Thomas Esparza Scholarship	1,600.00
Ray & Mirtha Fish President's Endowed	52,500.00
George Foundation Endowed Scholarship	100,000.00
Victor Guerra Memorial Scholarship	134,435.99
J. M. Haggard, Sr. Scholarship	200,000.00
The Hearst Foundation	25,000.00
William R. Hearst Endowment	25,000.00
Houston Endowment Inc.	500,000.00
Lack's Special Account Scholarship	25,000.00
Carl McGovern Communications Disorders	5,327.00
Meadows Endowment for Honors Scholarship	10,000.00

Noe Medina Memorial Ed. Scholarship	1,050.33
Mario Medrano Political Science Scholarship	32,745.32
Travis & Edna Mercer Endowment	2,619.00
John L. Moore Memorial Scholarship	4,207.50
Homer J. Morris Scholarship	7,000.00
Homer J. & Ruth Dean Morris Endowment	4,300.00
Neuhaus Scholarship	15,750.00
R. H. Oaks Memorial Endowment Fund	16,000.00
Al Ogletree Scholarship	2,200.00
PAU Folkloric Dance Company	7,130.00
Polaroid Foundation Endowed Scholarship	10,000.00
Pooled Endowment	3,975.36
R. J. Reynolds Endowment	11,000.00
Rockwell Fund Scholarship	5,000.00
Charles & Madonna Romine Scholarship	10,000.00
School of Business Endowments	10,000.00
Homer Scott Scholarship Fund	3,748.54
Southwestern Bell Telephone Scholarship	10,000.00
Theatre TV Scholarship	1,537.11
Sally Thompson Communication Scholarship	5,500.00
Whataburger Inc. Endowment	5,168.77
Ruby Wilson Estate	58,885.40
Herminio Yturria Scholarship	25,000.00

SCHEDULE 2

U. T. PAN AMERICAN ENDOWMENT FUNDS

<u>ENDOWMENT</u>	<u>BALANCE AS OF 5/31/91</u>
Pauline A. Armstrong Endowment	\$ 1,600.00
Cochran Endowed Scholarship	30,427.50
The Adolph Coors Co. Endowed Scholarship in Business	12,000.00
Alfred E. "Pat" Crofts Endowed Scholarship	9,382.00
Joe & Jess Crump Scholarship	76,700.00
Rondel V. Davidson Endowed Lecture Series	11,570.00
James R. Dougherty Endowed Scholarship	16,000.00
Minnie Lou Duncan Scholarships	100,000.00
E & G Excellence Quasi Endowment	2,745,818.00
Yetta Edelstein Scholarship	4,350.00
Faculty Development Program	20,000.00
James-Ware-Foltz Biology Fund	3,100.00
Ford/EEOC Endowed Scholarship Program	100,000.00
Stockton Fountain Scholarship Fund	5,000.00
Manuel L. Gelfer and Freida M. Gelfer Endowment for Scholarships	26,715.00
General Endowment	5,645.00
GM/EEOC Endowed Scholarship	250,000.00
A. J. Ginsberg Endowed Marketing Scholarship	21,500.00
Lou Hassell Endowed Award	3,650.63
H.E.B. Endowed Scholarship	10,000.00
Jesse H. Jones & Mary Gibbs Jones Endowed Scholarship	799,999.00
Kraft Endowed Scholarship	35,000.00

Ann Lamantia Endowed Award	1,350.00
Raul L. Longoria Endowment	1,987.12
James Cullen Looney Scholarship	48,726.00
W. R. Montgomery Endowed Scholarship Fund	5,000.00
Florence Nightingale Scholarship Fund	15,000.00
Jim O'Dell Endowment	5,681.55
PAU Endowment	1,500,003.00
Research & Development Endowment	172,476.96
The Mr. and Mrs. John W. Richards Endowed Scholarship	15,400.00
School of Business Administration Endowment	100,000.00
Southwestern Bell Foundation Endowment	45,000.00
Southwestern Bell Endowed Lecture Series	55,000.00
Texaco Endowed Scholarship	10,000.00
Trull Foundation Scholarship Fund Endowment	17,000.00
Isabel G. Useda Endowed Scholarship for Nursing	5,000.00
Weyerhauser Endowed Scholarship	10,000.00
Lauryn Gale White	10,000.00
Dr. Charles Yundt Endowed Business Scholarship Fund	4,945.00
Zonta Club of West Hidalgo County, Inc. Nursing Endowed Scholarship	5,000.00

U. T. PAN AMERICAN (BROWNSVILLE) ENDOWMENT FUNDS

<u>ENDOWMENT</u>	<u>BALANCE AS OF 5/31/91</u>
Morris Edelstein Endowment Scholarship	\$ 11,850.00
Tenneco Endowment for Scholarships	10,109.50

SCHEDULE 3

U. T. PAN AMERICAN CURRENT RESTRICTED FUNDS

<u>ACCOUNT</u>	<u>BALANCE AS OF 5/31/91</u>
Bost Theatre	\$ 1,000.00

Business Aff. And Audit Com.

BUSINESS AFFAIRS AND AUDIT COMMITTEE
Committee Chairman Loeffler

Date: October 11, 1991
Time: Following the meeting of the Executive Committee
Place: Conference Room 4, Third Floor
E. E. Davis Hall, U. T. Arlington

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1. U. T. System: Recommendation to Approve Chancellor's Docket No. 60.--

RECOMMENDATION

It is recommended that Chancellor's Docket No. 60 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: Recommendation to Amend the Regents' Rules and Regulations, Part Two, Chapter III, Section 4, Subsection 4.1 (Local Institutional Funds).--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Asset Management and the chief business officers of the U. T. System component institutions that the Regents' Rules and Regulations, Part Two, Chapter III, Section 4, Subsection 4.1, regarding the selection of official depository banks by execution of a standard depository agreement for the investment of local institutional funds, be amended as set forth below in congressional style:

Sec. 4. Local Institutional Funds.

4.1 All local income not required to be deposited in the State Treasury must be deposited in official depository banks for safekeeping or invested as specified by law and by The University of Texas System Institutional Funds Investment Policy.

4.11 Funds held in demand deposits, time deposits, or certificates of deposit shall be deposited or invested only in [~~official-depository~~] banks with which the Board has a depository agreement. Depository agreements may be negotiated and executed by the Executive Vice Chancellor for Asset Management when such agreements are in substantially the same form as a standard depository agreement approved by the Board and are with banks meeting the then current policies of the Board.

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BACKGROUND INFORMATION

The change to Subsection 4.1, in conjunction with the revision to the bank depository agreement proposed in Item 9 on Page BAAC - 22, makes clear the authority of the Executive Vice Chancellor for Asset Management to select depository banks for deposit and investment of institutional funds by execution of the standard depository agreement.

3. U. T. Board of Regents: Proposed Amendments to the Regents' Rules and Regulations, Part Two, Chapter VI, Section 5 (Workers' Compensation Insurance).--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Health Affairs, and the Vice Chancellor for Business Affairs that the Regents' Rules and Regulations, Part Two, Chapter VI, Section 5 regarding workers' compensation insurance be amended as set forth below in congressional style:

Sec. 5. Workers' Compensation Insurance.

- 5.1 Pursuant to Article 8309d of Vernon's Texas Civil Statutes, a self-insured System-wide Workers' Compensation Insurance (W.C.I.) Program will provide certain benefits for injuries sustained in the course and scope of employment.
- 5.2 The System Personnel Office, with the assistance of other appropriate System and component institution offices, shall investigate injuries [~~and-publish-and-enforce-safety regulations~~].
- 5.3 The System Personnel Office shall be responsible for reporting all covered injuries to the Texas Workers' Compensation Commission (TWCC) [~~Industrial-Accident-Board-(I-A-B-)~~].
- 5.4 The System Personnel Office shall coordinate occupational safety and health activities [~~and-enforce-occupational-safety-and-health standards~~].
- 5.5 The Office of General Counsel shall be responsible for a determination on appeal of TWCC [~~I-A-B-~~] decisions.
- 5.6 A percentage of annual payroll, as approved by the U. T. Board of Regents, shall be set aside to fund the Workers' Compensation Insurance Fund (W.C.I. Fund).
- 5.61 Each institutional chief business officer shall be responsible for the transmission of amounts to be added to the W.C.I. Fund for all salaries paid, as instructed by the System Personnel Office, for receipt into the W.C.I. Fund no later than 15 days after the end of each month.
- 5.62 The W.C.I. Fund must be deposited or invested in the same manner as other local institutional funds as specified in Part Two, Chapter III, Section 4 of these Rules and Regulations.
- 5.7 The System Personnel Office shall be responsible for processing [~~process~~] all W.C.I. claims for medical care and compensation.
- 5.8 The System Personnel Office shall prepare an annual report for the U. T. Board of Regents on the status of the W.C.I. Fund.

BACKGROUND INFORMATION

The proposed minor revisions to Part Two, Chapter VI, Section 5 of the Regents' Rules and Regulations conform to the current workers' compensation statutes.

4. Permanent University Fund - University Lands: Recommendation for Approval of New Rate and Damage Schedule Covering Compensation for Surface Damage and Rates for Easements, Leases, and Grants on Permanent University Fund Lands.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Vice Chancellor for Business Affairs that the Damage Schedule, Damage Program and Rate Schedule for Easements, Leases, and Grants on Permanent University Fund Lands, approved by the U. T. Board of Regents in December 1985 and amended in August 1986, be rescinded.

It is further recommended that the Board approve a new rate and damage schedule covering these same elements as set forth on Pages BAAC 5 - 15 to be effective October 11, 1991.

BACKGROUND INFORMATION

Periodic reviews are made of the charges for the granting of easements, leases, and grants on Permanent University Fund Lands and of damage rates for surface operations to insure that the University's rates are in line with those currently being paid others by companies that engage in the acquisition of right-of-way and geophysical activities.

Essential differences between the old and new rates are:

Geophysical Operations

- | | |
|---|---------------------|
| 1. Seismic weight-dropping, vibrators, etc. | \$850 to \$1000/mi. |
| 2. Seismic 3-D (new category) | Negotiable |
| 3. Revegetated Land | \$300 to Negotiable |

Easements (New and Renewal)

- | | |
|--|--|
| 1. Removal/replacement of buried lines | \$2.50 to \$3.50/rod |
| 2. Buried cable | <u>Consideration/rod</u>
\$3.00 to Negotiable |
| | <u>Damages/rod</u>
\$2.25 to Negotiable |

Other changes in the schedule reflect clarifications of wording, definitions, etc.

THE UNIVERSITY OF TEXAS SYSTEM RATE AND DAMAGE SCHEDULE

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EFFECTIVE DATE: October 11, 1991

UNIVERSITY LANDS-SURFACE INTERESTS Midland Office

A. WELL LOCATIONS (as permitted by Railroad Commission)

RATES

- | | |
|--|-------------|
| 1. 15,000 feet or less (drilling depth/location) | \$ 2,000.00 |
| 2. In excess of 15,000 feet (drilling depth/location) | \$ 3,000.00 |
| 3. Re-entry (No charge until expiration or release of lease, then rates shown under 1 and 2 are applicable.) | NONE |

THE ABOVE RATES INCLUDE SPACE FOR TANK BATTERIES, FUEL GAS AND FLOW LINES, TEMPORARY WATER LINES, ELECTRIC LINES, SALT WATER DISPOSAL LINES, COMPRESSORS, AND ROADS ON YOUR OWN LEASE.

- | | |
|--|--|
| 4. Skidding of rig | \$ 8.50/ROD |
| 5. New road construction (except on own lease) or use of existing ranch road | \$ 6.00/ROD |
| 6. Pre-existing oil field road | PROPER
MAIN-
TENANCE
REQUIRED |
| 7. Plugging of wells | |

To ensure protection of the ground water, oil and gas companies must notify the University Lands-Surface Interests (ULSI) oil field representative four (4) working days prior to plugging of a well.

8. Water Wells

Upon request by ULSI, water wells used to provide water for drilling purposes will be plugged according to specifications as listed in Texas Water Commission Permanent Rules Chapter 287.49. If a water well is to be left for future use it will be securely capped.

9. Requirements:

- a. Notify the ULSI field representative and the grazing lessee to coordinate location of roads.
- b. All oil and gas leases purchased after 9/17/80 must provide the ULSI office with a copy of the plat(s) of the well location(s). Upon receipt of these two (2) documents, an approval letter will be mailed to the oil and gas lessee.
- c. Remit damage payments to the ULSI office prior to the spud date. (Identify the well location by county, block, and section.)

B. GEOPHYSICAL OPERATIONS

Payment schedule as follows:

- | | |
|---|----------------|
| 1. Seismic weight-dropping, vibrators, dinoseis operations per mile | \$1000/MILE |
| 2. Seismic 3-D | NEGOTIABLE |
| 3. Shooting crews per mile | \$ 900.00/MILE |
| 4. ON REVEGETATED LAND ONLY
(Refer to Page 8, OTHER INFORMATION, #2.) | NEGOTIABLE |
| 5. Gravity meter and magnetometer survey operations per crew per day | \$ 200.00 |
| 6. Single shot (reflection or refraction shooting) per shot hole | \$ 150.00 |
| 7. Velocity survey (when off pad) | NEGOTIABLE |
| 8. Experimental work | NEGOTIABLE |
| 9. <u>Requirements</u> (after purchase of a three month permit): | |
| a. The ULSI office is to be notified the day the surveyor goes on the land. | |
| b. The ULSI office and the appropriate ULSI oil field representative are to be notified BEFORE work begins and AFTER work is completed. | |
| c. The grazing lessee and the oil field representative are to be notified and supplied with a copy of the plat BEFORE work begins. | |

C. NEW EASEMENTS

The following schedule lists the rates per rod for a ten year period based on the outside diameter of the pipe line. Three separate checks are **PAYABLE IN ADVANCE**: one check for consideration payable to **THE UNIVERSITY OF TEXAS SYSTEM**, one check for damages payable to **THE UNIVERSITY OF TEXAS SYSTEM**, and one check for the filing fee payable to the **BOARD OF REGENTS, UNIVERSITY OF TEXAS SYSTEM**.

NEW EASEMENTS

1. <u>PIPE LINES</u>	<u>CONSIDERATION PER ROD</u>	<u>DAMAGES PER ROD</u>	<u>FILING FEE</u>
a. MINIMUM	\$400.00	\$4.00/ROD	\$10.00
b. LINES UNDER 12"	\$5.00/ROD	\$4.00/ROD	\$10.00
c. LINES 12" AND UNDER 24"	\$11.00/ROD	\$6.00/ROD	\$10.00
d. LINES 24" AND OVER	NEGOTIABLE	NEGOTIABLE	\$10.00
e. REMOVAL OR REPLACEMENT LINES	NONE	\$3.50/ROD	NONE
f. TEMPORARY oil, gas and water lines OFF LEASE	NONE	\$2.50/ROD	NONE
g. PARALLEL/LOOP LINES Refer to your easement form under the caption "additional lines and cathodic protection."	PRORATED	NEGOTIABLE	NONE
2. <u>POWER/TELEPHONE LINES</u>			
a. MINIMUM	\$400.00	\$.85/ROD	\$10.00
b. SINGLE POLE DISTRIBUTION (33,000 volts maximum)	\$2.00/ROD	\$.85/ROD	\$10.00
c. SINGLE POLE TRANSMISSION	\$2.75/ROD	\$.95/ROD	\$10.00
d. SINGLE POLE TELEPHONE	\$2.00/ROD	\$.85/ROD	\$10.00
e. BURIED CABLE	NEGOTIABLE	NEGOTIABLE	\$10.00
f. H-FRAME POLE CONSTRUCTION	\$6.00/ROD	\$3.00/ROD	\$10.00
g. STEEL TOWER CONSTRUCTION	\$11.00/ROD	\$4.00/ROD	\$10.00
h. REMOVAL BURIED CABLE	NONE	\$2.00/ROD	NONE
i. REMOVAL OR REPLACEMENT OF LINES	NONE	\$1.50/ROD	NONE

D. RENEWAL OF EASEMENTS

The following schedule lists the rates per rod for a ten year period based on the outside diameter of the pipe line. Two separate checks are PAYABLE IN ADVANCE unless otherwise specified: one check for consideration payable to **THE UNIVERSITY OF TEXAS SYSTEM** and one check for the filing fee payable to the **BOARD OF REGENTS, UNIVERSITY OF TEXAS SYSTEM**.

RENEWAL OF EASEMENTS

1. <u>PIPE LINES</u>	<u>CONSIDERATION PER ROD</u>	<u>DAMAGES PER ROD</u>	<u>FILING FEE</u>
a. MINIMUM	\$ 400.00	NONE	\$ 10.00
b. LINES UNDER 12"	\$ 4.50/ROD	NONE	\$ 10.00
c. LINES 12" AND UNDER 24"	\$ 6.50/ROD	NONE	\$ 10.00
d. LINES 24" AND OVER	NEGOTIABLE	NONE	\$ 10.00
e. REMOVAL OR REPLACEMENT OF LINES	NONE	\$ 3.50/ROD	NONE
f. TEMPORARY oil, gas and water lines OFF LEASE	NONE	\$ 2.50/ROD	NONE
g. PARALLEL/LOOP LINES Refer to your easement form under the caption "additional lines and cathodic protection."	PRORATED	NEGOTIABLE	NONE
2. <u>POWER/TELEPHONE LINES</u>			
a. MINIMUM	\$ 400.00	NONE	\$ 10.00
b. SINGLE POLE DISTRIBUTION (33,000 volts maximum)	\$ 1.40/ROD	NONE	\$ 10.00
c. SINGLE POLE TRANSMISSION	\$ 2.25/ROD	NONE	\$ 10.00
d. SINGLE POLE TELEPHONE	\$ 1.40/ROD	NONE	\$ 10.00
e. BURIED CABLE	NEGOTIABLE	NONE	\$ 10.00
f. H-FRAME POLE construction	\$ 5.00/ROD	NONE	\$ 10.00
g. STEEL TOWER construction	\$ 8.00/ROD	NONE	\$ 10.00
h. REMOVAL of buried cable	NONE	\$ 2.00/ROD	NONE
i. REMOVAL OR REPLACEMENT OF LINES	NONE	\$ 1.50/ROD	NONE
E. <u>CATHODIC PROTECTION UNIT</u> (no easement necessary)			
1. ON OR ADJACENT to a pipe line	NONE	\$ 250.00	NONE
2. ANY OTHER TYPE of cathodic protection	NONE	NEGOTIABLE	NONE

F. SURFACE LEASES

The following schedule lists the standard rates for surface leases (other than grazing) for a ten year period, **PAYABLE IN ADVANCE** to THE UNIVERSITY OF TEXAS SYSTEM.

1. <u>STANDARD RATES</u>	<u>CONSIDERATION FEE</u>	<u>DAMAGE FEE</u>	<u>FILING FEE</u>
a. PLANT SITE AND BOOSTER STATION (payable in advance for a ten year period)	\$60.00 PER ACRE PER YEAR (\$4,000.00-ten year minimum)	NONE	\$10.00
b. TOWER SITE (payable in advance for a ten year period)	\$5,000.00	NONE	\$10.00
c. BUSINESS, RESIDENTIAL, AND OTHER MISC. LEASES	NEGOTIABLE (\$400.00 per year minimum)	NONE	\$10.00
2. <u>SURFACE LEASE RENEWALS</u>	NEGOTIABLE	NONE	\$10.00
G. <u>ASSIGNMENTS, TRANSFERS, CORRECTION OF EASEMENTS, LEASES, ETC.</u>	\$400.00	NONE	\$10.00
1. The only exception will be if other consideration, in the amount of \$400.00 or more, such as bonus for a grazing lease, is paid to The University of Texas System.			
2. Filing fees are required on all leases and all easements payable to Board of Regents, University of Texas System.			

H. MATERIAL SOURCE PERMITS - CALICHE

BEFORE caliche, barrow and other materials can be removed, PERMISSION MUST BE OBTAINED from the Manager of University Lands-Surface Interests or his representative and at his request, pits must be levelled in an acceptable manner. THREE SEPARATE CHECKS are required unless otherwise specified. All checks are payable to THE UNIVERSITY OF TEXAS SYSTEM.

STANDARD RATE FOR ONE PROJECT (separate checks required.)	ROYALTY FEE	RECLAMATION FEE	PIT ENTRY FEE
1. MINIMUM FEE	\$ 400.00	\$.60 PER YARD	\$ 500.00 PER LOCATION
2. CALICHE FOR USE ON UNIVERSITY LANDS ONLY	NONE	NONE	\$ 500.00 PER LOCATION
3. OPENING OF NEW PITS	NONE	NONE	\$ 800.00/NEW PIT (INCLUDES ONE LOCATION)
4. PER CUBIC YARD, <u>under</u> 20,000 cubic yards	\$.90 PER YARD	\$.60 PER YARD	\$ 500.00 PER LOCATION
5. PER CUBIC YARD, <u>over</u> 20,000 cubic yards	NEGOTIABLE	NEGOTIABLE	\$ 500.00 PER LOCATION
6. SALES TO HIGHWAY CONSTRUCTION (caliche and barrow)	NEGOTIABLE	NEGOTIABLE	\$ 500.00 PER LOCATION

DAMAGE PROGRAM AND GUIDELINES

In 1969, The University of Texas System started a conservation program. In this program, The University of Texas System acts as agent for the grazing lessee. All monies received by The University of Texas System for damage to University Lands are to be used for the purposes of conservation, reclamation, and improvements of these lands.

THE UNIVERSITY OF TEXAS SYSTEM HAS THE FOLLOWING RESPONSIBILITIES:

1. Collect damage payments for damages to each grazing lease.
2. Ensure proper payment by matching damage checks with reports submitted by ULSI field representatives.
3. Maintain separate records for each grazing lessee of damage payments received for damages on each grazing lease.
4. Keep all damage monies for each grazing lessee until approved ranch improvements and/or range conservation programs are made.
5. Reimburse each grazing lessee for such approved ranch improvements and/or range conservation programs for which receipts and canceled checks have been furnished and damage monies are available for that lease and grazing lessee. The grazing lessee may use one-half of the damage income for permanent improvements and one-half for major repairs. **PRIOR APPROVAL IS REQUIRED.**
6. Notify the grazing lessee each quarter of the balance in his/her damage account.
7. Maintain records of ranch improvement and/or range conservation program expenses in excess of damage monies received for a particular lease. This record allows for future payments to be made when damage monies are received.

OTHER INFORMATION:

1. The University of Texas System reserves the right to take for improvements of University Lands, all or part of any damage monies received on behalf of a grazing lessee. Beginning February 1, 1986, The University of Texas System exercised this right and now takes 20% of all damage monies. These monies are placed in an endowment fund that will be used for the purpose of conducting conservation and land utilization programs to increase the productivity and income from Permanent University Fund Lands.
2. On **REVEGETATED LAND ONLY** - Geophysical operators working on University Lands will pay a negotiated per mile damage rate to The University of Texas System not to exceed \$1,150 per mile.
3. One-half of all pit entry damage monies (after 20% as stated in #1 above) will be placed in The University of Texas System's reclamation account.

THE GRAZING LESSEE HAS THE FOLLOWING RESPONSIBILITIES:

1. Use all damage monies to improve the land EXCEPT damage monies received as compensation for personal property.
2. Notify the ULSI office of any errors in the accounting of damage monies.
3. Use approved Soil Conservation Service ranch improvement guidelines and/or range conservation programs or such improvements or programs that are approved by the Manager of University Lands-Surface Interests or his representative for which reimbursement with damage monies is expected.

Any earnings from the temporary investments of funds received for damage payments may be expended in connection with the ULSI conservation and land utilization programs as may be recommended by the Manager of University Lands-Surface Interests.

DAMAGE SCHEDULE GUIDELINES

1. All monies received by The University of Texas System for damages to Permanent University Fund Lands are to be used for the purposes of conservation, reclamation, and improvement of these lands, however:
 - a. Payment of the current damage rate does not in any way limit the liability of a company or operator in an action at law for any damages caused by acts of negligence.
 - b. Compensation for acts of negligence or damage to personal property shall be paid directly to the grazing lessee.
 - c. Compensation will be required for loss of crop production and/or destruction of plants.
2. In the event of a disagreement between the grazing lessee/surface lessee and the company or operator, the Manager of University Lands-Surface Interests or his representative will arbitrate and set the damage payments.
3. All checks submitted to The University Of Texas System for damages are to be made payable to The University of Texas System. The following information should be on the face of the check and/or the transmittal letter: COUNTY, BLOCK and SECTION where the damage occurred as well as the name of the lessee.
4. All operators **MUST NOTIFY BOTH** the manager of University Lands-Surface Interests or his representative **AND** the grazing/surface lessee before any operation begins.
5. No fences shall be cut or cattle guards installed without permission of the Manager of University Lands-Surface Interests or his representative. Each company will be responsible for maintenance of those cattle guards used in their operations.
6. All damage payments and/or correspondence concerning this schedule or these policies shall be mailed to:

Stephen Hartmann, Manager
University Lands-Surface Interests
P.O. Box 553
Midland, Texas 79702-0553

EASEMENT APPLICATION GUIDELINES

Easements are to be on The University of Texas System's current standard forms. Easements are for a ten (10) year period. A damage payment is required for all pipe lines laid on University Lands.

1. An officer or attorney-in-fact must sign for a second party with that person's title given in the same space provided on the easement. Easements made in favor of an individual must be signed by the individual.
2. Easement consideration is figured in accordance with the current standard rate schedule for the University of Texas System.
3. Exhibits must be attached to all FIVE original colored copies of NEW or RENEWED easements. A centerline (LEGAL) description and PLAT LINES are to be attached to all colored copies marked EXHIBIT "A".
4. One (1) copy of the Tenant's notification must be submitted for filing at the ULSI office on all new easements. (No tenant's notification is required on renewals.)
5. Easement applications are to be mailed to University Lands-Surface Interests, P.O. Box 553, Midland, Texas 79702-0553 OR hand-carried to University Lands-Surface Interests, 808 W. Wall Street, Midland, Texas. All forms and schedules are available at this office. For additional information phone 915/684-5886.

Easements must be approved by The Board of Regents of The University of Texas System. The Board meets every other month and all applications must be received by the Manager of University Lands-Surface Interests **TWO MONTHS PRIOR TO EACH BOARD MEETING.**

6. On new easements, in addition to paying the easement consideration, a damage payment is also required. Both payments are to be figured in accordance with the current University of Texas System Rate and Damage schedule.
7. Damage payments are to be made payable to THE UNIVERSITY OF TEXAS SYSTEM and the grazing lessee to whom the payment is credited is to be shown on the check or letter of transmittal. If more than one grazing lessee is to receive credit, each lessee's share is to be prorated by the applicant.
8. Applicant is hereby granted the right to construct and maintain along such right-of-way the necessary cathodic protection stations or units in connection with such pipe line upon written approval of University Lands-Surface Interests representative and upon the payment of damage monies pursuant to The University of Texas System Rate and Damage schedule.
9. At the request of the lessor, pipe line rights-of-way must be leveled, terraced to intercept and divert runoff, and seeded with approved grasses. The USDA Soil Conservation Service standards and specifications will be used as the basis for leveling, terracing, and seeding with appropriate grasses.
10. Prior to surveying of rights-of-way, the grazing lessee or lessees and the ULSI field representative of that county must be notified.
11. Fences must be braced before cutting for crossing. Openings are to remain closed or properly guarded at all times. Braces must conform to USDA Soil Conservation Service standards and specifications for fence construction. Copies of these specifications can be obtained from University Lands-Surface Interests office.
12. Easements are not required for pipe or power lines owned by the company holding the oil and gas lease on the right-of-way.
13. Damages to personal property are to be paid directly to the grazing lessee.

UNIVERSITY LANDS - SURFACE REPRESENTATIVES

BEFORE WORKS BEGINS - Notify the Field Representative

All field representatives have recorders on their home telephones for additional contact.

OIL FIELD REPRESENTATIVES:

Z.L. (Dock) Sharp

Mobile telephone: 915/523-5466 unit 3306 (Andrews)

Home telephone: 915/684-6494 (Midland)

Counties: Andrews, Culberson, Dawson, El Paso, Gaines, Hudspeth and Martin

David Faries

Mobile telephone: 915/884-3733 after beep dial 29171909 (Big Lake)

Home telephone: 915/884-3606 (Big Lake)

Counties: Crockett, Irion, Reagan, Schleicher, Terrell and Upton

Doug Damron

Mobile telephone: 915/563-1822 unit 3305 (Midland, request King Mountain tower)

Home telephone: 915/558-2453 (Crane)

Counties: Crane, Ector, Loving, Pecos, Ward and Winkler

O.B. Orr

915/684-5886 - Midland office (for additional information)

RANGE/WILDLIFE REPRESENTATIVES:

Gene Drennan

Mobile telephone: 915/563-1822 unit 3385 (Midland)

Office telephone: 915/395-2429 (Ft. Stockton)

Home telephone: 915/336-5627 (Ft. Stockton)

Sid Sullenger

Mobile telephone: 915/884-2010 unit 3388 (Big Lake)

Home telephone: 915/884-3112 (Big Lake)

Don Cox

Mobile telephone: 915/523-3021 after beep dial 03222612 (Andrews)

Home telephone: 915/524-6200 (Andrews)

Ken Moore

Mobile telephone: 915/884-3733 after beep dial 29201909 (Big Lake)

Home telephone: 915/884-3606 (Big Lake)

5. U. T. System: Recommended Approval of Non-Personnel Aspects of the Operating Budgets for the Fiscal Year Ending August 31, 1992, Including Auxiliary Enterprises, Grants and Contracts, Designated Funds, Restricted Current Funds, and Medical and Dental Services, Research and Development Plans.--

RECOMMENDATION

The Chancellor, with the concurrence of the appropriate Executive Vice Chancellor and chief administrative officers of the component institutions of the U. T. System, recommends that the non-personnel aspects of the Operating Budgets for the U. T. System for the fiscal year ending August 31, 1992, including Auxiliary Enterprises, Grants and Contracts, Designated Funds, Restricted Current Funds, and Medical and Dental Services, Research and Development Plans be approved.

It is also recommended that the Chancellor be authorized to make editorial corrections therein and that subsequent adjustments be reported to the U. T. Board of Regents through the institutional dockets.

This item requires the concurrence of the Academic Affairs and Health Affairs Committees.

BACKGROUND INFORMATION

The Chancellor will present a statement in support of the budget recommendation at the committee meeting.

See Page Ex.S - 1 related to the personnel aspects of the Operating Budgets.

6. U. T. System: Recommended Approval of the Capital Budget for the Fiscal Year Ending August 31, 1992.--

RECOMMENDATION

The Chancellor, with the concurrence of Executive Vice Chancellor Duncan, Executive Vice Chancellor Mullins, Vice Chancellor Burck, and the chief administrative officers of the component institutions of the U. T. System, recommends approval of the U. T. System Capital Budget, Part A (Major Construction Projects) and Part B (Reserve Allocations for Repairs and Equipment Projects) for the fiscal year ending August 31, 1992. The Capital Budget is presented in a separate document which was distributed in advance of the Material Supporting the Agenda.

Part A - Major Construction Projects

The U. T. System 1992 Capital Budget, Part A, projects cash flow requirements from all fund sources for those capital projects which, in keeping with the Capital Improvement Plan (CIP) approved by the U. T. Board of Regents in June 1991, involve any expenditures during the fiscal year ending August 31, 1992.

As required by provisions of the Regents' Rules and Regulations, authorization to appoint project architects and engineers, approval of plans, authorization to advertise for bids, award of bids, appropriation and authorization to expend funds will continue to be accomplished via a standard agenda item, at times as appropriate. The Capital Budget includes projects authorized by Board action prior to adoption of the 1991 Capital Improvement Plan as well as projects included in the 1991 CIP which will move into the first year of expenditures.

In accordance with the campus planning rules of the Texas Higher Education Coordinating Board, the Chairman of the U. T. Board of Regents must certify that the need for new construction that will require formula funding is at least equal to the need to acquire additional or more modern instructional and research equipment. Since the capital budgeting process used by the U. T. System to develop the Capital Improvement Plan and the Capital Budget ensures that such a determination or prioritization is considered and endorsed by the U. T. Board of Regents on behalf of each new project, it is recommended that the Executive Secretary to the U. T. Board of Regents be authorized, on behalf of the Chairman, to issue the certification as required by the Texas Higher Education Coordinating Board for all new construction contained in the 1992 Capital Budget.

Part B - Reserve Allocations for Repairs and Equipment Projects

Part B of the Capital Budget allocates Permanent University Fund Bond Proceeds from reserves provided in the 1991 Capital Improvement Plan for Institutional Equipment and Library Purchases and Repair and Rehabilitation Projects. The CIP provides for an allocation to U. T. System component institutions of \$11.5 million for equipment and library and \$11.5 million for repair and renovation projects.

It is recommended that the U. T. System component institutions be authorized to purchase approved equipment items and library materials and to contract for repair and rehabilitation projects following standard purchasing and contracting procedures and within approved PUF Bond Proceeds dollar limits or a combination of allocated bond proceeds and other funds, when appropriate. Substitute equipment purchases are to receive prior approval by the Chancellor and appropriate Executive Vice Chancellor and, when required, the U. T. Board of Regents. Transfer to vendors will coincide with vendor payment requirements. Final approval of specific repair and rehabilitation projects will be in accordance with U. T. Board of Regents established procedures for construction projects.

BACKGROUND INFORMATION

The recommendations in Part B of the Capital Budget were developed from prioritized lists of projects submitted by component institutions and reviewed by U. T. System staff. The following major factors influenced the selection of Part B projects:

- a. Need to protect the current investment in buildings and laboratories that support important ongoing programs
- b. Desire to take advantage of opportunities to enhance the University's budget through conserving energy, obtaining matching grants, and increasing the prospects for obtaining competitive research contracts and grants
- c. Desire to implement selected strategic plans and enhance the strength of selected academic areas
- d. Desire to equip laboratories with advanced instruments and computational power in order that scholars and students working in those laboratories will have maximum opportunity to make significant contributions to their fields of inquiry.

Appropriation Explanations and Special Considerations for Part B

The summary table in Part B of the Capital Budget lists the total allocation for each institution from both the \$11.5 million reserve for repairs and rehabilitation as well as the \$11.5 million reserve for equipment and library resources. Following this summary table is a single page for each institution listing each authorized project along with an estimate of PUF requirements.

The dollar amount shown for each project is the best estimate available at the present stage of project planning. Slight adjustments will be necessary as equipment bids are received and repair and rehabilitation designs are refined. In a few cases, the total amount recommended for appropriation is less than the funds requested for the set of recommended authorized projects. In these cases, partial funding of a project is anticipated, and the institution is encouraged to seek additional funding from other sources to implement as much of the project as possible or in some cases to consider project phasing options.

Because all institutions have a continuing need for additional resources and because the exact cost of implementing any project is unknown until completion of design and the end of a competitive bidding process, funds may be redistributed among authorized projects as needed to adjust for the uncertainty associated with initial cost estimates. Authorization to use remaining funds in this way creates incentives to implement the projects in the most cost effective manner.

7. U. T. System: Request to Approve Transfer of Funds
Between Legislative Appropriation Items During the
Biennium Beginning September 1, 1991.--

RECOMMENDATION

The Chancellor, with the concurrence of the appropriate Executive Vice Chancellor and the chief administrative officers of the U. T. System component institutions, recommends that the U. T. Board of Regents adopt the resolution which follows in order to provide for the most effective utilization of the General Revenue Appropriations during the biennium beginning September 1, 1991:

Pursuant to the appropriate transfer provisions of the General Appropriations Bill of the 72nd Legislature, it is hereby resolved that the State Comptroller be requested to make necessary transfers within the Legislative Appropriations (and/or Cost Centers) from the General Revenue Fund for each of the following components as authorized by the Chief Financial Officers of The University of Texas System institution concerned:

The University of Texas at Arlington
The University of Texas at Austin
The University of Texas at Brownsville
The University of Texas at Dallas
The University of Texas at El Paso
The University of Texas - Pan American
The University of Texas of the Permian Basin
The University of Texas at San Antonio
The University of Texas at Tyler
The University of Texas Southwestern Medical
Center at Dallas
The University of Texas Medical Branch
at Galveston
The University of Texas Health Science
Center at Houston
The University of Texas Health Science
Center at San Antonio
The University of Texas M.D. Anderson
Cancer Center
The University of Texas Health Center at Tyler.

BACKGROUND INFORMATION

The above resolution is a standard action by the U. T. Board of Regents at the beginning of each biennium and is pursuant to provisions of the General Appropriations Bill by the 72nd Legislature.

8. U. T. System: Proposed Adoption of Rules and Regulations for the Administration of Line Item Scholarships.--

RECOMMENDATION

The Chancellor, with the concurrence of the Executive Vice Chancellors for Academic Affairs and Health Affairs and the chief administrative officers of the U. T. System component institutions, recommends that the following rules and regulations for the administration of line item scholarships appropriated in the General Appropriations Act of the 72nd Legislature be adopted effective September 1, 1991:

Rules and Regulations for Administration of Line Item Scholarships

a. Scholarships

1. Scholarships may be awarded only to students who have been accepted for enrollment and who actually enroll on at least a half-time basis in the term or terms for which the scholarship is awarded.
2. Scholarships are to be awarded based on the financial need of the applicant as determined by the component institution and based on accepted need analysis procedures generally in use in other "need based" financial assistance programs.
3. Each student shall first use any other grant funds for support of educational expenses for which the student may reasonably be eligible before receiving state scholarship funds.
4. The amount of the scholarship award, when combined with all other grant or gift funds awarded to the student, shall not exceed 70% of the reasonable expenses to be incurred by the student in the semester or term for which the scholarship is awarded.
5. No student shall receive an amount in excess of demonstrated need.
6. No more than 10% of total scholarship funds awarded through the program in a fiscal year shall be awarded to nonresident students.
7. No funds may be used to provide athletic scholarships.

b. College Work-Study Program

1. Any or all of the scholarship funds appropriated may be used for the institutional matching share of earnings in the College Work-Study Program.
2. Funds used in this manner will not be subject to the restrictions in item (a) of these rules governing the scholarships.

BACKGROUND INFORMATION

Section 13 of Article III (the "riders") of the current General Appropriations Act passed by the 72nd Legislature, 1st Called Session, provides in pertinent part as follows:

2. Out of the funds appropriated by this Article in the line-item described as "Scholarships," the respective governing boards may allocate and expend for student scholarships and the institutional share required to match Federal Work Study Funds such amounts as said boards may determine; provided, however, that each student receiving such scholarship first shall have utilized any federal grant funds for which the student may reasonably be eligible; and, that such scholarship, when combined with all other grant or gift funds awarded to the student, shall not exceed seventy percent (70%) of the reasonable expenses to be incurred by the student in the semester or term for which the scholarship is awarded; and provided, however, that no student shall receive an amount in excess of demonstrated need. The respective governing boards may transfer up to one-half of the amount to be awarded as scholarship to each otherwise eligible student to the Texas Higher Education Coordinating Board for use as matching funds to be awarded to that student through the Texas Public Educational Grants Program.
3. Copies of such approved allocations together with copies of rules and regulations adopted by the respective governing boards concerning the award of such scholarships shall be filed with the Coordinating Board and with the Comptroller prior to the disbursement of any moneys for scholarships. Copies of any subsequent changes in such allocations or rules shall be similarly filed with the Coordinating Board and with the Comptroller.
4. No funds appropriated in this Act for Scholarships to institutions of higher education may be used to provide athletic scholarships.

This language was in the prior General Appropriations Act and the requirement of a governing board policy was last implemented by the enactment of rules and regulations for the 1990-91 biennium by the U. T. Board of Regents at the August 1989 meeting. These proposed regulations will be effective beginning with the 1992-93 biennium and will not require amendment or reenactment in the future unless the language of the riders changes.

Upon approval, copies of these rules and regulations will be filed with the Texas Higher Education Coordinating Board and the Comptroller.

9. U. T. System: Recommendation to Approve Revised Standard Bank Depository Agreement.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Asset Management and the chief business officers of the U. T. System component institutions that the revised standard bank depository agreement for the U. T. System set out on Pages BAAC 23 - 31 be approved in accordance with the Regents' Rules and Regulations, Part Two, Chapter III, Section 4, Subsection 4.1, relating to the deposit of local institutional funds in banks.

BACKGROUND INFORMATION

To comply with the Regents' Rules and Regulations, a standard bank depository agreement must be approved by the U. T. Board of Regents. The standard bank depository agreement has not been revised since 1967. At the present time, the U. T. System component institutions are accessing new bank services, investing funds in money market funds, and reducing bank balances to increase interest income on local funds. Collateral for bank deposits is maintained with twelve separate trustees. The revised bank depository agreement provides additional flexibility to engage new bank services, reduce compensating balances in exchange for fees, and consolidate collateral with a single custodian.

To clarify the authority of the Executive Vice Chancellor for Asset Management to select depository banks, an amendment to the Regents' Rules and Regulations is proposed in Item 2 on Page BAAC - 2.

Form BDA -1
(Rev. 9/66, 8/67 & 10/91)

THE STATE OF TEXAS

BANK DEPOSITORY AGREEMENT

COUNTY OF TRAVIS

This Agreement is made and entered into on the date last herein written by and between the BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM, herein called "BOARD", and

_____ a national banking association, organized under the laws of the United States of America, or

_____ a state banking association, organized under the laws of a state within the United States of America and which is a member of the Federal Reserve System and the Federal Deposit Insurance Corporation

and is authorized by law to conduct banking business in the State of Texas and now carrying on such business in said State, hereinafter called "BANK", and is as follows:

I. AUTHORIZATION

BOARD hereby designates BANK as a depository for the period beginning _____ and continuing until this Agreement has been canceled in accordance with its provisions, for certain accounts in the name of THE UNIVERSITY OF TEXAS SYSTEM (including accounts in the name of any component institution which is now or may hereafter become a part of The University of Texas System). Such accounts shall be opened by the BOARD or its component by designating the accounts and making deposits therein and by the BANK accepting said deposits. BANK and BOARD may from time to time enter into such Service Agreements as are deemed necessary to further define the rights and duties of BANK and BOARD with regard to specific deposit banking services which may include BANK compensation levels, service termination dates, authorization designations and codes, or such other covenants as required for the proper implementation of the proposed services. Such Service Agreements shall be subordinate to this Agreement and should any conflict arise, the terms of this Agreement shall in all cases prevail. Service Agreements may be entered into on behalf of BOARD by the chief administrative officer and chief business officer of a component institution of the U.T. System or the Vice Chancellor for

Business Affairs for The University of Texas System or any other authorized representative of the Board and must be cancelable by BOARD on no more than 90 days written notice. Such Service Agreements are hereby null and void upon the termination of this Agreement as provided in Section XIII.

BOARD may open or close accounts, as needed, under this Agreement and any Service Agreements. As evidence to BANK that such new account has been properly authorized by BOARD, each such account shall be identified and the authorized signers designated by the Vice Chancellor for Business Affairs of the U.T. System or, in the case of component institutions of the U.T. System, the chief administrative officer and the chief business officer as authorized under the Rules and Regulations of the U.T. Board of Regents such rules having been adopted by an official resolution of the BOARD. Under such Rules said representatives may remove, substitute or add signers to the account as may be deemed necessary.

II. DEPOSIT OF FUNDS

BOARD shall deposit such of its funds as it may choose and BANK shall accept such deposits in the form of "Demand Deposits", "Time Deposits-Open Account" and "Time Certificates of Deposit" as designated by BOARD, and shall hold said deposits subject to payment in accordance with the terms of the deposit. BANK will allow, credit, and pay interest at rates and payment dates on such deposits as determined by negotiation between the BANK and BOARD. Provided, however, that notwithstanding any other provisions of this Agreement, BANK shall never be required to accept initially any Time Deposit-Open Account or Time Certificate of Deposit from BOARD that it does not elect to accept, but once having initially accepted any such deposit, BANK may terminate such deposit only in accordance with the terms of such deposit and this Agreement.

III. PAYMENT OF DEPOSITS

Subject to the provisions of the deposit, in the case of time deposits, BANK shall pay on demand to the order of BOARD upon the proper presentation of wire transfer instructions, checks, drafts, or vouchers properly issued, all or any portion of the funds now on deposit or to be deposited with BANK. BANK shall make no deductions for its own account from BOARD'S account except as authorized in writing by BOARD. The obligations of BANK under this Section shall survive the termination of this Agreement.

IV. COMPENSATION

BANK shall have a right to compensation for any and all services properly rendered to BOARD under this Agreement and such Service Agreement(s) as may be executed. An account analysis shall be provided to the BOARD each month on transaction accounts which details deposit activity, earnings credits, if any, services used, volumes, unit prices and total fees. Compensation shall be based upon the terms of a Service Agreement between the BANK and BOARD or, if no such Service Agreement exists and BOARD elects to use such services, the standard charges for such services as published by BANK. BANK agrees to offset monthly service fees first against an earnings credit for deposit balances in BOARD'S transaction accounts as may be defined in a Service Agreement or if not so defined based on its customary earnings credit for commercial accounts. No such service fees may be offset against deposits including any interest payments which accrue to BOARD. Should such earnings credits be insufficient to cover the monthly service fees or if no earnings credit is provided by BANK, a statement of such fees shall be provided BOARD which will then have 30 days to examine such statement and remit payment as provided by this Agreement or a Service Agreement to BANK.

V. COLLATERAL CUSTODY

BOARD hereby designates _____, an unrelated third party, as its CUSTODIAN (see "Collateral Custodial Agreement", Exhibit "A") to hold in an account of the Board of Regents of the U.T. System, the securities of BANK pledged to BOARD. BANK acknowledges and accepts that it will maintain the required Collateral with CUSTODIAN and will pay the customary charges set by CUSTODIAN, which shall not be adjusted more than once in any calendar year, as set forth in Exhibit "B". All administrative fees and charges of CUSTODIAN related to the receipt, delivery, and holding of income on securities, collection of income, annual administration, and transfer in or out of securities of BANK shall be paid by BANK. Without limiting BANK'S liability to pay such fees and charges, CUSTODIAN shall have the right, but shall not be under any duty, to collect such fees and charges from the income received on Collateral if so directed by BANK or upon BANK'S failure to pay the same. BOARD may substitute at its discretion a new CUSTODIAN upon 15 days written notice to BANK.

VI. ELIGIBLE COLLATERAL

BANK hereby pledges to the BOARD a security interest in the

securities delivered to CUSTODIAN as collateral to secure all the deposits of BOARD. BANK hereby represents that it shall pledge as security for deposits of BOARD only those securities in which it is the legal and actual owner, free and clear of all other liens or claims. Securities eligible for pledge shall be Government Securities defined as follows:

"Government Securities" shall mean book entry U.S. Treasury Securities (as defined in Subpart O, 306.115(d) of Treasury Department Circular No. 300, 31 CFR Part 306) and any other securities issued or guaranteed by the United States Government or any agency or instrumentality thereof and registered in the form of an entry on the records of the Federal Reserve System.

All of the Government Securities as defined above are hereinafter called "Collateral".

VII. REQUIRED COLLATERAL

The Collateral so pledged shall have an aggregate Market Value as determined by BOARD, exclusive of accrued interest, at all times at least equal to 103% (the "Required Collateral Percent") of the sum of the balances on deposit with BANK in all accounts of the BOARD. BOARD shall determine the Market Value of Collateral using the most recent available closing market price information as received from a recognized bond pricing data service or as published in the most recent issue of the Southwest edition of The Wall Street Journal. "Market Value" shall mean the closing market price of the security, determined in accordance with this Section, times the par amount of the security.

If after the close of trading on any business day the Market Value of the Collateral (as determined in accordance with the provisions of this Section) then held by the CUSTODIAN as a percent of the total deposits of BOARD is less than the Required Collateral Percent, BANK agrees to deliver to CUSTODIAN, without notice from BOARD, Collateral in an amount such that the Market Value of the Collateral then held by the CUSTODIAN plus the Market Value of the Collateral so delivered as a percent of the total deposits of BOARD will at least equal the Required Collateral Percent.

VIII. DELIVERY AND RELEASE OF COLLATERAL

BANK will deliver by book entry by the Federal Reserve System bank wire system to CUSTODIAN Collateral sufficient in amount to cover at least the Required Collateral Percent of the funds of BOARD now or hereafter on deposit as provided above. By

not later than 1 P.M. on the day Collateral is delivered to CUSTODIAN hereunder, including any substituted Collateral as described in Section IX, BANK shall deliver by facsimile transmission or other written means to BOARD and CUSTODIAN a list of such Collateral on which BANK shall record the then Market Value thereof based on the closing market price as received from a recognized bond pricing data service or as published in the Southwest edition of The Wall Street Journal dated the close of the business day next preceding the date such Collateral is first pledged. Such Collateral shall be kept and retained by CUSTODIAN in trust for BOARD until such time as BOARD, in its sole discretion, shall have authorized CUSTODIAN, in writing, to release such Collateral as BOARD may designate. Requests for release from BANK must be received by BOARD not later than 12 Noon the business day next preceding the business day on which BANK requests Collateral be released.

IX. SUBSTITUTION OF COLLATERAL

If BANK shall desire to substitute any one or more of the Government Securities which constitute Collateral so deposited with CUSTODIAN, it may, without prior approval of BOARD, substitute for any one or more of such securities, other securities of the same or higher Market Value and of the character authorized herein. This right of substitution shall remain in full force and be exercised by BANK as often as it may desire at its cost provided, however, that at all times the aggregate amount of such securities deposited with CUSTODIAN shall be such that the aggregate Market Value thereof, exclusive of accrued interest, is at least equal to the Required Collateral Percent of the sum of BOARD'S funds on deposit in all accounts. Any request for substitution shall be submitted, in writing, to CUSTODIAN and all new Collateral, as proposed, delivered to CUSTODIAN by not later than 10:30 A.M. on the day on which such Collateral as is requested to be released is to be delivered by CUSTODIAN to BANK or its designee. Such request for substitution shall include the current Market Value, as determined in Section VIII, of the proposed new Collateral and the Collateral to be released.

X. INCOME ON SECURITIES

So long as BANK is in compliance with this Agreement, BANK shall be entitled to income on securities held by CUSTODIAN, and CUSTODIAN may dispose of such income as directed by BANK without approval of BOARD. Fees associated with the payment of income by CUSTODIAN shall be for the account of BANK.

XI. EVENTS OF DEFAULT

The following events shall be considered Events of Default by BANK:

- A. BANK fails at any time to pay immediately and satisfy upon presentation an order for payment lawfully issued against any deposit, or
- B. BANK is declared insolvent by a State or Federal bank regulatory agency, or
- C. BANK shall fail to maintain Collateral of the type and in the amount required under Sections VI and VII of this Agreement and such failure to maintain Collateral has not been corrected by BANK by 12 Noon the next business day after written notice by BOARD has been sent (by facsimile transmission or other immediately available method) to BANK, or
- D. Other than the events listed above, BANK shall breach its contract with BOARD and such failure has not been corrected to the satisfaction of BOARD after BANK has been sent (by facsimile transmission or other immediately available method) three days written notice by BOARD.

XII. REMEDIES

If an Event of Default shall occur, BOARD may:

- A. Withdraw any or all of its funds on deposit including accrued interest with BANK without penalty regardless of the form of the deposit instrument, and/or
- B. Direct CUSTODIAN to sell the Collateral, and out of the proceeds therefrom pay to BOARD all damages and losses sustained by BOARD as BOARD shall define in its sole discretion, together with all expenses of any kind incurred by BOARD and CUSTODIAN on account of such default and sale of Collateral. BANK shall be paid the remainder, if any, of said proceeds after full and final payment of all claims by BOARD and shall receive an accounting from CUSTODIAN of all transactions.

Any sale by CUSTODIAN herein made of such Collateral, or any part thereof may be in any market for such Collateral, without notice to BANK and shall convey the securities absolutely to purchaser. In permitting CUSTODIAN to sell Collateral without reasonable notification of the time and place of any sale or

disposition, the BANK acknowledges that all Collateral which it will deliver under this Agreement is of a type customarily sold on a recognized market and may be of a type which threatens to decline speedily in value. BOARD shall also have all other rights of a secured party under the Texas Uniform Commercial Code whether or not the Collateral is subject to a security interest of the type governed by the Texas Uniform Commercial Code. BOARD may apply the Collateral to any obligation of BANK under this Agreement or any Service Agreement including prior accrued interest due to BOARD hereunder and not paid by BANK. BOARD shall immediately notify BANK after any such action. The rights of BOARD, CUSTODIAN and BANK under this Section shall survive the cancellation or termination of this Agreement.

XIII. TERMINATION

BOARD or BANK shall have the right to terminate this Agreement by advance written notice to the other of its election so to do, and this Agreement and any Service Agreements, except for the provisions of Section III and XII, shall be void from and after the expiration of ninety (90) days after the receipt of such notice, provided all provisions of this Agreement have been fulfilled. BOARD may immediately terminate this Agreement upon an Event of Default as listed in Section XI without notice.

XIV. RETURN OF COLLATERAL

When the depository relationship of BOARD and BANK shall have ceased to exist, and when BANK shall have paid out all deposits of BOARD, it shall be the duty of BOARD to give CUSTODIAN a certificate to that effect, whereupon CUSTODIAN shall, with the approval of BOARD, redeliver to BANK all securities held as Collateral then in its possession belonging to BANK.

XV. MISCELLANEOUS

A. No failure or delay by BOARD in exercising any right, power or privilege hereunder or under any Service Agreement shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.

B. Any provision of this Agreement may be amended or

modified if, and only if, such amendment or modification is in writing and is signed by the BOARD and BANK.

C. Any provision of this Agreement which is prohibited, unenforceable or not authorized shall be ineffective to the extent of such prohibition, unenforceability or non-authorization without invalidating the remaining provisions thereof.

D. This Agreement shall be deemed to be a contract made under and shall be construed in accordance with and governed by the laws of the State of Texas and all applicable laws of the United States of America. The venue for any legal action to enforce or interpret this Agreement shall be in Travis County, Texas.

E. This Agreement may not be assigned by BANK without the prior written consent of BOARD. Any successor to BANK whether by sale, merger or operation of law shall be bound by the terms of this Agreement and any Service Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers or representatives as of the _____ day of _____, 19____.

Address:
210 West Sixth Street
Austin, Texas 78701

BOARD OF REGENTS OF THE UNIVERSITY
OF TEXAS SYSTEM

By: _____
Its: _____

ATTEST:

Executive Secretary

Address:

BANK

By: _____
Its: _____

ATTEST:

Its: _____

10. U. T. Arlington: Request to Sell Residence Located at 4165 Shady Valley Drive, Arlington, Tarrant County, Texas.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs to sell the residence, furnishings, and fixtures located at 4165 Shady Valley Drive, Arlington, Tarrant County, Texas, for the benefit of U. T. Arlington.

It is further recommended that the Vice President for Business Affairs at U. T. Arlington or his delegate be authorized to execute contracts and closing documents required for the sale following approval by the Executive Vice Chancellor for Academic Affairs, the Executive Director for Lands and Endowment Real Estate, and the Office of General Counsel. Proceeds from the sale will be returned to the source for the original purchase.

BACKGROUND INFORMATION

Dr. Wendell H. Nedderman is officially retiring as President of U. T. Arlington effective August 31, 1992. The candidate selected as new president will be provided a housing allowance as a part of the compensation package. Thus, the house which has been owned and maintained by U. T. Arlington as the presidential residence since January 6, 1967, is no longer needed. The house will be marketed by U. T. Arlington and the furnishings of potential value will be appraised and offered for sale at fair market value.

Academic Affairs Com.

ACADEMIC AFFAIRS COMMITTEE
Committee Chairman Barshop

Date: October 11, 1991
Time: Following the meeting of the Business Affairs
and Audit Committee
Place: Conference Room 4, Third Floor
E. E. Davis Hall, U. T. Arlington

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1. U. T. Board of Regents: Recommendation to Amend the Regents' Rules and Regulations, Part One, Chapter VIII, Section 4 (Institutions and Entities Composing the System).--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs that the Regents' Rules and Regulations, Part One, Chapter VIII, Section 4 (Institutions and Entities Composing the System) be amended to reflect the change of name from The University of Texas - Pan American at Brownsville to The University of Texas at Brownsville and, pending Texas Higher Education Coordinating Board approval, to reflect the titles of the academic entities, as set forth below:

- a. Renumber present Subsections 4.5 through 4.7 as Subsections 4.6 through 4.8, respectively, with attendant renumbering of their subdivisions
- b. Add new language to Subsection 4.5, as set forth below to reflect the full title and short title of the institution:

- | | | |
|------|--|--------------------------|
| 4.5 | <u>The University of Texas
at Brownsville</u> | <u>U. T. Brownsville</u> |
| 4.51 | <u>The University of Texas
at Brownsville College
of Business and Industry</u> | |
| 4.52 | <u>The University of Texas
at Brownsville School
of Education</u> | |
| 4.53 | <u>The University of Texas
at Brownsville School
of Health Sciences</u> | |
| 4.54 | <u>The University of Texas
at Brownsville College
of Liberal Arts</u> | |
| 4.55 | <u>The University of Texas
at Brownsville College
of Science and Mathematics</u> | |
| 4.56 | <u>The University of Texas
at Brownsville Division
of Continuing Education</u> | |

- c. Delete present Subsection 4.8 as set forth below:

~~[4.8--The-University-of-----U.-T.-Pan
Texas---Pan-American-----American
at-Brownsville-----{Brownsville}]~~

BACKGROUND INFORMATION

The proposed amendments to the Regents' Rules and Regulations, Part One, Chapter VIII, Section 4, reflect the change of name for U. T. Brownsville as authorized by passage of Senate Bill 1050 by the 72nd Texas Legislature, Regular Session, and the names of the academic entities for which U. T. Board of Regents' approval is sought in Item 9 on Page AAC - 33. Since the academic entities are also subject to approval by the Coordinating Board, it is anticipated that minor editorial changes, if any, will be made without requiring further Board action.

It is anticipated that the new academic structure for U. T. Brownsville will be fully implemented not later than September 1, 1992, with selected elements of the structure being phased in during the current year.

2. U. T. System: Recommendation for Approval of Plan for Instructional Telecommunications at Component Institutions and for Authorization to Submit Plan to Coordinating Board for Approval.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and the Executive Vice Chancellor for Health Affairs that approval be given to the "Plan for Instructional Telecommunications at U. T. System Component Institutions" as set out on Pages AAC 5 - 9 and that authorization be granted to submit the plan to the Texas Higher Education Coordinating Board for approval.

This item requires the concurrence of the Health Affairs Committee.

BACKGROUND INFORMATION

The Texas Higher Education Coordinating Board's Rules and Regulations, Chapter 5, Subchapter J, "Instructional Telecommunications," provides that "Any institution seeking authority to offer instruction via telecommunication technology must submit an institutional plan for . . . approval by the Coordinating Board." Coordinating Board staff requested that a single plan be submitted for the U. T. System as an entity in lieu of separate plans for each U. T. System component institution.

The proposed plan conforms in style and subject matter with guidelines developed by the Coordinating Board and has been reviewed by the chief administrative officers of the U. T. System component institutions. The plan has been submitted to the Coordinating Board for consideration, pending U. T. Board of Regents' approval, at its October 1991 meeting. Upon Coordinating Board approval, U. T. System component institutions will have the necessary authorization to implement instructional activities via telecommunications within the established guidelines set forth in the plan. Current instructional telecommunications activities have been approved on an interim basis.

THE UNIVERSITY OF TEXAS SYSTEM

PLAN FOR INSTRUCTIONAL TELECOMMUNICATIONS
AT U. T. SYSTEM COMPONENT INSTITUTIONS

The following plan is in accordance with the requirements of the Texas Higher Education Coordinating Board Rules and Regulations, Chapter 5, Subchapter H on "Approval of Off-Campus and Out-of-District Instruction for Public Colleges and Universities" and Subchapter J on "Instructional Telecommunications."

1. Authority and General Information:

- A. The "Plan for Instructional Telecommunications at U. T. System Component Institutions" was approved on _____, 1991, by the U. T. System Board of Regents to be effective upon approval by the Texas Higher Education Coordinating Board.
- B. All U. T. System component institutions are authorized to engage in instructional activities using telecommunications technology within the parameters of this plan and, when applicable, with required approvals by the U. T. System Administration and the Texas Higher Education Coordinating Board. Such activities include, but are not limited to, the following:
- (1) interactive telecommunications from point to point;
 - (2) partial broadcast with one-way video and two-way audio; and,
 - (3) broadcast.

Courses to be offered by telecommunications for regular college credit must be included in the originating institution's current course inventory as approved by the Coordinating Board. In addition, such courses must support an authorized degree or certificate program or approved cooperative degree program at the receiving institution if the receive site is another institution of higher education. Telecommunications facilities may also be used for noncredit continuing education courses, lecture programs, arts presentations, segments of regular on-campus courses, and/or other academic programs which do not offer formal course credit.

- C. Approved credit courses offered via telecommunications may be delivered in the following "geographic" areas:
- (1) on the campuses of U. T. System component institutions, provided that such courses do not duplicate courses offered by other public institutions of higher education near the receive site;
 - (2) on the campuses of non-U. T. System component institutions for courses in support of approved cooperative degree or certificate programs between originating and receiving institutions;

- (3) at off-campus sites that are part of Coordinating Board recognized networks such as The Association for Graduate Education and Research (TAGER);
- (4) at sites within commuting distance of the originating campus approved by the Coordinating Board as a convenience to commuter students who are enrolled in regular on-campus courses and are required to attend some class sessions on the campus; and
- (5) at other sites approved by the Coordinating Board, with the understanding that the originating institution will provide the Coordinating Board with regional council approval for lower-division courses and/or assurance that upper-level and graduate courses have been reviewed for duplication by potentially affected institutions in the receiving area. (See Coordinating Board Rules and Regulations, Chapter 5, Subchapter H.)

2. Quality:

- A. Each U. T. System component institution that originates instructional telecommunications credit courses shall include such courses in the usual academic review procedures for all courses and shall review the quality of each such course to assure that it is equal to or greater than the quality of on-campus instruction.
- B. All credit courses offered via telecommunications shall be taught by regular full-time faculty unless prior approval has been given by the appropriate Executive Vice Chancellor of the U. T. System. Examples of appropriate exceptions include use of distinguished visiting faculty, adjunct faculty, specialists, or other part-time faculty with particular expertise. This requirement does not preclude the use of guest lecturers for individual segments within a course.
- C. All credit courses must have a structured plan for faculty/student interaction that includes an orientation session at the beginning of the course, periodic scheduled sessions on an individual basis or in a group setting, and provision for access by the student to the instructor of record by telephone or other means.
- D. Credit courses offered by a U. T. System component institution at an off-campus site should provide adequate support such as library or other learning resource materials. In off-campus settings, the receiving organization would ordinarily have responsibility for meeting this need.
- E. No more than one-third of the semester-credit-hour requirements for an individual student's degree program or certificate program may be

earned in courses offered via telecommunications unless a plan is approved by the appropriate Executive Vice Chancellor and the Commissioner of Higher Education.

3. Delivery Systems:

- A. The U. T. System component institutions are authorized to utilize the following systems for the delivery of instructional telecommunications credit courses:
- (1) Point-to-point interactive technology (two-way video, two-way audio or one-way video, two-way audio) between or among component institutions or other institutions with cooperative degree programs or approved consortia (such as TAGER);
 - (2) Broadcast media upon approval by the appropriate Executive Vice Chancellor and in compliance with Coordinating Board rules.
- B. Receive sites for point-to-point interactive credit courses are identified by the attached list of U. T. System component institutions and other institutions that participate with U. T. System component institutions in cooperative degree programs. Additional sites are subject to prior approval by the Coordinating Board.

4. Course Inventory:

- A. Each U. T. System component institution that originates credit courses via telecommunications must comply with the requirement of the Coordinating Board for submitting a list of all such credit courses, including a list of receive sites, using the "Y" update form from the Coordinating Board. The form shall be submitted directly to the Coordinating Board with an information copy to the appropriate Executive Vice Chancellor.
- B. The U. T. System component institution must affirm that the courses to be offered are appropriate for delivery via telecommunications.

5. Cost and Income:

- A. A cost and income summary description follows:
- (1) Telephone and compressed digital television transmission equipment costs at U. T. System component institutions are funded through the U. T. System Office of Telecommunications Services (OTS). Bond proceeds from the Permanent University Fund in the amount of \$2.5 million were authorized by the U. T. Board of Regents in June 1989 for this purpose and a balance of approximately \$1.75 million remains for additional projects as specific campus linkages are completed.
- Cameras, monitors, microphones, and related campus equipment used to generate the signals for transmission over the network or to receive and display signals from the network are provided by the individual components from a variety of sources.

- (2) On-going support for operation of System-wide telecommunications activities, including telephones, digital transmission for the supercomputer and administrative computers, library on-line catalog interconnections, as well as interactive instructional telecommunications, is provided by the U. T. System Office of Telecommunications Services and is funded from various sources and from charges to the institutions connected to the networks.
- (3) Incremental institutional costs associated with instructional telecommunications delivery, such as a camera operator or classroom technical assistant, are met from various sources by the U. T. System component institutions.

Attachment: Plan for Instructional Telecommunications

3.B Receive Sites for Point-to-Point Interactive Telecommunications

U. T. System Component Institutions

The University of Texas at Arlington
Post Office Box 19125
Arlington, Texas 76019

The University of Texas at Austin
Main Building 400
Austin, Texas 78713-7389

The University of
Texas at Brownsville
1614 Ridgely Road
Brownsville, Texas 78520-4991

The University of Texas at Dallas
Post Office Box 830688
Richardson, Texas 75083-0688

The University of Texas at El Paso
El Paso, Texas 79968-0500

The University of
Texas - Pan American
1201 West University Drive
Edinburg, Texas 78539

The University of Texas of the
Permian Basin
Odessa, Texas 79762

The University of Texas at San Antonio
San Antonio, Texas 78285-0601

The University of Texas at Tyler
3900 University Boulevard
Tyler, Texas 75701-6699

The University of Texas Southwestern
Medical Center at Dallas
5323 Harry Hines Boulevard
Dallas, Texas 75235-9002

The University of Texas Medical
Branch at Galveston
Galveston, Texas 77550-2774

The University of Texas Health
Science Center at Houston
P.O. Box 20036
Houston, Texas 77225

The University of Texas Health
Science Center at San Antonio
7703 Floyd Curl Drive
San Antonio, Texas 78284

The University of Texas
M.D. Anderson Cancer Center
1515 Holcombe Boulevard
Houston, Texas 77030

The University of Texas Health
Center at Tyler
P.O. Box 2003
Tyler, Texas 75710

Other Institutions with Which U. T. System Component
Institutions Have Cooperative Degree Programs

East Texas State University
East Texas Station
Commerce, Texas 75428

With U. T. Arlington and Midwestern State
University (Wichita Falls) - M.S. in Social Work

East Texas State University
Center - Texarkana
P.O. Box 5518
Texarkana, Texas 75501

With U. T. Arlington - B.S. in Nursing

Midwestern State University
3400 Taft Blvd.
Wichita Falls, Texas 76308

With U. T. Arlington and East Texas State
University (Commerce) - M.S. in Social Work

Texas A&M University
College Station, Texas 77843-1246

With U. T. Tyler - Doctoral Program in Industrial
Education (Pending)

Texas Tech University (HSC)
Lubbock, Texas 79409-4349

With U. T. El Paso - Occupational Therapy and Physical
Therapy

Texas State Technical Institute
Waco, Texas 76705

With U. T. Tyler, U. T. Pan American, and U. T. Permian
Basin - B.S. in Technology (Pending)

University of Houston
Houston, Texas 77002

With U. T. Brownsville - Ed.D. in Educational Administration

3. U. T. Arlington: Recommendation for Approval of a Proposed Cooperative Agreement with Riga Technical University, Latvia, U.S.S.R., and Request for Authorization to Execute Agreement.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Nedderman that approval be given to a cooperative agreement as set out on Pages AAC 11 - 16 between U. T. Arlington and Riga Technical University, Latvia, U.S.S.R.

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

BACKGROUND INFORMATION

The proposed cooperative agreement is designed to promote academic and research cooperation between U. T. Arlington and Riga Technical University. The goals of the agreement are to:

- a. Perform joint research in priority fields including science, engineering and technology, and other fields that are of mutual interest
- b. Hold joint conferences, symposiums, and seminars
- c. Exchange personnel and students
- d. Prepare collective monographs and publications.

The proposed agreement has been reviewed and approved by the Office of General Counsel and is similar to other agreements of cooperation previously approved by the U. T. Board of Regents.

COOPERATIVE AGREEMENT

between The University of Texas at Arlington (Arlington, Texas, United States of America) and Riga Technical University (Riga, Latvia, U.S.S.R.).

Both parties have expressed the desire to do joint research in priority fields including science, engineering and technology, and other fields that are of mutual interests to them, to hold joint conferences, symposiums, seminars, exchange of personnel and students, and to prepare collective monographs and publications.

Both parties recognize the great potential of mutual interests and benefits in the various fields of interest such as scientific and technological development, joint research and publications and international scientific exchange.

Taking into consideration the above mentioned interests and benefits, THE PARTIES MUTUALLY AGREE AS FOLLOWS:

Article 1: PARTICIPANTS IN PROGRAM OF COOPERATIVE AGREEMENT

The participants in programs developed pursuant to this Agreement may be:

- (1) The University of Texas at Arlington (UTA) and other institutions which have been invited by UTA and who choose to participate; and
- (2) Riga Technical University (RTU) and other institutions which have been invited by the RTU and who choose to participate.

Participating institutions shall be designated as either "sending" or "host" organizations in the specific, written program agreements. Type of cooperation and number of institutions involved in the program may be increased under mutual written agreement.

Article 2: SCOPE OF PROGRAMS

Participating institutions may exchange faculty members, faculty adjuncts, graduate students and undergraduate students, and may share scientific and non scientific materials, methods of teaching, and scientific and technical information, under specific written agreements to be formulated by mutual agreement. Exchange programs on each side shall be equal.

Both institutions may develop a Specific Program Agreement including scope of specific activities and form of cooperation for ____ years to support each article of this Agreement.

This cooperation program may include long-term and short-term scientific, non scientific and engineering research, and exchange of faculty and students to study any discipline mutually agreed upon.

Article 3: QUALIFICATIONS OF PARTICIPANTS

The exchange participants shall be selected by the sending institution, provided that the host institution gives its consent with respect to each candidate.

Each participating institution shall establish its own procedures for selecting individual participants for the program. However, applications for individual participants shall include certain biographical data that shall be sent to the prospective host institution. The form of this biographical information shall be mutually agreed upon by the administrators of the program, and shall be printed both in English and Latvian. Applicants may complete the form in either language desired. After acceptance into the program, the host institution will assist in visa procurement for the approved participants.

Article 4: RESPONSIBILITIES AND RIGHTS

UTA and RTU shall annually negotiate the specific program of mutual cooperation for the next academic year through official representatives.

Each party will retain ownership of intellectual property rights in their respective data, inventions or works of authorship (collectively referred to as "creations"). Jointly developed creations will be jointly owned and use thereof by third parties will be allowed only by mutual agreement of the participating parties (owners).

Notwithstanding any provision to the contrary, this Agreement may be cancelled without penalty by ___ days notice being given in writing by authorized representatives of the parties. Cancellation becomes effective following fulfillment of the Cooperative Agreement in effect at that time.

If this agreement is cancelled prior to the end of its term, UTA and RTU agree

Cooperative Agreement: page 4

not to hold the other institution liable for any resulting monetary losses.

Article 5: FINANCIAL MATTERS

During any type of cooperation the host institution shall be responsible for ensuring the academic and research program, accommodations and a stipend at a level mutually agreed upon.

UTA shall be responsible for ensuring round-trip transportation of the UTA participants from their home to the academic facility where the exchange will take place in the host institution's country.

RTU shall be responsible for ensuring round-trip transportation of the participants from their home to the academic facility where the exchange will take place in the host institution's country.

If any participant family members plan to visit the host institution's country, the cost of their transportation, accommodations, and living cost shall be covered by the individual participating institution or at the individual participant's own expense.

Article 6: MISCELLANEOUS PROVISIONS

This Agreement, which shall become effective on _____, 1991, shall be in effect for ___ years thereafter unless one of the parties notifies the other in writing of its desire to terminate the Agreement no later than one year before its expiration.

Cooperative Agreement: page 5

This agreement has been translated into Latvian and English and developed in 4 copies. Both parties are fully satisfied that both translations are correct.

Agreement Subordinate. Anything to the contrary herein notwithstanding, this Agreement shall be subject to the Rules and Regulations of the Board of Regents of The University of Texas System and the Handbook of Operating Procedures of UTA, and equivalent documents of the RTU.

Cooperative Agreement: page 6

RIGA TECHNICAL UNIVERSITY

THE UNIVERSITY OF TEXAS
AT ARLINGTON

By: _____

By: _____

Title: _____

Title: _____

FORM APPROVED:

Office of General Counsel
The University of Texas System

BOARD OF REGENTS OF THE
UNIVERSITY OF TEXAS SYSTEM

James P. Duncan
Executive Vice Chancellor for
Academic Affairs

ATTEST:

Arthur H. Dilly
Executive Secretary,
Board of Regents
The University of Texas System

4. U. T. Austin: Request for Permission for Individual to Serve on the University Advisory Board of the Center for Legislative Energy and Environmental Research (CLEER). [Regents' Rules and Regulations, Part One, Chapter III, Section 13, Subsections 13.(10) and 13.(11)].--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Cunningham that approval be given for Dr. William L. Fisher, Professor of Geological Sciences and Director of the Bureau of Economic Geology at U. T. Austin, to serve on the University Advisory Board of the Center for Legislative Energy and Environmental Research (CLEER).

It is further recommended that the U. T. Board of Regents find that: (1) the holding of this membership by Dr. Fisher is of benefit to the State of Texas and (2) there is no conflict between Dr. Fisher's position at U. T. Austin and his membership on this Board.

BACKGROUND INFORMATION

Representative Dan Shelley, Texas House of Representatives and Chairman of the Center for Legislative Energy and Environmental Research (CLEER), has asked Dr. Fisher to serve as Texas' representative on the University Advisory Board of CLEER. The University Advisory Board will undertake the analysis of policy issues for CLEER which is the research arm of the South/West Energy Council, a legislative energy council representing nine energy producing states.

This recommendation is in accordance with approval requirements for positions of honor, trust, or profit provided in Article 6252-9a of Vernon's Texas Civil Statutes and Part One, Chapter III, Section 13, Subsections 13.(10) and 13.(11) of the Regents' Rules and Regulations.

5. U. T. Austin: Request for Permission for Individual to Serve as Chairman of the Board of Trustees of Nonprofit Corporation Related to Oversight of Insurance in Texas [Regents' Rules and Regulations, Part One, Chapter III, Section 13, Subsections 13.(10) and 13.(11)].--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Cunningham that approval be given for Dean Max Sherman, LBJ School of Public Affairs at U. T. Austin, to serve as Chairman of the Board of Trustees of a nonprofit corporation to be established by the Attorney General of Texas to improve the effectiveness of the oversight of insurance in Texas.

It is further recommended that the U. T. Board of Regents find that: (1) the holding of this membership by Dean Sherman is of benefit to the State of Texas and (2) there is no conflict between Dean Sherman's position at U. T. Austin and his membership on this Board.

BACKGROUND INFORMATION

Dean Sherman has been asked by Attorney General Dan Morales to serve as Chairman of the Board of Trustees of the nonprofit corporation which will provide education and training to state employees and legislators to improve the effectiveness of the oversight of insurance in Texas. Dean Sherman will serve without compensation.

This recommendation is in accordance with approval requirements for positions of honor, trust, or profit provided in Article 6252-9a of Vernon's Texas Civil Statutes and Part One, Chapter III, Section 13, Subsections 13.(10) and 13.(11) of the Regents' Rules and Regulations.

6. U. T. Austin: Recommendation for Approval of a Proposed Cooperative Agreement with the University of Iberoamericana, Mexico City, Mexico, and Request for Authorization to Execute Agreement.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Cunningham that approval be given to a cooperative agreement as set out on Pages AAC 20 - 24 between U. T. Austin and the University of Iberoamericana, Mexico City, Mexico.

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

BACKGROUND INFORMATION

The proposed cooperative agreement is designed to promote academic and research cooperation between U. T. Austin and the University of Iberoamericana. The goals of the agreement are to:

- a. Promote the improvement of academic personnel
- b. Organize joint programs, courses, seminars, and other activities

- c. Engage jointly in research having a social benefit
- d. Provide counsel, technical assistance, and services
- e. Jointly carry out academic and professional extension activities and events and develop related publications.

The proposed agreement has been reviewed and approved by the Office of General Counsel and is similar to other agreements of cooperation previously approved by the U. T. Board of Regents.

AGREEMENT BETWEEN

THE UNIVERSITY OF IBEROAMERICANA, A.C.
Losmas de Santa Fe, Mexico, D.F.
and
THE UNIVERSITY OF TEXAS AT AUSTIN
Austin, Texas

This is a General Academic Exchange Agreement entered into between THE UNIVERSITY OF TEXAS AT AUSTIN, henceforth referred to as "UT Austin," represented by its president, William H. Cunningham, and the UNIVERSIDAD IBEROAMERICANA, A.C., henceforth referred to as "UIA," represented by its rector, Dr. Carlos Escandon Dominguez, both duly authorized to sign binding conditions in the context of this document, under the following:

DECLARATIONS

FIRST: UT Austin declares:

- a) That it is a public university established in 1881 by the Constitution and the legislature of the State of Texas.
- b) That it has among its objectives teaching, research, service to the public, and assisting with the development of human resources.
- c) That its address for the purposes of this Agreement is: The University of Texas at Austin, Austin, Texas 78713.

SECOND: UIA declares:

- a) That it is a Civil Association constituted on September 20, 1954, before Mr. Manuel Borja Soriano, Notary Public, under the deed registered in volume XXI, instrument 766, with official recognition by presidential decree, published in the Official Federal Record on April 27, 1981, of the validity of secondary and higher education studies that it offers in the Mexican Nation.
- b) That it has among its objectives research, teaching, cultural activities and the offering of professional and academic services in accordance with the ideals set forth in its Idearium.
- c) That its address for the purposes of the present Agreement is: Prolongación Paseo de la Reforma 880, Lomas de Santa Fé, 01210 México, D.F.

Agreement of Cooperation
U.T. Austin/University of Iberoamericana

THIRD: Both Parties Declare:

That they have a specific interest in entering into the present Agreement to contribute to their common objectives by means of the exchange of academic assistance and support services to carry out their respective activities.

Having stated their intent, both parties are in agreement in subscribing to the conditions expressed as follows:

CLAUSES

FIRST: Purpose

The parties agree that the purpose of the present Agreement is the exchange of academic assistance and support services for the accomplishment of their respective activities.

SECOND: Work Programs

Programs may be established to attain the aforementioned purposes. These programs must benefit both institutions. Each program will include its purpose, tasks to be carried out, schedule, costs, coordinators, duration and jurisdiction. With prior approval by both parties, the programs will be covered by specific collaboration agreements and will be considered an integral part of the present Agreement.

THIRD: Obligations of the Parties

Both parties will study the advantages, common interest, and concrete ways of collaborating in:

- a) Academic Improvement. Promoting the academic improvement of their personnel.
- b) Teaching. Jointly organizing programs, courses, seminars, and other activities.
- c) Research. Engaging jointly in research having a social benefit.
- d) Academic and Professional Services. Lending each other counsel, technical assistance and services.

Agreement of Cooperation
U.T. Austin/University of Iberoamericana

- e) Extension Activities. Jointly carrying out academic and professional events and developing related publications.

FOURTH: Limitations and Costs

- a) The limitations of this exchange and mutual assistance will be determined by the administrative, economic and scientific capacity of both institutions.
- b) The costs of assistance will be subject to agreement between the parties.
- c) The costs not specified will be assumed by each party for its corresponding part.
- d) In the event that the funds necessary for the development of the activities relative to the present Agreement cannot be totally provided jointly and fairly by the parties, both parties agree to seek funds from governmental institutions, private agencies, and international organizations.

FIFTH: Labor Relations

The parties agree that in those cases in which tasks are to be accomplished jointly or that are carried out in the facilities or with equipment belonging to either institution neither party may be considered a substitute employer for the other. Therefore each party will be free of any responsibility in matters pertaining to personnel of the other party.

SIXTH: Institutional Representation

In all that pertains to the present Agreement the parties name the following officials, and in the future those persons who will replace them in the functions:

- a) As institutional representatives:

For UT Austin:

Dr. George C. Wright
Vice Provost

For UIA,

Mtro. Alberto S. Segrera Miranda
Director of External Exchange

Agreement of Cooperation
U.T. Austin/University of Iberoamericana

b) As program coordinators:

In those cases that warrant it, program coordinators shall be named for specific work programs.

For the instrumentation, development and assessment of the present Agreement, a Bipartite Committee composed of the institutional representatives and program coordinators of both parties will be constituted. This committee will meet or confer as needed.

SEVENTH: Duration

This agreement shall remain in effect until terminated by either institution. Termination by one institution shall be effected by giving the other institution at least ninety days advance notice of the intention to terminate. Termination shall be without penalty. If this agreement is terminated, neither party will hold the other party liable for any monetary or other losses that may result.

EIGHTH: Jurisdiction

The parties declare that the present Agreement has been arrived at in good faith. They will make every effort to meet its conditions. Should there be any discrepancy over its interpretation or its fulfillment, they will, voluntarily and by mutual agreement, designate an arbiter who will decide on the pending controversy.

Agreement of Cooperation
U.T. Austin/University of Iberoamericana

EXECUTED by the Board of Regents of The University of Texas System and the University of Iberoamericana, Mexico City, Mexico on the day and year first below written, in duplicate copies, each of which shall be deemed an original.

THE UNIVERSITY OF TEXAS AT AUSTIN

BY: _____
William H. Cunningham

TITLE: PRESIDENT

THE UNIVERSITY OF IBEROAMERICANA,
MEXICO CITY, MEXICO

BY: _____

TITLE: _____

FORM APPROVED:

BOARD OF REGENTS OF THE UNIVERSITY
OF TEXAS SYSTEM

Office of General Counsel

BY: _____
James P. Duncan
Executive Vice Chancellor for
Academic Affairs

CERTIFICATE OF APPROVAL

I hereby certify that the foregoing Agreement was approved by the Board of Regents of The University of Texas System on the _____ day of _____, 1991 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

7. U. T. Austin: Recommendation for Approval of a Proposed Cooperative Agreement with the Queen Mary and Westfield College, University of London, England, and Request for Authorization to Execute Agreement.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Cunningham that approval be given to a cooperative agreement as set out on Pages AAC 26 - 27 between U. T. Austin and the Queen Mary and Westfield College, University of London, England.

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

BACKGROUND INFORMATION

The proposed cooperative agreement is designed to promote academic and research cooperation between U. T. Austin and the Queen Mary and Westfield College, University of London, England. The goals of the agreement are to:

- a. Identify opportunities for exchange of faculty and research staff
- b. Establish programs that will enable interested and qualified students to pursue either short-term or extended programs of study in the respective institutions
- c. Identify other areas of possible interest and collaboration
- d. Make faculty and students aware of the academic programs, study opportunities, research institutes, and educational resources of the other institution.

The proposed agreement has been reviewed and approved by the Office of General Counsel and is similar to other agreements of cooperation previously approved by the U. T. Board of Regents.

AGREEMENT OF ACADEMIC COOPERATION

BETWEEN

THE UNIVERSITY OF TEXAS AUSTIN (U.S.A.)

AND

QUEEN MARY AND WESTFIELD COLLEGE, UNIVERSITY OF LONDON (ENGLAND)

In order to encourage closer academic ties, The University of Texas at Austin School of Law and Queen Mary and Westfield College, University of London, enter into an agreement of cooperation to establish programs of exchange and collaboration in areas of interest and benefit to both institutions. This agreement will serve as a general framework for cooperation between the two institutions and is intended to facilitate the development of specific independent programs of collaboration in the areas listed below.

In particular, the two institutions agree:

- a. to identify opportunities for exchange of faculty and research staff;
- b. to establish programs that will enable interested and qualified students to pursue either short-term or extended programs of study in the respective institutions;
- c. to identify other areas of possible interest and collaboration; and
- d. to make faculty and students aware of the academic programs, study opportunities, research institutes, and educational resources of the other institution.

Designated persons at each institution shall oversee and facilitate implementation of this agreement in cooperation with other appropriate administrators at the respective institutions.

The scope of activities under this agreement shall be determined by the funds regularly available at both institutions for the types of collaboration undertaken and by such other financial assistance as may be obtained by either institution from external sources.

Upon approval by each institution, this agreement shall be in effect until terminated by either institution. Either institution may amend, add to, or terminate this agreement with mutual consent of the other institution and must provide at least six months advance notice of the intention to terminate. Termination shall be without penalty.

Agreement of Academic Cooperation
U.T. Austin/Queen Mary and Westfield, University of London
Page 2 of 2

EXECUTED by the Board of Regents of The University of Texas System and the Queen Mary and Westfield College, University of London, on the day and year first below written, in duplicate copies, each of which shall be deemed an original.

THE UNIVERSITY OF TEXAS AT AUSTIN

BY: _____
William H. Cunningham

TITLE: PRESIDENT

QUEEN MARY AND WESTIFELD COLLEGE,
UNIVERSITY OF LONDON (ENGLAND)

BY: _____
Graham Zellick

TITLE: PRINCIPAL

FORM APPROVED:

BOARD OF REGENTS OF THE UNIVERSITY
OF TEXAS SYSTEM

Office of General Counsel

BY: _____
James P. Duncan
Executive Vice Chancellor for
Academic Affairs

CERTIFICATE OF APPROVAL

I hereby certify that the foregoing Agreement was approved by the Board of Regents of The University of Texas System on the _____ day of _____, 1991 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

8. U. T. Austin: Recommendation for Approval of a Proposed Memorandum of Understanding with the University of the Andes, Merida, Republic of Venezuela, and VENUSA C.P.S.A., West Palm Beach, Florida, and Request for Authorization to Execute Agreement.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Cunningham that approval be given to a memorandum of understanding as set out on Pages AAC 29 - 32 among U. T. Austin, the University of the Andes, Merida, Republic of Venezuela, and VENUSA C.P.S.A., West Palm Beach, Florida (an acronym for Foreign Cultural Programs between Venezuela and the U.S.A. for the Teaching of Spanish).

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

BACKGROUND INFORMATION

The proposed memorandum of understanding is designed to promote academic and cultural cooperation among U. T. Austin, the University of the Andes, and VENUSA C.P.S.A. The goals of the agreement are to:

- a. Offer undergraduate courses in intensive Spanish at the University of the Andes and VENUSA C.P.S.A.
- b. Support the planned exchange of students and faculty.

The proposed agreement has been reviewed and approved by the Office of General Counsel and is similar to other agreements of cooperation previously approved by the U. T. Board of Regents.

MEMORANDUM OF UNDERSTANDING
between
THE UNIVERSITY OF TEXAS AT AUSTIN
Austin, Texas, U.S.A.
and
THE UNIVERSITY OF THE ANDES
Merida, Republic of Venezuela
and
VENUSA C.P.S.A.
West Palm Beach, Florida, U.S.A.

This is an agreement between the UNIVERSITY OF THE ANDES, represented by its rector, Dr. Nestor Lopez Rodriguez, with identity card #679218, authorized by the University Council in ordinary session on 22-9-88; THE UNIVERSITY OF TEXAS AT AUSTIN, represented by its president, Dr. William H. Cunningham; and VENUSA C.P.S.A. (Foreign Cultural Programs between Venezuela and the U.S.A. for the teaching of Spanish) represented by Mr. Errol Portuondo, passport #042213097, Executive Director. In fulfillment of the stipulations in agreement 12357 signed on 15 March 1989 between the University of the Andes and VENUSA C.P.S.A., the following is made known:

FIRST: The purpose of this agreement is to establish academic and cultural cooperation between the interested parties in areas of mutual interest and benefit.

SECOND: VENUSA and the University of the Andes agree to offer predetermined courses for students enrolled at The University of Texas at Austin. Courses in intensive Spanish shall be offered during the summer with a duration of six weeks. The courses will be designed for undergraduate students. Dates will correspond with the summer term academic calendar at The University of Texas at Austin. A University of Texas at Austin faculty member will accompany the group and supervise the coursework, to the extent that funding is available.

THIRD: Dr. Julian Aguirre Pe, former Vice-Rector of the University of the Andes, will be the responsible officer in Merida for this cooperative program; at The University of Texas at Austin the program coordinator will be Dr. George C. Wright, Vice Provost; and the academic advisor for Spanish language courses will be Dr. Robert Brody of the Department of Spanish and Portuguese.

FOURTH: The two universities also shall study ways to establish an exchange of teachers and students keeping in mind (1) that both institutions are public and thus are limited in the number of positions and the amount of financial aid they may obtain for such exchanges; and (2) that each institution is free to determine the number of personnel it is able to host at any one period of time and to determine the duration of such exchanges. At The University of

Memorandum of Understanding
U.T. Austin/University of the Andes/Venusa C.P.S.A
Page 2 of 4

Texas at Austin, ultimate approval for such exchanges must occur at the level of the Provost.

FIFTH: The instructor(s) entrusted with teaching the special course(s) assures the University of the Andes and The University of Texas at Austin that instructor shall keep all class programs going regardless of labor conflicts or other types of interruptions except in circumstances beyond his control.

SIXTH: The responsibility of the University of the Andes as specified in this MEMORANDUM OF UNDERSTANDING is limited to the presentation of the courses. The instructor(s) teaching the course(s) will evaluate the students' performance and assign interim grades. It is the responsibility of The University of Texas at Austin to assign final grades. VENUSA C.P.S.A. is responsible for personnel and related expenses, including the salary(ies) of the professor(s) teaching in the special classes, as well as the costs of room and board, and any other costs derived from course development.

SEVENTH: Items unforeseen and unresolved in this MEMORANDUM OF UNDERSTANDING will be resolved by common agreement among the parties either by correspondence or through a meeting arranged at a place and time mutually agreeable to all parties.

EIGHTH: This agreement shall remain in effect until terminated by any of the parties. Termination by one party shall be effected by giving the other parties at least ninety days' advance notice of the intention to terminate. Termination shall be without penalty. If this agreement is terminated, no party shall hold the other parties liable for any monetary or other losses that may result.

Memorandum of Understanding
U.T. Austin/University of the Andes/Venusa C.P.S.A
Page 3 of 4

EXECUTED by the Board of Regents of The University of Texas System, the University of the Andes and Venusa C.P.S.A. on the day and year first below written, in duplicate copies, each of which shall be deemed an original.

THE UNIVERSITY OF TEXAS AT AUSTIN

BY: _____
William H. Cunningham

TITLE: PRESIDENT

THE UNIVERSITY OF THE ANDES,
MERIDA, VENEZUELA

BY: _____
Nestor Lopez Rodriguez

TITLE: RECTOR

VENUSA C.P.S.A., WEST PALM BEACH,
FLORIDA, U.S.A.

BY: _____
Errol Portuondo

TITLE: EXECUTIVE DIRECTOR

FORM APPROVED:

Office of General Counsel

BOARD OF REGENTS OF THE UNIVERSITY
OF TEXAS SYSTEM

BY: _____
James P. Duncan
Executive Vice Chancellor for
Academic Affairs

Memorandum of Understanding
U.T. Austin/University of the Andes/Venusa C.P.S.A
Page 4 of 4

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 _____, 1991 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

9. U. T. Brownsville: Recommendation to Approve the Academic Organizational Structure and to Authorize Submission to the Coordinating Board for Approval.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs that approval be granted for the academic organizational structure at U. T. Brownsville as described below and that is to be used to implement the Educational Partnership Agreement with Texas Southmost College. It is further requested that authorization be granted to submit the academic organizational structure to the Texas Higher Education Coordinating Board for approval.

School of Business and Industry

Department of Business Administration
Department of Office Occupations
Department of Industrial Technology

School of Education

Department of Education
Department of Kinesiology
Department of Reading

School of Health Sciences

Department of Nursing
Department of Allied Health

College of Liberal Arts

Department of English and Speech
Department of Social Sciences
Department of Behavioral Sciences
Department of Fine Arts
Department of Modern Languages
Department of Criminal Justice
(including Police Academy)

College of Science and Mathematics

Department of Physical Sciences
Department of Computer Science
and Information Systems
Department of Biological Sciences
Department of Mathematics

Division of Continuing Education

BACKGROUND INFORMATION

The proposed academic organizational structure at U. T. Brownsville will be used to implement the Educational Partnership Agreement with Texas Southmost College approved by the U. T. Board of Regents in June 1991 and the Texas Higher Education Coordinating Board in July 1991. Under the proposed structure, the existing academic units at Texas Southmost College will be combined with the existing academic units

at U. T. Brownsville to create a combined entity which will function in a traditional university structure. The proposed structure will eliminate distinctions in the organizational structures and titles currently in use at Texas Southmost College and U. T. Brownsville without blurring the distinctions between the currently authorized academic programs at each of the institutions. Both sets of programs will be administered within the more traditional proposed organization of departments, colleges, and schools. The proposed structure will not increase the cost of administration of the combined entities and will accommodate anticipated future growth.

Nonacademic administrative units are not explicitly listed in the Regents' Rules and Regulations nor is their creation reviewed and approved by the Texas Higher Education Coordinating Board. A committee comprised of representatives from each institution is considering several alternative structures for the nonacademic administrative offices for recommendation to the Presidents and the Executive Vice Chancellor for Academic Affairs. Approval for the nonacademic part of the structure will be accomplished through the process of approving or amending the annual institutional operating budget.

It is anticipated that the new structure will be fully implemented not later than September 1, 1992, with selected elements of the structure being phased-in during the current year.

A related amendment to the Regents' Rules and Regulations concerning the "Institutions and Entities Composing the System" is set out in Item 1 on Page AAC - 3.

10. U. T. Dallas: The Aerospace Heritage Foundation, Inc. - Proposed Appointments to the Board of Directors.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Rutford that the following nominations be approved for the U. T. Dallas Aerospace Heritage Foundation, Inc. Board of Directors:

Reappointments

For term to expire December 31, 1992

Mr. M. A. "Dutch" Barbettini, Neosho, MO,
Business: Teledyne Neosho
Mr. John Kumpf, Dallas, Business: Corporate
Director of Public Relations, E-Systems

New Appointments

For term to expire December 31, 1992

Mr. Jan Collmer, Dallas, Business:
President, Collmer Semiconductor
Mr. Creed Ford, Dallas, Business:
Southwestern Insurance Service
Mr. George W. Jalonick, IV, Dallas
Business: Self-employed
Mr. Bob Kopitake, Hurst, Business:
Retired

Mr. Rodger Meier, Dallas, Business:
Owner, Rodger Meier Cadillac
Mr. Ed Rice, Garland, Business:
Retired
Mr. Sam Stuart, Dallas, Business:
President, Addison Airport
Mrs. Louisa Timken, Canton, OH,
Business: Investor
Mr. Dick Williamson, Dallas,
Business: Vice President, Texas
Credit Union League

BACKGROUND INFORMATION

The Aerospace Heritage Foundation, Inc., an internal corporation as defined in Part One, Chapter VII, Section 6 of the Regents' Rules and Regulations, functions as U. T. Dallas' fund raising organization and advisory board for the History of Aviation Collection housed in the Special Collections Department of the Eugene McDermott Library. The Foundation Board of Directors membership consists of executives in the aviation industry, retired military aviation personnel, and individuals with interests in aviation history. The organization contributes funds directly to library operations, assists with special projects requiring volunteers, sponsors lectures on aviation history, and actively solicits collections of books, photographs, and manuscripts that document the history of aviation. Its present activity is focused on raising funds to complete the purchase of the Kerr Collection of World War I aviation materials and in assisting the library in planning the upcoming George Jalonick Lecture.

11. U. T. Dallas: Recommendation to Establish an Advisory Council for the Cecil and Ida Green Center for the Study of Science and Society and Proposed Nominees Thereto (NO PUBLICITY UNTIL ACCEPTANCES ARE RECEIVED).--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Rutford that an Advisory Council for the Cecil and Ida Green Center for the Study of Science and Society be established at U. T. Dallas pursuant to the Regents' Rules and Regulations, Part One, Chapter VII, Section 3, and that the individuals named on Page AAC - 36 be approved as the initial nominees to membership.

THE UNIVERSITY OF TEXAS AT DALLAS

Recommended Appointments to Membership

Advisory Council for the Cecil and Ida Green Center for
the Study of Science and Society

a. Membership

Authorized	<u>None</u>	Recommended	<u>16</u>
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b. Reappointments

None

c. New Appointments

For one-year term ending 1992

None

For two-year term ending 1993

Dr. Brian Berry, Richardson, Business:
Lloyd Berkner Professor, The University
of Texas at Dallas

Dr. Robert Frosch, Warren, MI, Business:
Vice President for Research, General
Motors Corporation

Dr. Jack Meltzer, Chevy Chase, MD, Business:
Private Consultant and former Dean of Social
Sciences at The University of Texas
at Dallas

Charles Sprague, M.D., Dallas, Business:
Chairman of the Board, Southwestern Medical
Foundation

Dr. David Strangway, Vancouver, BC, Business:
President, University of British Columbia

For three-year term ending 1994

Dr. Robert McCormick Adams, Washington, DC,
Business: Secretary, Smithsonian Institution

Mr. Richard Atkinson, La Jolla, CA, Business:
Chancellor, University of California,
San Diego

Dr. Frank Press, Washington, DC, Business:
President, National Academy of Sciences

Dr. Walter Rosenblith, Cambridge, MA, Business:
Professor Emeritus, Massachusetts Institute of
Technology

Sir Crispin Tickell, Oxford, England, Business:
Warden, Green College

d. Unfilled Terms

Term Expires

Six

(To be determined as filled)

BACKGROUND INFORMATION

The Cecil and Ida Green Center for the Study of Science and Society was formally established in April 1991 with Regental acceptance of a \$2.2 million pledge from Cecil and Ida Green. The facility will become a major center for research on the problems of Science and Society and will serve as an archive for the papers, books, slides and other memorabilia of Cecil and Ida Green.

The proposed Advisory Council to the Cecil and Ida Green Center for the Study of Science and Society, consisting of 16 internationally distinguished scholars and policy experts, will advise the director of the Center on the selection of seminar topics and visiting scholars and on strategies for the development of resources to support the programs of the Center. It will meet annually at the campus, an occasion in itself, for significant discussion of central issues of the relationship of science to public policy. Proposed members of this council are to include people such as the presidents of the National Academy of Sciences and the American Association for the Advancement of Science, Nobel laureates, distinguished public servants, such as the directors of the Geological Survey, National Aeronautical and Space Administration, or National Oceanic and Atmospheric Administration, the Librarian of Congress, or the director of the Office of Technology Assessment. Other leading scientists, engineers, philosophers and social scientists concerned with the role of science in society are also to be considered for membership. The council membership is also to include scholars from Texas and the Southwest.

12. U. T. El Paso: Recommendation for Approval to Increase the Compulsory Student Services Fee Effective with the Spring Semester 1992 (Catalog Change).--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Natalicio that the U. T. Board of Regents approve an increase in the Compulsory Student Services Fee at U. T. El Paso from \$7.50 per semester credit hour with a maximum of \$90 per semester to \$8.25 per semester credit hour with a maximum fee of \$99 per semester or summer session to be effective with the Spring Semester 1992.

Upon Regental approval, the Minute Order will reflect that the next catalog published by U. T. El Paso will conform to this action.

BACKGROUND INFORMATION

Senate Bill 1000, enacted by the 72nd Texas Legislature, Regular Session, amended Section 54.503 of the Texas Education Code to authorize an increase in the maximum compulsory student services fee from \$90 per semester or summer session to \$150 per semester or summer session. Any increase in excess of 10% of the current fee at any institution, however, requires a favorable vote in a general student election.

The proposed 10% fee increase does not require a student vote but has been discussed with the U. T. El Paso Student Services Fee Advisory Committee. The increase will be used to meet increasing costs for student services at U. T. El Paso and to maintain quality and availability of essential services for students.

13. U. T. Pan American: Request for Authorization to Establish Bachelor of Science Degrees in Electrical Engineering, Mechanical Engineering, and Manufacturing Engineering; to Create a Department of Engineering within the College of Arts and Sciences; and to Submit These Proposed Changes to the Coordinating Board for Approval (Catalog Change).--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Nevarez that authorization be granted to establish programs leading to a Bachelor of Science in Electrical Engineering, a Bachelor of Science in Mechanical Engineering and a Bachelor of Science in Manufacturing Engineering and to create a Department of Engineering within the College of Arts and Sciences at U. T. Pan American. Upon Regental approval, the proposal will be submitted to the Texas Higher Education Coordinating Board for review and appropriate action.

The proposed program is consistent with U. T. Pan American's Strategic Plan and the U. T. Board of Regents' approved role and scope for U. T. Pan American. A description of the proposed program is included in the Background Information.

Upon approval by the Texas Higher Education Coordinating Board, the next appropriate catalog published at U. T. Pan American will reflect this action.

BACKGROUND INFORMATION

Program Description

Beginning as early as September 1992, U. T. Pan American proposes to offer programs leading to Bachelor of Science degrees in three engineering fields, Electrical Engineering, Mechanical Engineering, and Manufacturing Engineering. The curriculum for these three degrees will build on a common core of seven engineering courses and will share other non-core courses. For example, the curriculum for Manufacturing Engineering will use

three electrical and three mechanical engineering courses which are not included in the common core. The overlapping curricula are a major reason for presenting the three programs in a single proposal, although the institution does not plan to enroll students in electrical engineering until two years after it begins enrolling students in mechanical and manufacturing engineering. All three programs will be administered by a newly established Department of Engineering within the College of Arts and Sciences.

Students admitted formally to engineering programs will be required to take specific freshman and sophomore level courses with a minimum grade point average of 2.5, including certain mathematics and science courses and introductory engineering courses. Students will be required to complete a standardized engineering core and specified courses in the particular degree area in addition to the U. T. Pan American general education core requirements. A total of 145-146 semester credit hours will be required for the degrees.

The proposed engineering program will undoubtedly undergo several stages of development after the initial implementation of these three degree programs. An early development will be to establish three separate departments as enrollment in the three degree programs grows and the size of the engineering faculty warrants separate departments. At some stage in the development of engineering education at U. T. Pan American, masters degrees will be proposed and a separate School of Engineering may be created. However, for the next several years, U. T. Pan American will concentrate on establishing these three programs as high quality programs that can be accredited by the Accrediting Board for Engineering and Technology (ABET) at the earliest possible date after the first degrees are awarded.

Need/Demand

Mechanical engineering and electrical engineering programs are considered core programs in any college and university that offers engineering. The proposal to include manufacturing engineering is to meet the special needs of the Rio Grande Valley region. Manufacturing is of growing importance in the region and a strong demand exists for manufacturing engineers, especially bilingual manufacturing engineers who can work in or with the maquiladoras. At the present time, large numbers of engineers are recruited from outside the region, but few students from the region become engineers.

U. T. Pan American projects a first-year enrollment of at least 385 students, with growth to 1600 or more students by the end of ten years. These projections are based, in large part, on an analysis of engineering enrollment at U. T. El Paso, an institution serving a similar population and with similar links to the twin plant manufacturing industry. U. T. El Paso, with a slightly smaller population base than U. T. Pan American, had 1025 students enrolled in electrical, mechanical, and industrial engineering programs in the fall of 1990. Additional students were enrolled in civil engineering and metallurgical engineering. Projected population growth for the U. T. Pan American service area, the larger total population base at the present time, and the absence of other engineering programs on the campus lead to the larger projection for U. T. Pan American in the future.

Alternate methods of projecting enrollment lead to even higher projections than the 1600 student projection derived from the analysis of U. T. El Paso data. However, in order to monitor actual enrollment prior to committing faculty resources for

all three programs, U. T. Pan American will offer only mechanical and manufacturing engineering programs in the first two years, with sufficient electrical engineering courses to support those programs and facilitate transfer to another university for those students who wish an electrical engineering major. Then, if projected enrollments for the mechanical and manufacturing engineering programs are realized, U. T. Pan American will increase electrical engineering faculty and begin admitting electrical engineering students in the third year of this initiative.

U. T. Pan American currently has approximately 320 students enrolled in its pre-engineering program. This compares to 72 students enrolled in the pre-engineering curriculum in September 1989. In U. T. Pan American's summer program for high school students interested in engineering and science, TexPREP, enrollment has grown from 89 students in 1989 to 262 students in the summer of 1991. Those 262 students were selected from 420 applicants.

Program Quality

The curricula for the three programs have been designed by a panel of consultants who are established experts in the field of engineering education. All three curricula have been designed to fully comply with the standards of the Accreditation Board for Engineering and Technology (ABET).

Consultants involved in the design of curricula include a member of the National Academy of Engineering, a former president of the National Academy of Sciences, two former deans of engineering, a chairman of electrical engineering, and an assistant dean of engineering. This panel of consultants has worked closely with U. T. Pan American to develop the curricula and to assist U. T. Pan American in recruiting its initial group of faculty for the pre-engineering program. The pre-engineering faculty include a tenured Ph.D. in Physics, three experienced Ph.D.s in Engineering, and one Ph.D. candidate in Engineering. Additional faculty will be recruited by U. T. Pan American with the help of the consultant panel when the programs are approved.

Program Cost

To facilitate initiation of this program, the Texas Legislature appropriated \$1,196,000 for the 1990-1991 biennium and \$1,909,965 for the current biennium. To complement this legislative funding, U. T. Pan American is launching a \$20,000,000 fund raising campaign directed primarily at building and equipping an engineering building. A small initial or start-up building to accommodate special purpose laboratories will be constructed in the physical plant area of the campus with local funds. This building may be used later by the physical plant division or by engineering for sponsored research. U. T. Pan American anticipates also attracting engineering research funding as faculty are in place.

When enrollment reaches approximately 1000 students, normal formula funding will cover the essential ongoing cost of operation. This enrollment level is projected for the fifth year of operation but could be reached as early as the third year.

14. U. T. San Antonio: Recommendation for Approval of a Proposed Agreement of Cultural, Educational, and Scientific Cooperation with the National Autonomous University of Mexico, Ciudad Universitaria, Distrito Federal, Mexico, and Request for Authorization to Execute Agreement.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Kirkpatrick that approval be given to an agreement of cultural, educational, and scientific cooperation set out on Pages AAC 42 - 44 between U. T. San Antonio and the National Autonomous University of Mexico, Ciudad Universitaria, Distrito Federal, Mexico.

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

BACKGROUND INFORMATION

The proposed cooperative agreement is designed to promote academic and research cooperation between U. T. San Antonio and the National Autonomous University of Mexico (UNAM). Within the fields of study to be mutually designated, both universities agree to the following general forms of cooperation:

- a. Joint research activities and publications
- b. Exchange of invitations to scholars for lectures, symposia, and sharing of experience
- c. Exchange of faculty members and students for study and research activities
- d. Exchange of materials published at the respective universities
- e. Promotion of research projects on aspects related to the Mexico-USA border
- f. Promotion of joint academic activities between UNAM and U. T. San Antonio at the UNAM extension center in San Antonio.

The proposed agreement has been reviewed and approved by the Office of General Counsel and is similar to other agreements of cooperation previously approved by the U. T. Board of Regents.

**AGREEMENT OF CULTURAL, EDUCATIONAL,
AND SCIENTIFIC COOPERATION**

BETWEEN

**UNIVERSITY OF TEXAS AT SAN ANTONIO
AND
NATIONAL AUTONOMOUS UNIVERSITY OF MEXICO**

In accordance with a mutual desire to promote further cooperation between the United States and Mexico, The University of Texas at San Antonio (UTSA) and the National Autonomous University of Mexico (UNAM), join in the following agreement on cultural, educational and scientific cooperation.

I.

UTSA and UNAM will encourage direct contact and cooperation between their faculty members, departments, institutes and other research centers subject to the provisions of this agreement.

II.

UTSA and UNAM shall cooperate in fields of teaching and research to be agreed upon. Cooperation in other areas may be arranged by mutual agreement. Within the fields of study to be mutually designated, both universities agree to the following general forms of cooperation:

1. Joint research activities and publications.

2. Exchange of invitations to scholars for lectures, symposia and sharing of experience.
3. Exchange of faculty members and students for study and research activities.
4. Exchange of materials published at the respective universities.
5. The promotion of research projects on aspects related to the Mexico-USA border.
6. The promotion of joint academic activities between UNAM and UTSA at the UNAM extension center at San Antonio.

III.

UTSA shall be responsible for costs of UTSA students attending UNAM, and UNAM shall be responsible for costs of UNAM students attending UTSA. To the extent permitted by applicable law, rules, regulations and policies, each university shall attempt to provide tuition and fee scholarships, accommodations and full board to two to four (2-4) visiting students each year. Confirmation of the details of these arrangements shall be made in writing prior to the exchange of students. The universities shall endeavor to exchange equal numbers of students; however, the actual number will be determined by mutual agreement each year. Travel and other personal expenses arising in connection with this exchange shall be the responsibility of the individual students.

IV.

Faculty exchanges shall be strongly encouraged, the financial arrangements for which will be negotiated by the divisions/departments involved, subject to final approval of the university administration in accordance with applicable statutes and regulations.

V.

This agreement will become effective on the date that it has been fully executed by both parties. Term of the agreement shall be three years and will automatically be renewed unless one of the parties expresses in writing its desire to end the agreement three months (90 days) prior to the date it wishes the agreement terminated.

Dr. Jose Sarukhan
Rector
Universidad Nacional
Autonoma de Mexico

Ciudad Universitaria,
Distrito Federal,
Mexico.

Date: _____

Dr. Samuel A. Kirkpatrick
President
The University of Texas
at San Antonio

San Antonio, Texas 78249
U.S.A.

Date: _____

Health Affairs Committee

HEALTH AFFAIRS COMMITTEE
Committee Chairman Ramirez

Date: October 11, 1991
Time: Following the meeting of the Academic Affairs
Committee
Place: Conference Room 4, Third Floor
E. E. Davis Hall, U. T. Arlington

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1. U. T. Southwestern Medical Center - Dallas: Proposed Appointments to Endowed Academic Positions Effective Immediately.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and President Wildenthal that the following initial appointments to endowed academic positions at the U. T. Southwestern Medical Center - Dallas be effective immediately:

Name of Proposed Appointee

Endowed Academic Position

David L. Garver, M.D.
Professor of Psychiatry
Department of Psychiatry

Communities Foundation of Texas, Inc. Chair in Brain Science

The Professorship in the Brain Sciences was established by the U. T. Board of Regents at the April 1985 meeting. See Item 28 on Page AMC - 24 regarding redesignation of this endowed position.

William Gary Reed, M.D., F.A.C.P.
Professor of Internal Medicine
Director, Division of General Internal Medicine
Department of Internal Medicine

Eva A. Rosenthal Professorship in Internal Medicine, in Honor of Gary Reed, M.D.

See Item 29 on Page AMC - 24 for proposed establishment of this Professorship.

Jonathan C. Weissler, M.D.
Associate Professor of Internal Medicine
Faculty, Graduate Program in Immunology
Department of Internal Medicine

James M. Collins Professorship in Biomedical Research

See Item 25 on Page AMC - 22 for proposed establishment of this Professorship.

BACKGROUND INFORMATION

Dr. Garver joined the faculty at the U. T. Southwestern Medical Center - Dallas in August 1991 as Professor of Psychiatry after serving as Chairman of the Department of Psychiatry at the University of Alabama, Birmingham, Alabama. He is an outstanding clinical researcher in schizophrenia.

Dr. Reed is a Summa Cum Laude graduate of U. T. Austin in Microbiology and was awarded the M.D. degree in 1977 from the U. T. Southwestern Medical Center - Dallas. He is an outstanding clinician and currently is Professor of Internal Medicine and Director of the Division of General Internal Medicine. The Rosenthal family is establishing this Professorship in honor of Dr. Reed and in grateful appreciation of his care for the Rosenthal patriarch, Mr. Ben Rosenthal, Sr.

Dr. Weissler is Associate Professor of Internal Medicine and on the Faculty of the Graduate Program in Immunology at the U. T. Southwestern Medical School - Dallas. His research is in the area of pulmonary fibrosis, and he will direct a new research program to investigate the causes, prevention, and cure of pulmonary fibrosis.

2. U. T. Southwestern Medical Center - Dallas (U. T. Southwestern Medical School - Dallas): Recommendation for Approval to Change the Division of Radiation Therapy within the Department of Radiology to the Department of Radiation Oncology and to Submit the Proposal to the Coordinating Board for Approval (Catalog Change).--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and President Wildenthal that approval be granted to change the Division of Radiation Therapy within the Department of Radiology to the Department of Radiation Oncology in the U. T. Southwestern Medical School - Dallas at the U. T. Southwestern Medical Center - Dallas. Upon Regental approval, the proposal will be submitted to the Texas Higher Education Coordinating Board for approval.

BACKGROUND INFORMATION

Since its inception, the Division of Radiation Therapy at the U. T. Southwestern Medical School - Dallas has functioned as a component of the Department of Radiology. Establishment of the Simmons Comprehensive Cancer Center represents a major long-term commitment to both basic and clinical oncology, an important aspect of which is radiation therapy, particularly in the area of outpatient care. The requested change reflects the trend in medical schools throughout the state and nation. Indeed, almost half of the American Association of Medical Colleges (AAMC) medical schools have already structured their radiation therapy units as departments.

The proposed administrative change will require neither additional state funds nor any fundamental change in the function of the Department. Rather, this change is intended to provide more efficient administration.

Upon Coordinating Board approval, the next appropriate catalog published at U. T. Southwestern Medical Center - Dallas will be amended to reflect this action.

3. U. T. Health Science Center - Houston: Proposed Appointment to the Children's Fund Inc. Professorship in Pediatric Surgery Trauma Effective August 1, 1991.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and President Low that Kevin P. Lally, M.D., be appointed as initial holder of the Children's Fund Inc. Professorship in Pediatric Surgery Trauma at the U. T. Health Science Center - Houston effective August 1, 1991.

BACKGROUND INFORMATION

On August 1, 1991, Dr. Lally was appointed Associate Professor in the Division of Pediatric Surgery at the U. T. Medical School - Houston. He has served as Chief of Pediatric Surgery and Surgical Director, Pediatric ICU, at Wilford Hall United States Air Force Medical Center, Lackland Air Force Base, San Antonio, Texas, where he was also Chief Consultant to the Surgeon General for Pediatric Surgery. Dr. Lally's interest in solving the problem of death in the adolescent due to traumatic injury makes him an appropriate recipient of this Professorship.

The Children's Fund Inc. Professorship in Pediatric Surgery Trauma was established by the U. T. Board of Regents in October 1983.

4. U. T. M.D. Anderson Cancer Center: Proposed Appointment to the Hubert L. Stringer Chair in Cancer Research Effective September 1, 1991.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and President LeMaistre that Ralph B. Arlinghaus, Ph.D., be appointed as initial holder of the Hubert L. Stringer Chair in Cancer Research at the U. T. M.D. Anderson Cancer Center effective September 1, 1991.

BACKGROUND INFORMATION

Dr. Arlinghaus is Chairman of the Department of Molecular Pathology and Deputy Division Head for Research, Division of Pathology at the U. T. M.D. Anderson Cancer Center. He is nationally and internationally regarded as a distinguished scientist in his discipline.

The Hubert L. Stringer Chair in Cancer Research was established by the U. T. Board of Regents in August 1991.

Fac. Plan. & Const. Com.

FACILITIES PLANNING AND CONSTRUCTION COMMITTEE
Committee Chairman Moncrief

Date: October 11, 1991
Time: Following the meeting of the Health Affairs Committee
Place: Conference Room 4, Third Floor
E. E. Davis Hall, U. T. Arlington

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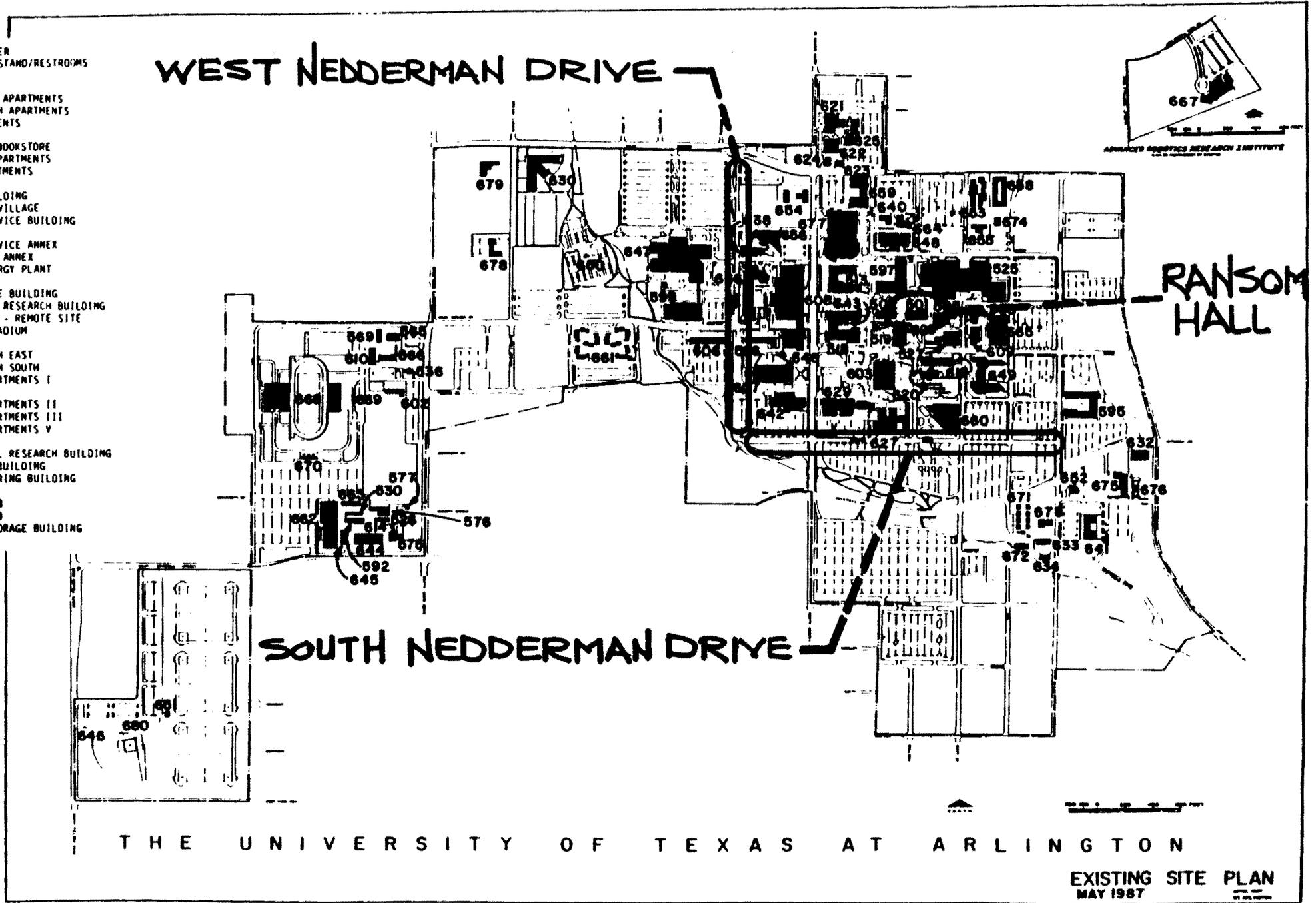
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1. U. T. Arlington: Recommendation to Name Two Campus Streets (Regents' Rules and Regulations, Part One, Chapter VIII, Section 1, Subsection 1.2, Naming of Facilities Other Than Buildings).--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs that the U. T. Board of Regents, in accordance with the Regents' Rules and Regulations, Part One, Chapter VIII, Section 1, Subsection 1.2, relating to the naming of facilities other than buildings:

- a. Change the name of Campus Drive, between Pecan Street and Monroe Street, to South Nedderman Drive on the campus of U. T. Arlington
- b. Change the name of Monroe Street, between Border Street and Campus Drive, to West Nedderman Drive on the campus of U. T. Arlington.

This item requires the concurrence of the Academic Affairs Committee.

BACKGROUND INFORMATION

Dr. Wendell H. Nedderman, President of U. T. Arlington, will retire December 31, 1991. On July 30, 1991, the Mayor and City Council of the City of Arlington took official action to change the name of Campus Drive and a portion of Monroe Street within the City of Arlington to South and West Nedderman Drives respectively, effective November 1, 1991, in honor of Dr. Nedderman's retirement. Since portions of the streets are on campus and owned by the University, this action is requested to extend the same name for these streets on campus.

Dr. Nedderman was named Acting President November 4, 1972, and President on February 1, 1974. The naming of the campus streets by the City of Arlington and the U. T. Board of Regents is a fitting tribute to the years of distinguished service and dedication which Dr. Nedderman has given to U. T. Arlington and the City of Arlington.

2. U. T. Arlington - Ransom Hall - Renovation: Request for Project Authorization; Appointment of Project Engineer to Prepare Final Plans; Submission to Coordinating Board; and Appropriation Therefor.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Nedderman that the U. T. Board of Regents:

- a. Authorize a project for Renovation of Ransom Hall at U. T. Arlington at an estimated total project cost of \$1,585,934
- b. Appoint the firm of Friberg Associates, Inc., Fort Worth, Texas, as Project Engineer to prepare final plans and specifications to be submitted to the U. T. Board of Regents for consideration at a future meeting
- c. Authorize submission of the project to the Texas Higher Education Coordinating Board
- d. Appropriate \$115,000 from Permanent University Fund Bond Proceeds for professional fees and administrative expenses through preparation of final plans and specifications.

BACKGROUND INFORMATION

Ransom Hall is the oldest building on the U. T. Arlington campus, and as such adds a sense of institutional continuity and tradition. Ransom Hall was built in 1919, and is currently used by Academic Computing Services as a remote computer laboratory and classroom. The existing air-conditioning system was installed in 1966, and is now twenty-five years old.

The existing heating, ventilation, and air-conditioning system is a two-pipe fan coil unit system which has become a continuous maintenance problem. It consists of approximately eighty-one floor standing room fan coil units each with a single coil that is used for cooling in the summer and heating in the winter and three outside air units with chilled water and steam coils to temper the outside air for the building. The piping has deteriorated and leaks in numerous places. The insulation is not effectively stopping condensate from forming and condensate pans are rusting through. All of these conditions are contributing to a high level of moisture throughout the building that is detrimental to current building use. Numerous system malfunctions, primarily rusted-out and leaking piping, have caused additional damage to the building, including water damage to the ceilings, walls, floors, and carpets. Maintenance costs and future renovation costs will continue to escalate until the existing system is replaced. Authorization of the project is requested at this time to allow for the completion of construction before the start of the Fall Semester 1993.

This proposed project will involve the complete removal of the existing system and the installation of a new system that will comply with current energy conservation standards. The project also includes asbestos removal, the construction of mechanical equipment rooms within the building, the repair or replacement of damaged floors, walls and ceilings, and the installation of new carpet.

U. T. Arlington Administration recommends the appointment of Friberg Associates, Inc., Fort Worth, Texas, as Project Engineer because of their knowledge of the mechanical and energy systems on the U. T. Arlington campus. This firm was Project Engineer for the replacement of the air-conditioning system for Preston Hall and has assisted U. T. Arlington in evaluating the existing systems in Ransom Hall.

This project is included in the 1991 Capital Improvement Plan and the 1992 Capital Budget. Proposed project funding is \$1,000,000 from Permanent University Fund Bond Proceeds and \$585,934 from Revenue Financing System Bond Proceeds for \$1,585,934 in total project funding. The Permanent University Fund Bonds issued for this project are tax-exempt debt.

3. U. T. Arlington - Replacement of Second Street Utility Tunnel (Project No. 301-761): Request for Approval of Final Plans; Authorization to Advertise for Bids and for the Executive Committee to Award Contracts; and Additional Appropriation Therefor and Request for Approval of Use of Revenue Financing System Parity Debt, Receipt of Certificate and Finding of Fact with Regard to Financial Capacity.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Nedderman that the U. T. Board of Regents:

- a. Approve the final plans and specifications for Replacement of the Second Street Utility Tunnel at U. T. Arlington at an estimated total project cost of \$3,900,000
- b. Authorize the Office of Facilities Planning and Construction to advertise for bids upon completion of final review and, subject to approval by the Coordinating Board, the Executive Committee to award all contracts associated with this project within the authorized total project cost
- c. Appropriate an additional \$3,805,000 in Revenue Financing System Bond Proceeds (\$95,000 having been previously appropriated from Unappropriated General Use Fee Balances) for \$3,900,000 in total project funding.

The Chancellor also concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Asset Management, the Vice Chancellor for Business Affairs, and President Nedderman that, in

compliance with Section 5 of the Master Resolution Establishing The University of Texas System Revenue Financing System as approved by the U. T. Board of Regents, and upon delivery of the Certificate of an Authorized Representative as set out on Page FPCC - 7, the U. T. Board of Regents resolve that:

- a. Subject to receipt of the Texas Higher Education Coordinating Board approval of the project, tax-exempt Parity Debt shall be issued to pay a portion of the project's cost
- b. Sufficient funds will be available to meet the financial obligations of the U. T. System including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System and to meet all financial obligations of the Board relating to the Financing System
- c. U. T. Arlington, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its Direct Obligation as defined in the Master Resolution relating to the issuance by the U. T. Board of Regents of tax-exempt Parity Debt in the amount of \$3,805,000 for the Replacement of Second Street Utility Tunnel (the "Project").

BACKGROUND INFORMATION

In accordance with the authorization of the U. T. Board of Regents in August 1991, final plans and specifications for the Replacement of the Second Street Utility Tunnel at U. T. Arlington have been completed by the Project Engineer, Friberg Associates, Inc., Fort Worth, Texas.

The new 2,000 foot tunnel will replace an existing 950 foot utility tunnel, extend that tunnel to the new thermal energy plant, and provide a connecting link to the site of the new Science Building.

The new tunnel will permit replacing the steam lines and the direct-buried chilled water lines and provide both steam and chilled water connections to the new Science Building. By completing an existing service loop, the new tunnel will also permit service to several buildings from two directions and provide capacity for future campus expansion.

Approval of this item will amend the 1991 Capital Improvement Plan and the 1992 Capital Budget. This project will be considered by the Texas Higher Education Coordinating Board on October 24-25, 1991. Project funding will be \$3,805,000 funded from the issuance of tax-exempt Revenue Financing System Parity Debt, and \$95,000 from General Use Fee Balances for \$3,900,000 in total project funding. Revenue bonds will be serviced from general fee revenues and balances but are also payable from any other "Pledged Revenue" as defined in the Master Resolution.

PARITY DEBT CERTIFICATE OF U. T. SYSTEM REPRESENTATIVE

I, the undersigned Executive Vice Chancellor for Asset Management of The University of Texas System, a U. T. System Representative under the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System adopted by the Board on February 14, 1991 (the "Master Resolution"), do hereby execute this certificate for the benefit of the Board of Regents pursuant to Section 5(a) (ii) of the Master Resolution in connection with the authorization by the Board to issue "Parity Debt" pursuant to the Master Resolution to finance the partial cost of the Replacement of Second Street Utility Tunnel at The University of Texas at Arlington, and do certify that to the best of my knowledge the Board of Regents is in compliance with all covenants contained in the Master Resolution, First Supplemental Resolution Establishing an Interim Financing Program, and the Second Supplemental Resolution and is not in default of any of the terms, provisions and conditions in said resolutions.

EXECUTED this _____ day of _____, 19__.

Executive Vice Chancellor
for Asset Management

4. U. T. Austin - Parking Garage No. 2 (Project No. 102-711): Presentation of Preliminary Plans; Authorization to Prepare Final Plans; Authorization to Advertise for Bids and for the Executive Committee to Award Contracts; and Additional Appropriation Therefor and Request for Approval of Use of Revenue Financing System Parity Debt, Receipt of Certificate, and Finding of Fact with Regard to Financial Capacity.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Cunningham that the U. T. Board of Regents:

- a. Approve preliminary plans and specifications for Parking Garage No. 2 at U. T. Austin at a total project cost of \$4,733,606
- b. Authorize the Project Architect to prepare final plans and specifications
- c. Authorize the Office of Facilities Planning and Construction to advertise for bids upon completion of final review and, subject to approval by the Coordinating Board, the Executive Committee to award all contracts associated with this project within the authorized total project cost
- d. Appropriate an additional \$1,613,606 from Auxiliary Enterprise Balances (\$120,000 having been previously appropriated from the same source) and \$3,000,000 from Revenue Financing System Bond Proceeds for \$4,733,606 in total project funding.

The Chancellor also concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Asset Management, the Vice Chancellor for Business Affairs, and President Cunningham that, in compliance with Section 5 of the Master Resolution Establishing The University of Texas System Revenue Financing System as approved by the U. T. Board of Regents, and upon delivery of the Certificate of an Authorized Representative as set out on Page FPCC - 10, the U. T. Board of Regents resolve that:

- a. Subject to the receipt of the Texas Higher Education Coordinating Board approval of the project, tax-exempt Parity Debt shall be issued to pay a portion of the project's cost
- b. Sufficient funds will be available to meet the financial obligations of the U. T. System including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System and to meet all financial obligations of the Board relating to the Financing System

- c. U. T. Austin, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its Direct Obligation as defined in the Master Resolution relating to the issuance by the U. T. Board of Regents of tax-exempt Parity Debt in the amount of \$3,000,000 for the construction of Parking Garage No. 2 (the "Project").

BACKGROUND INFORMATION

In accordance with the authorization of the U. T. Board of Regents in December 1990, preliminary plans for Parking Garage No. 2 at U. T. Austin have been prepared by the Project Architect, John S. Chase, F.A.I.A. Architects, Inc. in association with Walter P. Moore and Associates, Inc. Engineers, Houston, Texas.

Parking Garage No. 2 is five levels and will accommodate approximately 721 parking spaces. The garage is designed to take two additional levels and is intended to be used primarily for faculty and staff parking to ease the shortage on the west side of the campus. There are only 546 parking spaces available in an area that has over 4,000 faculty and staff who are eligible for parking permits. The garage is planned for construction on University-owned land one block west of the main campus, southwest of Walter Webb Hall, between San Antonio, Nueces, and 25th Streets.

This project is included in the 1991 Capital Improvement Plan and the 1992 Capital Budget and will be considered by the Texas Higher Education Coordinating Board on October 24-25, 1991. A portion of the project's total cost will be funded from the issuance of \$3,000,000 of tax-exempt Revenue Financing System Parity Debt. Revenue bonds will be serviced by parking revenue but are also payable from any other "Pledged Revenue" as defined in the Master Resolution.

PARITY DEBT CERTIFICATE OF U. T. SYSTEM REPRESENTATIVE

I, the undersigned Executive Vice Chancellor for Asset Management of The University of Texas System, a U. T. System Representative under the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System adopted by the Board on February 14, 1991 (the "Master Resolution"), do hereby execute this certificate for the benefit of the Board of Regents pursuant to Section 5(a) (ii) of the Master Resolution in connection with the authorization by the Board to issue "Parity Debt" pursuant to the Master Resolution to finance the cost of the construction of Parking Garage No. 2 at The University of Texas at Austin, and do certify that to the best of my knowledge the Board of Regents is in compliance with all covenants contained in the Master Resolution, First Supplemental Resolution Establishing an Interim Financing Program, and the Second Supplemental Resolution and is not in default of any of the terms, provisions and conditions in said resolutions.

EXECUTED this _____ day of _____, 19__.

Executive Vice Chancellor
for Asset Management

5. U. T. Pan American - Academic Services Building (Project No. 901-739): Request for Approval of Change in Source of Project Funding, and Request for Approval of Use of Revenue Financing System Parity Debt, Receipt of Certificate, and Finding of Fact with Regard to Financial Capacity.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Asset Management, the Vice Chancellor for Business Affairs, and President Nevarez that in compliance with Section 5 of the Master Resolution establishing The University of Texas System Revenue Financing System as approved by the U. T. Board of Regents, and upon delivery of the Certificate of an Authorized Representative as set out on Page FPCC - 13, the U. T. Board of Regents:

- a. Approve a change in the source of project funding for the Academic Services Building at U. T. Pan American from Higher Education Assistance Fund (HEAF) bond proceeds and/or a combination of HEAF balances, future HEAF appropriations, Building Use Fee (General Use Fee) balances, and existing Ad Valorem Tax balances in the amount of \$7,100,000 to Revenue Financing System Bond Proceeds in the amount of \$6,100,000 and Higher Education Assistance Fund Balances in the amount of \$1,000,000 for \$7,100,000 in total project funding
- b. Resolve that tax-exempt Parity Debt shall be issued to pay \$6,100,000 of the project's cost
- c. Resolve that sufficient funds will be available to meet the financial obligations of the U. T. System including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System and to meet all financial obligations of the Board relating to the Financing System
- d. Resolve that U. T. Pan American, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its Direct Obligation as defined in the Master Resolution relating to the issuance by the U. T. Board of Regents of tax-exempt Parity Debt in the amount of \$6,100,000 for the construction of an Academic Services Building (the "Project").

BACKGROUND INFORMATION

At the October 1990 meeting, the U. T. Board of Regents approved final plans and authorized the Office of Facilities Planning and Construction to advertise for bids for the Academic Services Building at U. T. Pan American. The Board also authorized the funding for the project to be from Higher Education Assistance Fund (HEAF) bond proceeds and/or a combination of HEAF balances, future HEAF appropriations, Building Use Fee (General Use Fee) balances, and existing Ad Valorem Tax balances. It has since been learned that 10-year HEAF bonds cannot be issued until 1995. Consequently, U. T. Pan American has requested the issuance of revenue bonds under the Revenue Financing System program in order to fully finance the project. The Building Use Fee (General Use Fee) will be the primary source of revenue for amortizing the debt.

This project is included in the 1991 Capital Improvement Plan and the 1992 Capital Budget. This project was approved by the Texas Higher Education Coordinating Board in July 1990.

PARITY DEBT CERTIFICATE OF U. T. SYSTEM REPRESENTATIVE

I, the undersigned Executive Vice Chancellor for Asset Management of The University of Texas System, a U. T. System Representative under the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System adopted by the Board on February 14, 1991 (the "Master Resolution"), do hereby execute this certificate for the benefit of the Board of Regents pursuant to Section 5(a) (ii) of the Master Resolution in connection with the authorization by the Board to issue "Parity Debt" pursuant to the Master Resolution to finance the partial cost of the construction of an Academic Services Building at The University of Texas - Pan American, and do certify that to the best of my knowledge the Board of Regents is in compliance with all covenants contained in the Master Resolution, First Supplemental Resolution Establishing an Interim Financing Program, and the Second Supplemental Resolution and is not in default of any of the terms, provisions and conditions in said resolutions.

EXECUTED this _____ day of _____, 19__.

Executive Vice Chancellor
for Asset Management

6. U. T. San Antonio - Surface Parking Lot: Request for Project Authorization; Submission of the Project to the Coordinating Board; Authorization to Prepare Final Plans, Advertise for Bids and Award of Contracts by U. T. San Antonio Administration; and Appropriation Therefor.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Kirkpatrick that the U. T. Board of Regents:

- a. Authorize a project for construction of a surface parking lot at U. T. San Antonio at an estimated total project cost of \$450,000
- b. Authorize submission of the project to the Texas Higher Education Coordinating Board
- c. Subject to approval of the Coordinating Board, authorize preparation of final plans, advertisement for bids, award of construction contracts and completion of the project by U. T. San Antonio Administration with its own forces or through contract services, as required, in consultation with the Office of Facilities Planning and Construction
- d. Appropriate \$450,000 from Auxiliary Enterprise Fund Balances for total project funding of the surface parking lot.

BACKGROUND INFORMATION

U. T. San Antonio has experienced record enrollment increases of more than 20% since the last parking lot was approved in 1988, and parking has reached the critical stage. Parking demands currently exceed the 5,600 vehicle capacity. Temporary parking has been provided on street shoulders and unimproved space. To control traffic, and increase pedestrian safety and parking security, additional parking space is necessary. Planning may show it is advantageous to construct several smaller parking lots rather than one larger parking lot to accommodate the estimated 400-450 parking spaces.

U. T. San Antonio Administration, with consulting architectural/engineering services as necessary, will manage the project in consultation with the Office of Facilities Planning and Construction.

Approval of this item includes a change in fund source from that included in the 1991 Capital Improvement Plan. The Capital Improvement Plan and the 1992 Capital Budget will be amended to reflect this change.

7. U. T. San Antonio - Transition Building: Request for Project Authorization; Submission of the Project to the Coordinating Board; Authorization to Prepare Final Plans, Advertise for Bids and Award of Contracts by U. T. San Antonio Administration; and Appropriation Therefor.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Kirkpatrick that the U. T. Board of Regents:

- a. Authorize a project for construction of a transition building at U. T. San Antonio at an estimated total project cost of \$500,000
- b. Authorize submission of the project to the Texas Higher Education Coordinating Board
- c. Subject to approval of the Coordinating Board, authorize preparation of final plans, advertisement for bids, award of construction contracts and completion of the project by U. T. San Antonio Administration with its own forces or through contract services, as required, in consultation with the Office of Facilities Planning and Construction
- d. Appropriate \$500,000 from Permanent University Fund Bond Proceeds for total project funding of the transition building.

BACKGROUND INFORMATION

The proposed transition building is to be constructed on West Campus and will serve initially (5-6 years) as a location for several business affairs functions (purchasing, accounts payable, accounting and an employment office for non-faculty personnel) and some student services. These functions are now located in different areas of the campus. This will free up space in the library building to make room for expanded areas of University Advancement and Communications. More permanent space can be provided elsewhere on the campus for some of those purposes after completion of Academic Buildings One and Two in 1994-95, and this building will then be used as transitional space for other campus needs and eventually for physical plant storage, or a maintenance and repair facility.

U. T. San Antonio Administration, with consulting architectural/engineering services as necessary, will manage the project in consultation with the Office of Facilities Planning and Construction.

This project is included in the 1991 Capital Improvement Plan and the 1992 Capital Budget. The Permanent University Fund Bonds issued for this project are tax-exempt debt.

8. U. T. San Antonio - On-Campus Housing, Apartment Complex (Phase I): Recommendation to (a) Authorize Conclusion of Negotiations on Proposed Ground Lease with Century Development, a Texas Limited Partnership, Houston, Texas, as Limited Partner and Owner of General Partnership Entity in University Oaks Housing Partnership I, Ltd., a Texas Limited Partnership, Houston, Texas, Proposed Lessee and (b) Authorize Execution of Ground Lease.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Kirkpatrick that the U. T. Board of Regents:

- a. Authorize U. T. San Antonio, the Office of Academic Affairs, and the Office of General Counsel to conclude negotiations with Century Development, a Texas limited partnership, Houston, Texas, on a proposed Ground Lease with University Oaks Housing Partnership I, Ltd., a Texas limited partnership, Houston, Texas, comprised of Century Development as sole limited partner and University Oaks Housing Corp., Houston, Texas, a Texas for-profit corporation, and wholly owned subsidiary of Century Development, as sole general partner
- b. Authorize the Chairman of the U. T. Board of Regents to execute a Ground Lease in a form substantially similar to the Ground Lease set out on Pages FPCC 18 - 74 upon review and recommendation of the Executive Vice Chancellor for Academic Affairs, the Vice Chancellor for Business Affairs, and the Office of General Counsel.

BACKGROUND INFORMATION

Pursuant to action in February 1991, the U. T. Board of Regents approved in concept initiation of Phase I of a project for a student apartment complex on the U. T. San Antonio campus and solicitation of proposals from developers to construct and possibly manage the Phase I complex.

Proposals from four private developers were received on May 3, 1991. Following careful review of the proposals, President Kirkpatrick has determined that Century Development (Century) will provide the best total project package.

While the U. T. Board of Regents approved a total project concept involving approximately 20 acres and approximately 120 units, the Century proposal for Phase I will require only approximately 9 acres while plans for future development of the site include a second phase involving a total tract of up to 20 acres.

The proposed project will add approximately 200 apartments ranging from efficiency style (approximately 500 square feet) to four-bedroom style suites (approximately 900 square feet)

FACILITIES PLANNING AND CONSTRUCTION COMMITTEE

SUPPLEMENTAL MATERIAL

OCTOBER 11, 1991

8. U. T. San Antonio - On-Campus Housing, Apartment Complex (Phase I): Recommendation to (a) Authorize Conclusion of Negotiations on Proposed Ground Lease with Century Development, a Texas Limited Partnership, Houston, Texas, as Limited Partner and Owner of General Partnership Entity in University Oaks Housing Partnership I, Ltd., a Texas Limited Partnership, Houston, Texas, Proposed Lessee and (b) Authorize Execution of Ground Lease.--

Attached, as supplemental Background Information, is an Executive Summary of the most significant provisions of the captioned proposed Ground Lease.

EXECUTIVE SUMMARY

As presently drafted, the subject Ground Lease evidences the consent of the U. T. Board of Regents for University Oaks Housing Partnership I, Ltd. (a Texas limited partnership) to lease a tract of land out of The University of Texas at San Antonio campus and to provide for the financing, construction, management and maintenance of student apartment buildings and related facilities and amenities. The total project cost of approximately \$6.5 million will be financed at 10.4% through CIGNA Insurance Company for a 25-year term.

The most significant provisions of the Ground Lease are summarized as follows:

- Leased Premises; Term.

The Board of Regents will lease a 9.0 acre tract out of the UTSA campus to University Oaks Housing Partnership I, Ltd. The lease term is 40 years. (The Lessee is a Texas limited partnership headquartered in Houston, Texas. Century Development owns 99% interest as limited partner and University Oaks Housing Corporation owns 1% as general partner.)

- Project Description.

University Oaks (Lessee) will provide for the financing, construction, management and maintenance of a campus apartment complex, consisting of thirteen two-story buildings, including a commons building providing amenities for residents and controlled-access parking facilities. The apartments will consist of approximately 200 units, housing 380 to 448 residents. Lessee will provide for a Completion and Performance Bond to guarantee completion of the apartment project.

- Ownership of Improvements.

Upon completion of construction, title to all improvements will vest in the Board of Regents, subject to the Lessee's leasehold interest and ownership of personal property and other facility equipment.

- Lessee's Right to Build Additional Apartments.

Lessee has a right of first refusal for development of student apartments, if the Board of Regents should desire such additional private development by means of a project similar to that proposed by this Ground Lease. However, the Board of Regents is not restricted at any time from constructing additional student housing anywhere on campus at its own expense.

- Mortgage Provisions.

The Lessee is authorized to secure a mortgage loan against the leasehold estate, to provide financing for construction of the apartments and other improvements, provided the loan documents state that the mortgage is subordinate to the rights of the Board of Regents. In any action by the Board of Regents to terminate the Ground Lease for default by Lessee, the Leasehold Mortgagee has the right to cure any default, and, in the event of termination of the lease, the Leasehold Mortgagee could discharge any unfulfilled obligations of Lessee and enter into a new lease with the Board of Regents for the unexpired balance of the lease term.

- Indemnity.

Except for negligence or willful misconduct on the part of the Board of Regents or its agents or employees, Lessee will indemnify the Board of Regents and from all liability claims and actions arising out of the use or occupancy of the leased premises. Lessee will also provide for comprehensive general liability insurance, property insurance and builders' risk insurance covering the leased premises in amounts specified by the lease agreement.

- U. T. Option to Purchase.

The Board of Regents has the option (subject to Coordinating Board approval, if required) to purchase Lessee's interest at any time at a price which shall be the lesser of (a) the fair market value of the leasehold estate, or (b) the sum of all outstanding debt on the apartments, plus all monetary contributions of Lessee for construction, repair or operation of the apartments, plus the present value of net distributable cash flow from the apartments for the remainder of the lease term. The Board of Regents has a right of first refusal to match any bona fide third party offer of purchase which the Lessee wishes to accept. Should the Board of Regents choose to exercise this right, it may purchase Lessee's leasehold interest on the same terms as proposed in the offer (subject to Coordinating Board approval, if required). Lessee's leased interest reverts to the Board of Regents at the expiration of the lease term, at no cost. The Board of Regents will have the option to require the Lessee to demolish all improvements on the leasehold tract upon expiration or abandonment of the lease.

- Consideration Paid to U. T.

Rental paid to the Board of Regents includes \$100 per year base rent to be paid in advance and a yearly percentage rent beginning with 1992, equal to 50% of the Net Cash Flow from the apartment operations. If there is no percentage rent due for any year, any net loss will be borne solely by the Lessee and shall not be carried forward in determining the percentage rent for the next year. The percentage rent will be paid annually, within 45 days of the close of each year. The Board of Regents has full access to all financial information about the construction and management of the apartments.

- Property Taxes.

The Board of Regents' interest in the leased premises and improvements is expected to be exempt from any ad valorem taxation. The Lessee will pay any ad valorem taxes assessed against its leasehold interest in the improvements.

- Assignment of Lessee.

Any assignments or transfers of interest in the leasehold, except for leasehold mortgages and assignments to affiliated entities of University Oaks or Century Development, require written notice to the Board of Regents for its approval, which shall not be unreasonably withheld.

- Management of Apartments.

The initial manager shall be Century Property Management Company, a subsidiary of Century Development. Any manager proposed by Lessee to operate the apartments must be approved by an Advisory Committee, composed of three designees of U. T. San Antonio and three designees of Lessee.

- Annual Budget; Rental Increases.

The Lessee will annually prepare and submit a proposed operating budget for the project to the Advisory Committee for approval. Each proposed budget will include a schedule of rents to be charged during the coming year for residents leasing apartment units. Provided the rental rates do not increase by more than ten percent over the previous year's rental, the Committee may approve increases in the rental charged to residents; proposed increases in rental greater than that described above must be approved by the U. T. San Antonio Administration.

- Leasing Restrictions.

The Lessee agrees to restrict leasing of apartment units to students, faculty, staff, guests and other university-affiliated persons. Lessee may only lease to other persons if the "gross rentals threshold" falls below a specified amount and then only until the gross rentals threshold is met.

- Promotion of Apartments.

U. T. San Antonio agrees to actively promote and market the use of the apartment facilities. Consistent with its existing contractual obligations to promote the Chisholm Hall Dormitory, U. T. San Antonio will assign to the apartments on a priority basis all students over 21 years and juniors, seniors and graduate students desiring to live on campus. Students are free to reject a priority assignment to a particular on-campus housing facility and to select another facility.

- Security.

U. T. San Antonio is to provide necessary security services in and around the apartments, subject to the jurisdictional limitations under Texas law.

units. While the exact configuration has not been determined, the project should accommodate 380 - 448 residents and will include a commons building, laundry facility and parking lot. The exact number of each style of unit will be established during negotiations with Century.

U. T. San Antonio seeks authority to conduct negotiations with Century on behalf of University Housing Oaks Partnership I, Ltd., (Partnership), a Texas limited partnership between Century and University Oaks Housing Corp., a wholly owned subsidiary of Century. Century owns a 99% interest in Partnership and is the sole limited partner; University Oaks Housing Corp. owns a 1% interest in the Partnership and is the sole general partner. Partnership will build and manage the facility pursuant to a long-term Ground Lease and an operating agreement with Century Property Management Company, a wholly owned subsidiary of Century and a Texas for-profit corporation. The negotiations and proposed Ground Lease for the land and completed facility will be coordinated with the Office of Academic Affairs, the Office of Business Affairs, and the Office of General Counsel. No contractual obligations will be incurred until the proposed Ground Lease is presented to the Chairman of the U. T. Board of Regents for signature.

The working draft of the proposed Ground Lease has a term of 40 years and currently contains the following provisions:

- Partnership is to complete construction in time for occupancy by August 15, 1992
- U. T. Board of Regents receives title to the apartment complex upon completion of the construction, subject to Partnership's leasehold interest
- U. T. Board of Regents receives base rental of \$100.00 per year and a percentage rental of 50% of the net cash flow beginning with operation
- Subject to Texas Higher Education Coordinating Board approval requirements, U. T. Board of Regents has option to purchase Partnership's leasehold interest
- U. T. Board of Regents has first right of refusal to match bona fide third party offer to purchase leasehold
- Partnership has right of first refusal on Phase II of apartment project if project to be privately developed

At the time of preparation of this item, negotiations were ongoing on Lease provisions including time periods required for notice, cure of default and exercise of purchase option and priority of assignment to apartment housing. Recommendations on these provisions will be made at the time of the October meeting.

The proposed project is consistent with "Guidelines for Private Development on Campus" of the Texas Higher Education Coordinating Board. The project is included in the Capital Improvement Plan approved at the June 1991 meeting.

9-16-91

GROUND LEASE AGREEMENT

by and between

**THE BOARD OF REGENTS OF
THE UNIVERSITY OF TEXAS SYSTEM
FOR THE USE AND BENEFIT OF
THE UNIVERSITY OF TEXAS AT SAN ANTONIO
(LESSOR)**

and

**UNIVERSITY OAKS HOUSING PARTNERSHIP I, LTD.
(LESSEE)**

Dated: As of _____

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GROUND LEASE AGREEMENT

THE STATE OF TEXAS §
§
COUNTY OF BEXAR §

This Ground Lease Agreement is made and entered into as of the _____ day of October, 1991, by and between THE BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM, FOR THE USE AND BENEFIT OF THE UNIVERSITY OF TEXAS AT SAN ANTONIO, acting by and through its authorized officers, and UNIVERSITY OAKS HOUSING PARTNERSHIP I, LTD., a Texas limited partnership.

WITNESSETH

WHEREAS, Section 65.39 of the Texas Education Code provides that the Board of Regents of The University of Texas System (the "LESSOR") has the sole and exclusive management and control of the lands set aside and appropriated to, or acquired by, The University of Texas System;

WHEREAS, in order to assist in the development of campus housing facilities and related facilities for students, faculty, and staff at The University of Texas at San Antonio ("The University" or "UTSA"), the LESSOR deems it is best for the interest of The University of Texas System, that a portion of the campus at The University be leased to University Oaks Housing Partnership I, LTD. (the "LESSEE") for the purpose of developing, constructing, operating, and leasing such campus housing facilities;

WHEREAS, the LESSOR and the LESSEE have determined to enter into this Ground Lease Agreement (the "Lease") whereby the LESSOR will lease a tract of approximately 9.0 acres of land on the campus to the LESSEE, and the LESSEE will develop, construct, operate, and lease improvements on such land for use by The University's students, faculty, and staff and only such other persons as LESSOR may agree, subject to the terms herein stated;

NOW, THEREFORE, in consideration of the mutual covenants, conditions and agreements which follow, the parties hereby agree:

ARTICLE ONE
LEASE OF PROPERTY - TERMS OF LEASE

Section 1.01. LEASE OF PREMISES. LESSOR, in consideration of the rents, covenants, agreements and conditions herein set forth, which LESSEE hereby agrees shall be paid, kept and performed by LESSEE, does hereby let, demise and rent

exclusively unto LESSEE, and LESSEE does hereby rent and lease from LESSOR, the real property (the "Land") more particularly described in EXHIBIT "A" attached hereto, being incorporated into this Lease and made a part hereof together with the Facilities, all improvements, alterations, additions, and attached fixtures located on the Land. LESSEE, by execution of this Lease, accepts the leasehold estate herein demised subject to all easements and other matters referred to in EXHIBIT "B".

Section 1.02. HABENDUM. TO HAVE AND TO HOLD the Premises, together with all and singular the rights, privileges, and appurtenances thereto attaching or anywise belonging, exclusively unto LESSEE, its successors and assigns, for the term set forth in Section 1.03, subject to termination as herein provided, and subject to the covenants, agreements, terms, provisions, and limitations herein set forth.

Section 1.03. TERM. Unless sooner terminated as herein provided, this Lease shall continue and remain in full force and effect for a term commencing on the date hereof and ending at midnight on August 31, 2032 (the "Term").

ARTICLE TWO DEFINITIONS

Section 2.01. DEFINITIONS. In addition to such other defined terms as may be set forth in this Lease, as used in this Lease, the following terms have the following respective meanings.

"Academic Year" - the period commencing on September 1 of each calendar year during the Term and ending on August 31 of the following calendar year.

"Affiliate" - with respect to a designated Person, any other Person that, directly or indirectly, controls, is controlled by, or is under common control with such designated Person. For purposes of this definition, the term "control" (including the correlative meanings of the terms "controlled by" and "under common control with"), as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management policies of such Person, whether through ownership of voting securities or by contract or otherwise.

"Annual Expenses" - with respect to any Academic Year of LESSEE, all amounts (a) paid by LESSEE during such Academic Year for operating expenses related to the Premises (including real estate taxes and sales, personal property, rental, occupancy, use, gross receipts, and excise taxes), (b) paid by LESSEE during such Academic Year for capital expenditures for the Premises, (c) paid by LESSEE during such Academic Year for principal, interest, and make-whole amounts to any Permitted Mortgagee, (d) advanced by (or indemnification payments owed to) any Permitted Mortgagee pursuant to the Permitted Mortgage and related to the Facilities, and (e) for Reserve Amounts.

"Applicable Laws" - all present and future statutes, regulations, ordinances, resolutions and orders of any Governmental Authority.

"Award" - any payment or other compensation received or receivable as a consequence of a Taking from or on behalf of any Governmental Authority or any other Person vested with the power of eminent domain.

"Business Day" - a day excluding Saturday, Sunday and any Holiday.

"Century Development" - a Texas limited partnership.

"Century Property Management Company" - a Texas for profit corporation.

"Commencement of Construction" - the date on which excavation or foundation work is begun for the Facilities.

"Coordinating Board" - The Texas Higher Education Coordinating Board.

"Date of Opening" - the date the Facilities are opened for occupancy or use.

"Event of Default" - any matter identified as an event of default under Section 13.01.

"Expiration Date" - the expiration date of this Lease.

"Facilities" - all improvements constructed on the Land, including the complex of 13 buildings which include approximately 200 apartment units and related facilities for use by students, faculty, and staff of the The University and others as permitted under this Lease or approved by UTSA as participants in UTSA sponsored activities.

"Facility Equipment" - all personal property including but not limited to furniture, furnishings, equipment, machinery, owned by LESSEE and used in connection with the operation of the Premises.

"Force Majeure" - an (a) act of God, landslide, lightning, earthquake, hurricane, tornado, blizzard and other adverse and inclement weather, fire, explosion, flood, act of a public enemy, war, blockade, insurrection, riot, or civil disturbance; (b) labor dispute, strike, work slowdown, or work stoppage; (c) order or judgment of any Governmental Authority, if not the result of willful or negligent action of LESSEE; (d) adoption of or change in any Applicable Law after the date of execution of this Lease; or (e) any other similar cause of similar event beyond the reasonable control of LESSEE.

"Foreclosure" - a foreclosure of a Permitted Mortgage or a conveyance in lieu of foreclosure of a Permitted Mortgage.

"Governmental Authority" - any and all jurisdictions, entities, courts, boards, agencies, commissions, offices, divisions, subdivisions, departments, bodies or authorities of any nature whatsoever of any governmental unit (federal, state, county, district, municipality, city or otherwise) whether now or hereafter in existence.

"Gross Rents" - with respect to any Academic Year, all Occupancy Rents actually received by LESSEE during such Academic Year on account of or as a result of the occupancy of the Facilities by occupants. Gross Rents shall not include any amounts received from occupants to cover any sale, use, transaction privilege, excise or gross receipts tax imposed by any Governmental Authority for or attributable to the Occupancy Rents paid by such occupants.

"Gross Revenues" - with respect to any Academic Year, all gross receipts of LESSEE from the Premises, computed on a cash basis and otherwise in a manner reasonably acceptable to LESSOR, including all rent, laundry and vending machine revenues, and interest earned on tenants' security deposits.

"Holiday" - any day which shall be a legal holiday in the State of Texas or a day on which banking institutions in the State of Texas are authorized or are required by law to close.

"Incipient Default" - any default by LESSEE hereunder which, after the giving of notice or the passage of time (or both), would result in an Event of Default.

"Land" - the tract of approximately 9.0 acres located on the campus of The University of Texas at San Antonio and near the intersection of Edward Ximenes Boulevard and UTSA Boulevard, more particularly described in Exhibit "A".

"LESSOR Representative" - one or more of the persons designated and authorized in writing from time to time by LESSOR to represent LESSOR in exercising LESSOR'S rights and performing LESSOR'S obligations under this Lease; the initial LESSOR Representatives shall be the President of The University of Texas at San Antonio and the Vice President for Business Affairs of The University of Texas at San Antonio.

"LESSOR'S Interest" - the fee simple title to the Land and the Facilities located on the Land and LESSOR'S interest under this Lease.

"Management Agreement" - the Management Agreement relating to the operation and management of the Premises.

"Net Cash Flow" - with respect to any Academic Year, the excess, if any, of Gross Revenues over Annual Expenses for such Academic Year.

"New Occupants" - any On-Campus Occupants who have not been On-Campus Occupants for previous Academic Years or who have not complied with the filing deadline for receiving "returning student priority benefits" in housing assignments by LESSOR.

"Occupancy Rents" - all rents and fees paid by occupants to occupy housing at the Facilities pursuant to the payment provisions of any Campus Housing Contracts or other leases.

"On-Campus Occupants" - those students, faculty, and staff associated with UTSA that occupy or have previously occupied any housing on the campus at UTSA.

"Permitted Assignee" - (a) any Permitted Mortgagee, any purchaser at a Foreclosure, any Affiliate of a Permitted Mortgagee, or any other Person selected by a Permitted Mortgagee (or its successors or assigns) subsequent to a Foreclosure of a Permitted Mortgage; (b) any Affiliate of LESSEE; or (c) Century Development (or any Affiliate of Century Development).

"Person" - an individual; a trust, an estate; a Governmental Authority; or a partnership, joint venture, corporation, company, firm or any other entity whatsoever.

"Plans and Specifications" - the plans and specifications for the construction of the Facilities described in EXHIBIT "C" as attached hereto, as such plans and specifications may be amended from time to time as permitted in Section 7.01.

"Premises" - the Land and the Facilities.

"Rent" - Base Rent and Percentage Rent.

"Reserve Amounts" - the amounts set forth in the Annual Budgets for debt service, operating, and capital reserves.

"Taking" or "Taken" - the actual or constructive condemnation, or the actual or constructive acquisition by condemnation, eminent domain or similar proceeding by or at the direction of any Governmental Authority or other Person with the power of eminent domain.

"UTSA" and/or "University" - The University of Texas at San Antonio, a component institution of The University of Texas System, located in San Antonio, Bexar County, Texas being an "institution of higher education" as defined in Section 61.003, Texas Education Code.

ARTICLE THREE
RENT

Section 3.01. **BASE RENT.** Commencing with the date hereof and continuing throughout the Term, LESSEE shall pay to LESSOR, as annual base rent ("Base Rent"), \$100.00 for each year or a portion thereof. The Base Rent shall be due and payable in advance, with the first such payment of Base Rent being due upon execution of the ground Lease and each subsequent payment due no later than forty-five (45) days after the close of each Academic Year.

Section 3.02. **PERCENTAGE RENT.** Subject to the limitations set forth in Section 8.03G, LESSEE shall pay to LESSOR, for the Academic Year commencing in 1992 and each Academic Year thereafter during the Term, percentage rent in an amount equal to the product of (a) 50% and (b) Net Cash Flow ("Percentage Rent"). Percentage Rent shall be paid to LESSOR no later than forty-five (45) days after the close of each Academic Year. If there is no Percentage Rent due for any such Academic Year, any net loss shall be borne solely by LESSEE and shall not be carried forward in determining Percentage Rent for the next Academic Year.

ARTICLE FOUR
USE OF PREMISES

Section 4.01. **PURPOSE AND USE OF LEASE.** LESSEE enters into this Lease for the purpose of developing and constructing and maintaining the Facilities in accordance with the Plans and Specifications and except as otherwise provided herein, the Premises are to be used for no other purpose.

LESSEE shall have the right to use the Premises solely for the development and operation of the Facilities and ancillary uses including uses now or hereafter customarily related to or connected with the ownership and operation of a multi-family residential development. LESSOR and LESSEE covenant and agree that except as set forth in Section 15.02 below, the Facilities shall be for the exclusive use and benefit of the students, faculty, staff and guests of The University and such other persons as The University and LESSEE shall mutually agree. LESSEE shall comply with all ordinances, laws and regulations of all Governmental Authorities applicable to and as are required for LESSEE'S use and operation of the Premises as such ordinances, laws, and regulations are enforced by any Governmental Authority having jurisdiction with respect to the Premises.

Section 4.02. **BENEFIT OF THE UNIVERSITY.** Subject to Sections 15.02 and 15.06, LESSEE shall lease and hold the Premises for the support, maintenance or benefit of The University and the Premises shall be leased for a purpose related to the performance of the duties and functions of UTSA and shall not be leased to provide private residential housing to members of the public other than students, faculty and staff,

approved for residency by the Office of the Vice President for Student Affairs.

Section 4.03. **CAMPUS DATA NETWORK SYSTEMS.** LESSOR agrees to provide access to campus data network systems at no charge to LESSEE. LESSEE shall provide, maintain and repair computer cabling from each bedroom and livingroom to an environmentally controlled space designatd as a switching room. Cabling from the central switching room to the campus data network will be provided by the LESSOR. LESSEE agrees to provide LESSOR with 24 hour access to the switching room.

ARTICLE FIVE
ACCEPTANCE AND CONDITION OF PREMISES

Section 5.01. **LESSEE'S INSPECTION.** LESSEE has had full opportunity to inspect and examine the Land. Except for the express representations and warranties of LESSOR set forth in this Lease, LESSEE'S execution of this Lease shall be conclusive evidence of LESSEE'S acceptance of the Land in an "AS IS" condition and, subject to LESSOR'S obligations set forth herein, LESSEE hereby accepts the Land in its present condition.

Section 5.02. **NO REPRESENTATIONS.** LESSEE agrees that no representations respecting the condition of the Premises and no promises to alter or improve the Premises have been made by LESSOR or its agents to LESSEE unless the same are contained herein or made a part hereof by specific reference.

ARTICLE SIX
ACCESS

Section 6.01. **ACCESS.** LESSEE shall permit LESSOR'S agents, representatives, or employees to enter on the Premises at reasonable times for the purposes of review and inspection as provided in this Lease, to determine whether LESSEE is in compliance with the terms of this Lease, or for other reasonable purposes. Subject to the rights of LESSOR and UTSA to observe and enforce their applicable rules and policies, the LESSOR and UTSA, their agents, representatives, and employees shall not disturb construction on the Land and shall use best efforts to not disturb occupants of subleased space.

ARTICLE SEVEN
CONSTRUCTION BY LESSEE

Section 7.01. **LESSEE TO PAY COSTS.** LESSEE will develop and construct the Facilities on the Land at its own cost and expense. LESSOR shall have no financial obligation or other obligation of any kind under this Lease except as specifically set forth

herein.

- A. LESSEE shall furnish all supervision, tools, implements, machinery, labor materials, and accessories such as are necessary and proper for the construction of the Facilities, shall pay all permit and license fees, and shall construct, build, and complete the Facilities in a good, substantial and worker-like manner all in accordance with this Lease, the Plans and Specifications, and all documents executed pursuant hereto and thereto.

- B. LESSEE shall have the right to and shall provide for the location, construction, erection, maintenance, and removal of improvements, in any lawful manner, upon or in the Premises for the purpose of carrying out any of the activities provided for herein. LESSEE shall have sole control of the selection of construction professionals, construction design, means and methods and the final decision regarding operation of the Facilities, subject to the approval of LESSOR Representative which approval shall not be unreasonably withheld. The Plans and Specifications for the construction of the Facilities and for landscaping shall be prepared by architects and engineers registered in the State of Texas. The Plans and Specifications shall require the written approval of the LESSOR Representative before any construction or installation may be undertaken, which approval shall not be unreasonably withheld. All construction, alteration, renovation or additions to the Premises undertaken by the LESSEE shall be in conformance with all applicable codes, rules and regulations, including amendments thereto. LESSEE shall have the right to contest any such codes for reasonable grounds by ordinary and proper procedures.

- C. The LESSOR Representative shall review changes in work and materials in the Plans and Specifications and note in writing any required changes or corrections thereto within five (5) business days after receipt of the Plans and Specifications. Minor changes in work or materials, not affecting the general character of the Facilities may be made in the Plans and Specifications at any time without the approval of LESSOR Representative, but a copy of the altered Plans and Specifications shall promptly be furnished to the LESSOR Representative.

- D. After completion of the Facilities, at least 120 days prior to undertaking any material structural alteration, renovation, or remodeling of the Facilities during the Term, LESSEE shall submit plans for such renovation or remodeling to the LESSOR for approval, which approval shall not be unreasonably withheld. LESSOR shall either approve or disapprove any such alteration within sixty (60) days after receipt of such plans from LESSEE. If LESSOR fails to respond within such sixty (60) day period, it

shall be deemed that LESSOR approves any such alteration, renovation, or remodeling.

- E. Subject to Force Majeure, LESSEE covenants that LESSEE shall substantially complete construction of the Facilities on or before August 15, 1992 with all units ready for occupancy. Subject to the provisions of Section 7.01.F below, if any unit in the Facilities is not ready and available for occupancy on August 15, 1992 (regardless of delays caused by Force Majeure), and such unit has been committed by LESSEE to an Assigned Occupant, LESSEE shall, at its sole cost and expense, provide each such Assigned Occupant comparable living quarters until such Assigned Occupant's unit is available for occupancy. In the event comparable living quarters are not available in a location the same or similar distance from UTSA campus, LESSEE at its sole cost and expense shall furnish daily transportation, at reasonable times and intervals, for such Assigned Occupant to and from the UTSA campus. If LESSEE provides such Assigned Occupants with comparable living quarters pursuant to this section, then LESSEE'S failure to complete the construction of the Facilities by August 15, 1992 shall not be an Event of Default.
- F. The obligations of LESSEE to provide substitute living quarters for Assigned Occupants pursuant to Section 7.01.E above is conditioned upon each such Assigned Occupant's Campus Housing Contract remaining in full force and effect and such Assigned Occupant paying Occupancy Rents under its Campus Housing Contract to LESSEE during the time LESSEE is providing such Assigned Occupant with substitute living quarters.
- G. Prior to Commencement of Construction, (1) LESSEE shall deliver to the LESSOR Representative a copy of the signed contract ("Construction Contract") between the LESSEE and the general contractor for the construction of the Facilities, and (2) LESSEE shall provide payment and performance bonds in an amount equal to the contract price set forth in the Construction Contract.
- H. The LESSOR Representative shall have the right to review and approve all payment bonds and performance bonds and shall note in writing any required changes or corrections within five (5) business days after receipt thereof.
- I. LESSEE shall, upon written request of LESSOR, make, in such detail as may reasonably be required, and forward to LESSOR, reports in writing as to the actual progress of the construction of the Facilities. During such period, the construction work shall be subject to inspection by the LESSOR's Representative and by authorized personnel of UTSA in order to

verify reports of construction, determine compliance with safety, fire and building codes and determine compliance with approved construction plans or such other inspections as may be necessary in the reasonable opinion of the LESSOR Representative.

- J. LESSEE shall be responsible for obtaining all licenses, patents, registered or copyrighted machines, materials, methods, or processes necessary to construct and operate the Facilities and LESSEE will hold LESSOR free and harmless from any and all claims arising out of LESSEE'S failure to obtain such licenses, patents, registered or copyrighted machines, materials, methods, or processes.
- K. Before erecting or placing any sign upon the Premises, LESSEE shall submit the design and specifications of such sign to LESSOR for approval, which approval shall not be withheld if such signage is consistent with UTSA's current signage policy or such signage was included in the Plans and Specifications.

Section 7.02. CONSTRUCTION STANDARDS AND LIENS. Any and all improvements to the Premises shall be constructed, and any and all alteration, renovation, repair, refurbishment, or other work with regard thereto shall be performed, in accordance with the following "Construction Standards" (herein so referenced):

- A. All such construction or work shall be performed in a good and worker-like manner in accordance with good industry practice for the type of work in question;
- B. All such construction or work shall be done in compliance with all applicable building codes, ordinances, and other laws or regulations of Governmental Authorities having jurisdiction (the "Building Regulations");
- C. No such construction or work shall be commenced until there shall have been first obtained all licenses, permits, and authorizations, if any, required by all Governmental Authorities having jurisdiction;
- D. LESSEE shall have obtained and shall maintain in force and effect the insurance coverage required in Section 12.03 with respect to the type of construction or work in question; and
- E. After commencement, such construction or work shall be prosecuted with due diligence to its completion.
- F. LESSEE covenants and agrees that any improvements it constructs on the Premises will be constructed and the Premise will be graded in such a way as to drain properly and not be subject to foreseeable flooding. LESSEE shall not be responsible for constructing any storm drainage improvements beyond those necessary to insure that water on the Premises drains properly, nor shall LESSEE be responsible for payment of any costs or

expenses with respect to improving streets or sidewalks adjoining the Premises.

Section 7.03. **PERSONAL PROPERTY.** All Facility Equipment shall be and remain the property of LESSEE, but shall remain subject to the terms of this Lease. Notwithstanding anything contained to the contrary in this Lease, LESSOR shall not have and does hereby expressly waive and relinquish any lien or claim for lien, whether granted by constitution, statute, rule of law, or contract relating to the Facility Equipment, whether located in or about the Premises, or otherwise, for any purpose whatsoever, including securing the payment of Rent.

ARTICLE EIGHT ENCUMBRANCES

Section 8.01. **MORTGAGE OF LEASEHOLD.** At any time and from time to time, LESSEE may mortgage, grant a lien upon, and a security interest in (and assign as collateral) LESSEE'S leasehold estate in the Premises and LESSEE'S other rights hereunder to a Permitted Mortgagee (as defined in this Section 8.01) without the prior consent of LESSOR by the creation or execution of contractual liens, deeds of trusts, mortgages, assignments or similar instruments (individually, a "Permitted Mortgage" and collectively, the "Permitted Mortgages"); provided (a) the debt secured by any Permitted Mortgage is used for the operation, maintenance, repair, construction, or replacement of the Premises, (b) the debt secured by any Permitted Mortgage is used for the payment of sums due under this Lease or otherwise owed to LESSOR, or (c) the debt secured by any Permitted Mortgage is used by the LESSEE to repay the debt secured by prior Permitted Mortgage and other amounts advanced by (or indemnification payments owed to) the Permitted Mortgagee pursuant to the Permitted Mortgage and related to the Facilities. LESSOR recognizes and agrees that the mortgages or deeds of trust described in EXHIBIT "D" shall constitute Permitted Mortgages and the beneficiaries under such Permitted Mortgages (and such beneficiaries' successors and assigns) shall constitute Permitted Mortgagees. Except as specified in the preceding sentence, the term "Permitted Mortgagee" as used in this Lease shall be limited to a savings bank, savings and loan association, commercial bank, trust company, credit union, insurance company, college, university, state or local governmental authority, real estate investment trust, pension fund, and other lenders of substance that are actively engaged in commercial real estate financing, and that have assets in excess of one hundred million dollars (\$100,000,000) at the time the Permitted Mortgage loan is made, and subsidiaries of any of the foregoing that are regularly engaged in the business of making real estate mortgage loans.

Section 8.02. **PERMITTED MORTGAGE PROVISIONS.** Every Permitted Mortgagee to whom LESSEE shall grant a mortgage, pledge, lien or other encumbrance upon LESSEE's leasehold estate hereunder must expressly agree in the loan documents that (i) such mortgage, pledge, lien or other encumbrance upon LESSEE's leasehold estate

hereunder is second, inferior and subordinate to the rights of LESSOR in and to the Land and the Facilities pursuant to the terms of this Lease, (ii) all Notices to LESSEE of any default or defaults of LESSEE under such loan documents or in connection with such loan, including Notice of acceleration of the maturity of the indebtedness, will be given to LESSOR in the manner provided in Section 22.03 hereof as well as to LESSEE (to the extent such Notices are required under the provisions of the applicable Permitted Mortgage) and shall not be effective until so given to LESSOR, (iii) such Permitted Mortgagee will accept a cure of any default under such loan documents by LESSOR, except that LESSOR shall not be required to cure any such default and shall not have a cure period which extends beyond the applicable cure period, if any, as provided to LESSEE in such loan documents, and (iv) all payments so made and all things so done or performed by LESSOR shall be as effective to prevent an acceleration of the maturity of the indebtedness, the foreclosure of any liens securing payment thereof or the exercise of any other remedies by such Permitted Mortgagee upon default by LESSEE thereunder as the same would have been if paid, done or performed by LESSEE instead of by LESSOR. LESSOR shall not be or become liable to any such Permitted Mortgagee as a result of the right and option to cure any such default or defaults by LESSEE.

Section 8.03. MORTGAGEE PROTECTIVE PROVISIONS. LESSOR hereby agrees to the following for the benefit of any holder or beneficiary (individually, a "Permitted Mortgagee" and collectively, the "Permitted Mortgagees") of a Permitted Mortgage:

- A. LESSOR shall not terminate this Lease (or LESSEE'S rights hereunder) for any Event of Default without first advising such Permitted Mortgagee, in writing, of such Event of Default and permitting such Permitted Mortgagee to cure such Event of Default on behalf of LESSEE within thirty (30) days after LESSOR has given Notice to such Permitted Mortgagee. Further, if any Event of Default is not cured within such thirty (30) day period, or any extension thereof agreed to by the LESSOR, and (1) the Permitted Mortgagee shall have given the Notices necessary to commence Foreclosure of the liens of its Permitted Mortgage prior to the expiration of such thirty (30) day period (unless the Permitted Mortgagee is enjoined or stayed from giving such Notices or exercising its right of Foreclosure, in which event such thirty (30) day period shall be extended by the period of such injunction or stay, but such thirty (30) day period shall not be extended for a period of time in excess of 270 days), and (2) the purchaser at the Foreclosure fully cures any Event of Default reasonably susceptible of being cured by the purchaser at the Foreclosure within thirty (30) days after such Foreclosure, then LESSOR will not terminate this Lease (or LESSEE'S rights hereunder) because of the occurrence of such Event of Default provided that Foreclosure is diligently prosecuted. LESSOR shall accept amounts paid or actions taken by or on behalf of any Permitted Mortgagee to cure any Event of Default. Nothing under this Section 8.03.A shall be construed to obligate a Permitted Mortgagee to either cure any

Event of Default or Foreclose the liens and security interests under its Permitted Mortgage as a consequence of an Event of Default or Incipient Default is subsequently cured. If the Permitted Mortgagee or the purchaser at Foreclosure cures all defaults reasonable susceptible of being cured by such Permitted Mortgagee or purchaser, then all other defaults shall no longer be deemed to be defaults hereunder.

- B. Those Events of Default, which by their very nature, may not be cured by the Permitted Mortgagee (as, for example, the bankruptcy of LESSEE) shall not constitute grounds of enforcement of rights, recourse, or remedies hereunder by LESSOR including termination of the Lease, if a Permitted Mortgagee either before or after a Foreclosure of its Permitted Mortgage (1) makes all payments and performs all obligations hereunder capable of being performed by the Permitted Mortgagee and (2) thereafter continues to comply with those provisions of this Lease with which, by their very nature, the Permitted Mortgagee may comply.
- C. If a Permitted Mortgagee enforces the rights and remedies pursuant to the terms of its Permitted Mortgage (including Foreclosure of any liens or security interests encumbering the estates and rights of LESSEE under this Lease) such enforcement shall not constitute an Event of Default or an Incipient Default by LESSEE hereunder.
- D. In the event a Permitted Mortgagee should Foreclose the liens and security interests of its Permitted Mortgage and should, as a result of such Foreclosure, succeed to the rights of LESSEE hereunder, then such Permitted Mortgagee shall be subject to all rights and benefits of this Lease; provided, however, that (1) such Permitted Mortgagee shall not be liable for any act or omission of LESSEE; (2) such Permitted Mortgagee shall not be subject to any offsets or defenses which LESSOR has or might have against LESSEE; (3) such Permitted Mortgagee shall not be bound by any amendment, modification, alteration, approval, consent, surrender, or waiver under the terms of this Lease made without the prior written consent of such Permitted Mortgagee; (4) such Permitted Mortgagee's obligations to pay Percentage Rent shall be limited as set forth in Section 8.02.G; and (5) upon the written request of such Permitted Mortgagee, LESSOR shall reaffirm, in writing, the validity of this Lease, and that this Lease is in full force and effect. LESSOR acknowledges and agrees for itself and its successors and assigns that this Lease does not constitute a waiver by any such Permitted Mortgagee of any of its rights under any Permitted Mortgage or in any way release LESSEE from its obligations to comply with the terms, provisions, conditions, representations, warranties, agreements or clauses of such Permitted Mortgage or any other such security interest.

- E. LESSOR will not agree to a modification, alteration, amendment or the release or surrender of this Lease without the prior written consent of any Permitted Mortgagees.
- F. In the event of the termination of this Lease prior to the Expiration Date, except by a Taking pursuant to Article Seventeen hereof, LESSOR will serve upon any Permitted Mortgagees written Notice that this Lease has been terminated together with a statement of any and all sums which would have at that time been due under the Lease but for such termination and of all other Events of Default or Incipient Defaults, if any, under this Lease then known to LESSOR whereupon the Permitted Mortgagee holding the most senior Permitted Mortgage shall have the option to obtain a new lease of the Premises by giving Notice to LESSOR to such effect within thirty (30) days after receipt by such Permitted Mortgagee of Notice of such termination, which new lease shall be (1) effective as of the date of termination of this Lease, (2) for the remainder of the Term, and (3) at the same Rent and upon all of the agreements, terms, covenants and conditions hereof (subject, however, to any limitations on Percentage Rent applicable pursuant to Section 8.03.G). Upon the execution of such new lease, the LESSEE named therein shall pay any and all sums which at the time of the execution thereof would be due under this Lease but for such termination and shall pay all unpaid expenses, including reasonable attorney's fees, court costs and disbursements incurred by LESSOR in connection with the Event of Default and such termination, the recovery of possession of the Premises and the preparation, execution and delivery of such new lease.
- G. The Permitted Mortgagee or any other Person succeeding to the interests of LESSEE hereunder through a Foreclosure shall be not obligated to pay Percentage Rent from the effective date of Foreclosure until the Permitted Mortgagee has received Net Cash Flow and proceeds from the sale and financing of the Facilities in an amount equal to the Total Imputed Debt. As referenced herein, the "Total Imputed Debt" shall mean the total unpaid principal, interest, reasonable foreclosure costs and reasonable legal fees secured by the Permitted Mortgage, and other amounts which are related to the Facilities advanced by (or indemnification payments owed to) any Permitted Mortgagee pursuant to the Permitted Mortgage, together with interest accrued on such amounts (until such amounts are repaid out of Net Cash Flow or sale and finance proceeds) at the per annum rate of interest on the indebtedness secured by the Permitted Mortgage. If the Permitted Mortgagee or other Person succeeds to the interests of LESSEE hereunder through a Foreclosure following a "Foreclosure and LESSOR Default Occurrence", the Total Imputed Debt shall include any make-whole amounts secured by the Permitted Mortgage. For purposes of this Lease, the term

"Foreclosure and LESSOR Default Occurrence" shall mean a Foreclosure resulting from one or more defaults under the Permitted Mortgage so long as at least one such default shall have occurred by reason of a default by the LESSOR hereunder which shall not have been waived in writing by such Permitted Mortgagee.

- H. All Notices required to be given hereunder by LESSOR to LESSEE shall also be given concurrently to each Permitted Mortgagee, at the address designated in writing to LESSOR.

ARTICLE NINE **MAINTENANCE AND REPAIR**

Section 9.01. UTILITIES. LESSEE shall pay or cause to be paid any and all charges, including any connection fees, for water, heat, gas, electricity, sewers and any and all other utilities used on the Premises throughout the Term.

Section 9.02. USE OF AND REPAIRS TO PREMISES. Throughout the Term of the Lease, LESSEE shall keep all improvements hereafter situated upon the Land, and all appurtenances thereunto belonging, in good and safe condition and in reasonable repair, and LESSEE shall conform to and comply with all applicable ordinances, regulations and laws of all Governmental Authorities.

Section 9.03. CONDITION OF PREMISES. LESSEE shall maintain the Premises in a safe, clean, neat and sanitary condition, attractive in appearance, normal wear and tear, damage caused by casualty or condemnation, temporary destruction for renovation and Force Majeure excepted. LESSOR shall have the right, but not the obligation, at reasonable times to make inspections of the Premises.

Section 9.04. INSPECTION. LESSOR, at LESSOR'S option, shall cause to be made an annual inspection of the Premises to ascertain the quality of maintenance being observed by LESSEE, and shall notify LESSEE in writing of all items of repair or replacement deemed reasonably necessary to maintain the Premises in a presentable and operating condition, with a copy of such Notice being provided to each Permitted Mortgagee entitled to Notices under this Lease. Upon receipt of said Notice, LESSEE shall undertake reasonable corrective action within ninety (90) days.

Section 9.05. ALTERATIONS. LESSEE shall have the right, from time to time, to make additions, alterations and changes (hereinafter sometimes referred to collectively as "Alterations") in or to the Facilities (which term shall, when used in this Section 9.05, include any replacement or substitution therefor), provided that no Event of Default (as defined herein) shall exist by LESSEE in the performance of any of LESSEE's covenants

or agreements in this Lease, subject, however, to the following:

- A. No structural Alterations of the original facade or exterior of the Facilities shall be commenced except after receipt of LESSOR's written approval of such Alterations within thirty (30) days, which approval LESSOR agrees not to unreasonably withhold;
- B. No Alterations shall be made which would impair the structural soundness of the Facilities;
- C. No Alterations shall be undertaken until LESSEE shall have procured and paid for, so far as the same may be required from time to time, all applicable permits, licenses and authorizations of all Governmental Authorities having jurisdiction and all required consents of Permitted Mortgagees having a first priority interest in or lien upon the Premises. LESSOR shall join, but without expense to LESSOR, in the application for such applicable permits, licenses or authorizations whenever such action is necessary and is requested by LESSEE;
- D. Any Alterations shall be commenced and completed within a reasonable time (subject to Force Majeure) and in a good and worker-like manner and in substantial compliance with all applicable permits, licenses and authorizations and buildings laws and with all other applicable laws, ordinances, orders, rules, regulations and requirements of Governmental Authorities;
- E. If any involuntary liens for labor and materials supplied or claimed to have been supplied to the Premises shall be filed, LESSEE shall pay or bond around such liens to LESSOR's reasonable satisfaction or otherwise obtain the release or discharge thereof at least sixty (60) days prior to the time that any interest in the Land and/or Facilities may become subject to forced sale with respect to such involuntary liens;
- F. LESSEE shall obtain workers' compensation insurance covering all persons employed in connection with the development and construction with respect to whom death or bodily injury claims could be asserted against LESSOR, LESSEE or the Premises; and
- G. LESSEE will upon demand by LESSOR give reasonably satisfactory proof or assurances to LESSOR that the funds required to pay for the Alterations are or will be available to LESSEE for such purpose.

Section 9.06. DAMAGE TO IMPROVEMENTS. Subject to the other terms of this Lease, in the event any portion of the Facilities is damaged by fire or otherwise,

regardless of the extent of such damage or destruction, within ninety (90) days following the date of such damage or destruction, LESSEE shall commence the work of repair, reconstruction or replacement of the damaged or destroyed building or improvement and prosecute the same with reasonable diligence to completion, so that the Facilities shall, at the sole expense of LESSEE, be restored to substantially the same size, function and value as the Facilities existing prior to the damage; provided, however, that if any available insurance proceeds (after payment of all or any portion of such insurance proceeds towards amounts owed under any Permitted Mortgage) are insufficient, in the reasonable judgment of LESSEE, to permit restoration in accordance with the terms of this Lease, or if payment of the insurance proceeds is contested or not settled promptly for any reason, then the LESSOR shall grant an appropriate extension of the time for commencing repairs to allow LESSEE to obtain reasonable replacement financing or to obtain the insurance proceeds. If LESSEE shall in good faith be unable to (i) obtain reasonable replacement financing to restore the Facilities to substantially the same size, function, and value as the Facilities existing prior to the damage or (ii) obtain the insurance proceeds, then LESSEE may terminate this Lease by written Notice to LESSOR. In the event of termination under this Section 9.06, this Lease shall terminate ten (10) days after the date of such Notice with the same force and effect as if such date were the date herein fixed for the expiration of the Term, and the Rent shall be apportioned and paid to the time of such termination. All or any portion of the insurance proceeds payable as a consequence of a casualty affecting the Facilities shall be deposited with and disbursed by the Permitted Mortgagee (holding the Permitted Mortgage with the most senior lien priority) in accordance with such Permitted Mortgagee's loan documents or contractual agreements with LESSEE pending the completion of repairs to the Facilities.

ARTICLE TEN **CERTAIN LIENS PROHIBITED**

Section 10.01. **NO MECHANICS' LIENS.** Except as permitted in Section 10.02 hereof, LESSEE shall not suffer or permit any mechanics' liens or materialmen's liens to be enforced against LESSOR'S Interest nor against LESSEE'S leasehold interest in the Premises by reason of a failure to pay for any work, labor, services, or materials supplied or claimed to have been supplied to LESSEE or to anyone holding the Premises or any part thereof through or under LESSEE.

Section 10.02. **RELEASE OF RECORDED LIENS.** If any such mechanics' liens or materialmen's liens shall be recorded against the Premises, LESSEE shall cause the same to be released of record or, in the alternative, if LESSEE in good faith desires to contest the same, LESSEE shall be privileged to do so, but in such case LESSEE hereby agrees to indemnify and save LESSOR harmless from all liability for damages occasioned thereby and shall, in the event of a judgment of foreclosure on said mechanics' lien, cause the same to be discharged and released prior to the execution of such judgment. In the event LESSOR reasonably should consider LESSOR'S interest endangered by any such liens and should so notify LESSEE and each Permitted Mortgagee and LESSEE or any

Permitted Mortgagee should fail to provide adequate security for the payment of such liens, in the form of a surety bond, cash deposit or cash equivalent, or indemnity agreement reasonably satisfactory to LESSOR within thirty (30) days after such Notice, then LESSOR, at LESSOR'S sole discretion, may discharge such liens and recover from LESSEE immediately as net rent under this Lease the amounts to be paid, with interest thereon from the date paid by LESSOR until repaid by LESSEE at the rate of ten percent (10%) per annum.

Section 10.03. MEMORANDUM RECITALS. The Memorandum of Lease to be filed pursuant to Section 22.05 of this Lease shall state that any third party entering into a contract with LESSEE for improvements to be located on the Land, or any other party under said third party, shall be on notice that LESSOR shall have no liability for satisfaction of any claims of any nature in any way arising out of a contract with LESSEE.

ARTICLE ELEVEN OPERATION AND MANAGEMENT OF FACILITIES

Section 11.01. MANAGEMENT AGREEMENTS. LESSEE shall be responsible for the operation of the Premises. LESSEE shall enter into a Management Agreement, satisfactory to the LESSOR Representative, with a manager ("Manager") approved by the LESSOR Representative. LESSOR hereby approves Century Property Management Company as the initial Manager of the Premises for a period of one year commencing on the Date of Opening. Each such Management Agreement shall provide for the operation of the Premises without cost or expense to LESSOR in conformity with all applicable laws and rules, regulations and policies of LESSOR applicable to all housing projects on UTSA's campus. The Management Agreement shall permit the Manager to contract with LESSOR and LESSEE to provide certain services. LESSEE shall cause the Management Agreement to provide that (a) the Manager shall introduce all on-site managers to the Vice President for Business Affairs and the Vice President for Student Affairs at UTSA prior to hiring any such on-site manager, (b) LESSEE can require the Manager to reassign any of Manager's employees if LESSOR requests, provided that such requests shall be on the grounds that such employee is not performing the job, and (c) the Manager shall consider University students when hiring staff at the Premises.

Section 11.02. ADVISORY COMMITTEE.

A. The Annual Budget, the selection of the Manager, and the policies and operating procedures governing the Assigned Occupants, shall be subject to review and approval by the Advisory Committee composed of representatives of LESSOR and LESSEE (the "Committee"). The Committee shall at all times consist of six (6) members, three (3) of whom shall be selected by LESSOR Representative, and three (3) of whom shall be selected by LESSEE. LESSOR and LESSEE may appoint an alternate for each member appointed by it to the Committee who shall have all of the powers of the

Committee member in the event of an absence or inability to serve. LESSOR and LESSEE shall notify the other in writing with respect to the name and address of the persons appointed by each to the Committee. All such Committee appointments shall be at the pleasure of the LESSOR or LESSEE making such appointment. The Committee members of each LESSOR and LESSEE shall be entitled to deal with the Committee members appointed by the other until receipt of written Notice of the appointment of a substitute or successor for such duly appointed Committee member. The Vice President for Business Affairs and the Vice President for Student Affairs shall either serve on the Committee or designate members to represent them on the Committee.

B. The Committee shall meet at least once each quarter at the Premises or at such other location as may be approved by the Committee, (unless such meeting shall be waived by all members thereof) or upon the call of any three (3) members upon five (5) business days' Notice to all members by telephone or telecopy. An agenda for each meeting shall be prepared in advance by the LESSOR and LESSEE in consultation with each other, and each member of the Committee shall receive a copy of the agenda prior to the scheduled time of the meeting. Four (4) members of the Committee shall constitute a quorum provided at least two members present were appointed by LESSEE and two members present were appointed by LESSOR. A concurring vote of at least four (4) members of the Committee shall govern all of its actions. The Committee may act without a meeting if the action is approved in advance in writing by all of the members of the Committee. The Committee shall cause written minutes to be prepared of all actions taken by the Committee and shall deliver a copy thereof to each member of the Committee within seven (7) days following the close of each meeting.

C. After completion of construction of the Facilities, LESSEE shall operate, and cause the Manager to operate, the Facilities under annual budgets (individually, an "Annual Budget" and collectively, the "Annual Budgets") which shall be prepared and submitted by LESSEE to the Committee for approval not later than sixty (60) days prior to the commencement of each Academic Year. Each Annual Budget shall set forth (1) the estimated receipts (including Occupancy Rents) and expenditures (capital, operating, and other) of the Facilities (including the estimated insurance premiums for the Premises), (2) the Reserve Amounts for the period covered thereby, and (3) the Occupancy Rents to be charged for the units in the Facilities (subject to the limitations in Section 15.04.A hereof). Each Annual Budget shall be in such detail as the Committee may reasonably require. If at any time during an Academic Year the amounts set forth in an Annual Budget require adjustment, LESSEE shall submit a revised annual budget to the Committee for approval in accordance with this Section 11.02.

D. If the Committee is unable to reach a decision regarding an Annual Budget (including the Occupancy Rents), then LESSEE shall resolve the deadlock by casting the deciding vote. If the Committee is unable to reach a decision regarding the approval of the Person proposed by LESSEE to be Manager (provided the members appointed by LESSOR have acted reasonable and in good faith), then LESSEE shall propose at least

two other responsible Persons to manage the Premises. The Committee shall select one such Person to manage the Premises. If the Committee is unable to agree on the policies and procedures governing the Assigned Occupants, then LESSOR shall resolve the deadlock by casting the deciding vote.

E. The Committee may, by resolution, delegate its powers, but not its responsibilities, to employees of either LESSOR or LESSEE or to any other Person.

Section 11.03. BOOKS AND RECORDS. The LESSEE shall keep, or cause to be kept, accurate, full and complete books and accounts showing exclusively its assets and liabilities, operations, transactions and the financial condition of the Facilities. All financial statements shall be accurate in all material respects, shall present fairly the financial position and results of the Facilities' operations and shall be prepared in accordance with generally accepted accounting principles consistently applied. The books, accounts and records of the Facilities shall be maintained at the principal office of LESSEE.

Section 11.04. PROMOTION OF FACILITIES. UTSA hereby agrees that it shall cooperate with LESSEE to promote the use of the Facilities by students, faculty, and staff of UTSA and shall take no action which could have an unreasonably adverse impact upon the use or operation of the Facilities. LESSEE agrees it will not use the name, logo, or seal of LESSOR or UTSA without prior written permission of LESSOR Representative.

Section 11.05. AUDITS. LESSOR may, at its option and at its own expense, and during customary business hours, conduct internal audits of the books, records and accounts of the Facilities. Audits may be made on either a continuous or a periodic basis or both, and may be conducted by employees of LESSOR, or by independent auditors retained by the LESSOR, but any and all such audits shall be conducted without materially or unreasonably or unnecessarily interrupting or interfering with the normal conduct of business affairs by the LESSEE. LESSOR covenants with LESSEE to keep the results of any such audits confidential, except as required by rules and regulations of LESSOR and by applicable law. If any audit by LESSOR pursuant to this Section 11.05 reveals that LESSEE underpaid RENT in an amount greater than five (5) percent, LESSEE shall pay the cost of such audit.

ARTICLE TWELVE INSURANCE AND INDEMNIFICATION

Section 12.01. INDEMNITY. LESSEE shall indemnify and hold harmless LESSOR and its successors (the "Indemnified Parties"), from all claims, suits, actions and proceedings ("Claims") whatsoever which may be brought or instituted on account of or growing out of any and all injuries or damages, including death, to persons or property relating to the use or occupancy of the Premises (including without limitation the construction, maintenance or operation of the Facilities), and all losses, costs, penalties, damages and expenses, including but not limited to attorneys' fees and other costs of

defending against, investigating and settling the Claims; provided, however, that the indemnity shall not apply with respect to injuries or damages caused by the negligence or willful misconduct of LESSOR, its agents or employees. LESSEE shall assume on behalf of the Indemnified Parties and conduct with reasonable diligence and in good faith the defense of all Claims against the Indemnified Parties, whether or not LESSEE is joined therein; provided, however, without relieving LESSEE of its obligations under this Lease, the Indemnified Parties, at their election may defend or participate in the defense of any or all of the Claims with attorneys and representatives of their own choosing. Maintenance of the insurance referred to in this Lease shall not affect LESSEE's obligations under this Section 12.01 and the limits of such insurance shall not constitute a limit on LESSEE's liability under this Section 12.01 provided, however, that LESSEE shall be relieved of its aforesaid obligation of indemnity to the extent and only to the extent of the amount actually recovered from one or more of the insurance carriers of LESSEE (or recovered in respect of any insurance carried by LESSOR) and either (i) paid to LESSOR or (ii) paid for LESSOR's benefit in reduction of any liability, penalty, damage, expense or charge imposed upon LESSOR in connection with the Claims. LESSOR covenants and agrees that LESSEE shall have the right to contest the validity of any and all such Claims of any kind or character and by whomsoever claimed, in the name of LESSEE or LESSOR, as LESSEE may deem appropriate, provided that the expenses thereof shall be paid by LESSEE, or LESSEE shall cause the same to be paid by its insurer.

Section 12.02. LESSOR NOT LIABLE. LESSOR shall not be liable for any damage to either persons or property sustained by LESSEE or other persons and caused by any act or omission of any occupant of the Facility, except to the extent provided by the Texas Tort Claims Act.

Section 12.03. INSURANCE. LESSEE shall at all appropriate times maintain, with respect to the Premises, for the duration of this Lease and any extensions thereof, insurance issued by a company or companies qualified, permitted or admitted to do business in the State of Texas in the following types and amounts:

TYPE:	AMOUNT:
(1) Comprehensive General (Public) Liability - to include coverage for the following where the exposure exists:	Combined Single Limit for Bodily Injury and Property Damage in an amount acceptable to the LESSOR Representative, not to exceed \$5,000,000.
(A) Premises/Operations	
(B) Independent Contractors	
(C) Products/Completed Operations	
(D) Personal Injury	

- (E) Contractual Liability
 - (F) Explosion, collapse and underground property damage
- (2) Property Insurance - for physical damage to the property of the LESSEE including improvements and betterments to the Land. Coverage being for 100% of the replacement cost of the Facilities
 - (3) Builder's Risk Insurance - all risk of physical loss during term of the construction contract and until the Facilities are substantially completed. Coverage being for 100% of the replacement cost of the Facilities.
 - (4) Rental Abatement Insurance, if obtainable by LESSEE at reasonable cost.

Section 12.04. LESSOR ADDITIONAL INSURED. LESSEE agrees that with respect to the above required insurance, LESSOR shall:

- A. Be named on the Property Insurance policy and Comprehensive General Liability policy as additional insured/or an insured, as its interest may appear (as long as being so named as a named insured on the Comprehensive General Liability Policy does not jeopardize the validity of such policy or cause an unreasonable increase in the cost thereof). LESSOR agrees to promptly endorse insurance checks or otherwise release insurance proceeds, provided no Event of Default is continuing hereunder. LESSOR shall, regardless of the existence of an Event of Default, promptly endorse insurance checks or otherwise release insurance proceeds payable to (or to be held by) a Permitted Mortgagee in accordance with its Permitted Mortgage.
- B. Be provided with sixty (60) days' advance Notice, in writing, of cancellation or material change in coverage. If any insurance policy provides that the insurer will give such Notice, then LESSEE shall not be obligated to do so with respect to such policy.
- C. Be provided with Certificates of Insurance evidencing the above required insurance at the time the policies are required to be obtained and thereafter with certificates evidencing renewals or replacements of said policies of insurance at least thirty (30) days prior to the expiration or cancellation of any such policies.

Section 12.05. **ADDITIONAL INSURANCE.** LESSOR shall review LESSEE'S required insurance as stated herein at the time of renewal of the said policies or at the time of a material change, and LESSOR reserves the right to require reasonable additional limits or coverages. LESSEE agrees to comply with any such reasonable request by LESSOR.

Section 12.06. **BLANKET POLICIES.** If any blanket general insurance policy of LESSEE complies with the requirements of this Article Twelve, such insurance shall fulfill the requirements set forth herein. At the request of LESSEE, any Permitted Mortgagee may be named as an insured or an additional insured on any policies as its interest may appear.

Section 12.07. **CONTRIBUTORY ACTS.** Whenever in this Lease any party is obligated to pay an amount or perform an act because of its negligence or willful misconduct (or that of its agents, employees, contractors, guests, or invitees), such obligations shall be mitigated to the extent of any contributory negligence or willful misconduct of the other party (or that of its agents, employees, contractors, guests, or invitees), and in any disputes damages shall be apportioned based on the relative amounts of such negligence or willful misconduct.

ARTICLE THIRTEEN TERMINATION, DEFAULT AND REMEDIES

Section 13.01. **EVENTS OF DEFAULT.** Any one of the following events shall be deemed to be an "Event of Default" by LESSEE under this Lease.

- A. LESSEE shall fail to pay any sum required to be paid under the terms and provisions of this Lease and such failure shall not be cured within thirty (30) days after receipt of written Notice from LESSOR of such failure.
- B. The Taking by execution of LESSEE'S leasehold estate for the benefit of any Person other than a Permitted Mortgagee or purchaser at a Foreclosure.
- C. LESSEE shall fail to perform any other covenant or agreement, other than the payment of money, to be performed by LESSEE under the terms and provisions of this Lease and such failure shall not be cured within [~~ninety (90)~~thirty (30)] days after receipt of written Notice from LESSOR of such failure; provided that if, during such [~~ninety (90)] thirty (30)~~ day period, LESSEE takes action to cure such failure but is unable, by reason of the nature of the work involved, to cure such failure within such period and continues such work thereafter diligently and without unnecessary delays, such failure shall not constitute an Event of Default hereunder until the

expiration of a period of time as may be reasonably necessary to cure such failure.

- D. The filing of a petition for relief against LESSEE, as debtor, under the Federal Bankruptcy Code, as now or hereafter constituted, or any other applicable federal or state law of similar import, or the entry of a decree or order by a court having jurisdiction over the Premises appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator, or other similar official of or for LESSEE or any substantial part of the properties of LESSEE or ordering the winding up or liquidation of the affairs of LESSEE, and the continuance of any such decree or order unstayed and in effect for a period of [~~ninety (90)~~] thirty (30) consecutive days.
- E. The commencement by LESSEE of a voluntary case under the Federal Bankruptcy Code, as now or hereafter constituted, or any other applicable federal or state law of similar import, or the consent or acquiescence by LESSEE to the commencement of a case under such Code or law or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator, or other similar official of or for LESSEE or any substantial part of the properties of the LESSEE.

Section 13.02. COMPLETION BY PERMITTED MORTGAGEE. Except for delays caused by Force Majeure, if (a) the Commencement of Construction does not occur on or before December 31, 1991, or (b) after the Commencement of Construction and prior to the substantial completion of the Facilities, LESSEE abandons (with no intent to continue) construction of the Facilities for a period of forty-five (45) consecutive days, then LESSOR may by written Notice to the Permitted Mortgagee require said Permitted Mortgagee to affirm by written Notice to LESSOR within thirty (30) days of receipt by said Permitted Mortgagee of such Notice from LESSOR that such Permitted Mortgagee intends to use its best efforts to pursue applicable remedies which will result in its causing the completion of the Facilities. If said Permitted Mortgagee fails to give such affirmation or thereafter by written Notice abandons such intent, the failure of the Commencement of Construction to occur or other ceasing of such construction for said forty-five (45) day period (as applicable) shall be an "Event of Default" by LESSEE hereunder and LESSOR may exercise its remedies under this Lease on account thereof. This provision is in addition to the payment and performance bond requirements set forth in this Lease.

Section 13.03. RIGHT TO EXPEL. The Permitted Mortgagee shall have the right to expel LESSEE upon the occurrence of an Event of Default and assume the position of LESSEE with all rights and duties under this Lease.

Section 13.04. LESSOR'S RIGHTS UPON DEFAULT. Subject to the rights of the Permitted Mortgagees under Article Eight, upon the occurrence and during the continuance of an Event of Default, LESSOR may at its option declare this Lease and all

rights and interests created by it to be terminated, may seek any and all damages occasioned by the Event of Default, or may seek any other remedies available at law or in equity.

Section 13.05. **RIGHT TO RELET PREMISES.** Upon LESSOR'S exercise of the election to terminate this Lease, LESSOR may take possession of the Premises and relet the same for the remainder of the Term upon such terms as LESSOR is able to obtain for the account of LESSEE, who shall make good any deficiency as such occurs. Any termination of this Lease as herein provided shall not relieve LESSEE from the payment of any sum or sums that shall then be due and payable to LESSOR hereunder, or any claim for damages then or theretofore accruing against LESSEE hereunder, and any such termination shall not prevent LESSOR from enforcing the payment of any such sum or sums or from claiming damages by any remedy provided for by law, or from recovering damages from LESSEE for any Event of Default.

ARTICLE FOURTEEN **IMPROVEMENTS**

Section 14.01. **TITLE TO IMPROVEMENTS.** Upon the completion of construction of the Facilities, title to the Facilities (all buildings erected and all alterations, additions, attached fixtures or improvements made upon the Land) shall vest completely in LESSOR, subject to LESSEE'S rights hereinafter set forth:

- A. Subject to subparagraph B hereof, all furniture, fixtures, equipment and furnishings permanently affixed to the Premises (other than Facility Equipment) shall become the property of LESSOR upon termination of this Lease whether such termination be by expiration of the Term or an earlier termination under any provision of this Lease.
- B. LESSEE shall have the right, within forty-five (45) days after the termination of this Lease, whether such termination be by the expiration of the Term or an earlier termination under any provision of this Lease, to remove from the Premises all of the Facility Equipment; provided that, if any of LESSEE'S property remains in or on the Premises after forty-five (45) days following termination of this Lease and no renewal agreement has been executed, the property that remains shall be deemed to have become the property of LESSOR, and may be disposed of as LESSOR sees fit without liability to account to LESSEE for the proceeds of any sale or other disposition thereof.

Section 14.02. **LESSOR'S OPTION TO REQUIRE DEMOLITION.** LESSOR shall have the option to require LESSEE to demolish the Facilities and clear the Land of all rubble and debris at LESSEE'S sole cost and expense upon the occurrence of either (i)

the "Abandonment" (as hereinafter defined) of the Facilities by LESSEE, or (ii) the expiration of the Term of this Lease as it may be amended or modified from time to time, provided that:

- A. LESSOR has not exercised its option to purchase the LESSEE'S interest in the Premises after approval by the Texas Higher Education Coordinating Board, its successor in function, and any other agency of the State of Texas from which approval is then required, as provided in Section 14.03; or
- B. LESSEE has not donated its interest in the Premises to LESSOR (subject to LESSOR'S acceptance, after approval by the Texas Higher Education Coordinating Board, its successor in function and any other agency of the State of Texas from which approval is then required); or
- C. LESSEE and LESSOR have not entered into an extension or a renewal of this Lease or an amendment to this Lease upon terms and conditions acceptable to LESSEE and LESSOR which gives LESSEE the right to lease the Premises for a period of time beyond the expiration of the Term.

As used herein, the term "Abandonment" shall mean (i) LESSEE's voluntary surrender of the Premises to LESSOR prior to the expiration of the Term, or any extension or renewal thereof, which surrender, if there shall then be a Permitted Mortgage, shall have been consented to by each such Permitted Mortgagee, including any termination of this Lease by LESSEE pursuant to Section 9.06 hereof or, (ii) LESSEE's failure to operate the Facilities as provided under Section 4.01 for a period of at least two (2) consecutive years measured from and after the last date permitted hereby for Commencement of Construction and disregarding periods of Force Majeure; provided, however, that LESSEE shall not be deemed to have Abandoned the Facilities for the purposes of this Section 14.02, if LESSOR shall have given each Permitted Mortgagee Notice of such Abandonment and thereafter if any holder of a Permitted Mortgagee exercises its rights under Section 8.03 hereof to succeed to LESSEE's leasehold interest created hereunder or to enter into a new lease of the Premises as if such Abandonment constituted an Event of Default hereunder.

LESSOR shall give LESSEE and each Permitted Mortgagee written Notice of its exercise of such option no later than sixty (60) days after the occurrence of either (i) the Abandonment of the Facilities by the LESSEE as hereinabove defined, or (ii) the expiration date of the Term if none of the events specified in Subparagraphs (a), (b) and (c) have occurred. If LESSOR fails to give such Notice within such time period, LESSOR shall be deemed to have waived its option to have LESSEE demolish the Facilities. Upon receipt of such Notice, provided it is given within the time periods required hereby, LESSEE shall demolish the Facilities and clear the Land within ninety (90) days.

The obligation of LESSEE to demolish the Facilities as set forth in this Section

14.02 constitutes a covenant running with the Premises and shall terminate with respect to LESSEE, upon the sale, transfer, or assignment of this Lease or any conveyance of the LESSEE'S interest in the Facilities. The obligation to demolish the Facilities shall be binding upon any transferee, assignee or purchaser of this Lease and Lessee's interest in the Premises.

Section 14.03. LESSOR'S OPTION TO PURCHASE FACILITIES. LESSOR shall have the right to purchase LESSEE'S leasehold estate in the Premises at any time for an amount ("Purchase Price") equal to the lesser of (a) the fair market value (as determined in accordance with the procedures set forth in Section 17.05 below) of LESSEE'S leasehold estate determined as though this Lease was in effect, but in no event less than the aggregate of all the debt and other amounts relating to the Premises secured by Permitted Mortgages or (b) the sum of (1) the aggregate of all outstanding debt secured by Permitted Mortgages and other amounts advanced by (or indemnification payments owed to) the Permitted Mortgagee pursuant to the Permitted Mortgage and related to the Facilities, (2) the sum of all monetary contributions of LESSEE for the operation, maintenance, repair, construction or replacement of the Facilities, and (3) the present value of the net distributable cash flow from the Facilities for the portion of the Term remaining after the closing of the purchase (the present value of the net distributable cash flow has been calculated based upon EXHIBIT "E" attached hereto and is represented in the far right hand column called "Purchase Price of Subsequent Cash Flows"). If LESSOR exercises its purchase option under this Section 14.03 subsequent to a Foreclosure of a Permitted Mortgage, the Total Imputed Debt shall be treated as "debt secured by a Permitted Mortgage" for purposes of calculating the Purchase Price. By way of illustration and without limitation, if LESSOR exercises its right to purchase in year seven (7) and if (1) the aggregate of all outstanding debt secured by Permitted Mortgages is equal to \$5,938,115, and (2) the sum of all monetary contributions of LESSEE is equal to \$200,000, then the Purchase Price pursuant to this Section 14.03 above shall be \$8,717,243 (i.e., the sum of \$5,938,115; \$200,000 and \$2,579,128). If LESSOR exercises its purchase option (x) within the first ten (10) years of the Term, then LESSOR must either assume all liabilities of LESSEE with respect to the debt secured by Permitted Mortgages at the time of the purchase or (to the extent the Permitted Mortgagee permits a prepayment of the debt) pay any amounts due on prepayment required to be paid in order to repay such debt or (y) after the first ten (10) years of the Term, then LESSOR must pay any amounts due on prepayment required to be paid to prepay any debt secured by Permitted Mortgages. If a Permitted Mortgage does not survive such purchase by LESSOR pursuant to the previous sentence, the purchase proceeds shall be applied first to discharge the Permitted Mortgage at the closing of the purchase, and the balance of the purchase price shall be paid to LESSEE. If such purchase by LESSOR is subject to approval of the Coordinating Board, such approval shall be obtained prior to the exercise by LESSOR of its purchase option. Such option to purchase must be exercised by LESSOR by providing written Notice to the LESSEE of LESSOR'S intent to exercise such option not later than seventy-five (75) days prior to the closing date of such purchase. At the closing of such purchase LESSOR shall pay the Purchase Price in cash

to LESSEE (except any portion of the Purchase Price to be applied to discharge a Permitted Mortgage), and LESSEE and LESSOR shall execute, acknowledge and deliver to the other and to the Permitted Mortgagees such instruments of conveyance, bills of sale, assumption and release agreements and other instruments as are reasonably necessary to accomplish the purchase pursuant to this Section 14.03 (and as are reasonably satisfactory in form and substance to the Permitted Mortgagees). This Lease shall terminate upon the closing such purchase, on the condition that such termination does not adversely affect the rights of any Permitted Mortgagee under any Permitted Mortgage that survives LESSOR'S purchase in accordance with this Section 14.03. LESSOR may not exercise its rights under this Section 14.03 after LESSOR has received Notice from LESSEE of an Offer under Section 14.04, for so long as such Offer remains outstanding. Notwithstanding the preceding sentence, LESSOR'S right to exercise its option to purchase under this Section 14.03 shall be revived upon the expiration of one hundred and eighty (180) days after LESSOR'S receipt of Notice of an Offer under Section 14.04, unless one of the following events has occurred: (i) LESSOR has exercised its right of first refusal and elected to consummate a purchase on the terms described in the Offer, in accordance with Section 14.04; or (ii) LESSEE has consummated an Offer to purchase with a third party Offeror, in accordance with Section 14.04.

Section 14.04. LESSOR'S RIGHT OF FIRST REFUSAL.

A. In the event LESSEE shall receive from a third party (the "Offeror") other than a Permitted Assignee a bona fide offer (the "Offer") in writing, signed by the Offeror, and accompanied by a certified or bank cashier's check for ten percent (10%) of the purchase price offered as a deposit with respect thereto, for the purchase for cash, or partly in cash and partly by assumption of or subject to existing indebtedness, on a date not less than one hundred twenty (120) days, nor more than one hundred eighty (180) days, from the date of the Offer, of the LESSEE'S entire interest in the Premises and the Leasehold estate created hereby, then LESSEE shall, if it wishes to accept the Offer, promptly forward a true copy thereof to the LESSOR.

B. LESSOR shall have ninety (90) days after receipt of the Offer within which to notify LESSEE in writing whether LESSOR will recommend the consummation of the purchase described in the Offer to the Coordinating Board. If LESSOR informs LESSEE that LESSOR will not recommend the consummation of such purchase to the Coordinating Board, LESSEE may (subject to the limitations set forth in Section 18.01 hereof) consummate such purchase on the same terms and conditions as set forth in the Offer. If LESSOR informs LESSEE that LESSOR will recommend the consummation of the purchase described in the Offer to the Coordinating Board, then LESSOR shall submit the Offer to the the Coordinating Board at the Coordinating Board's next scheduled meeting. If the Coordinating Board disapproves LESSOR'S consummation of the purchase described in the Offer, then LESSEE may (subject to the limitations set forth in Section 18.01 hereof) consummate such purchase on the same terms and conditions as set forth in the Offer. If the Coordinating Board approves the consummation of the

purchase described in the Offer and if LESSOR does not elect to consummate the purchase described in the Offer by delivering written Notice thereof to LESSEE no later than ten (10) days after the Coordinating Board approval is granted, then LESSEE may (subject to the limitations set forth in Section 18.01 hereof), no later than one hundred-eighty (180) days after LESSOR'S receipt of the Offer, consummate such purchase on the same terms and conditions as set forth in the Offer. If LESSOR elects not to consummate a purchase as set forth in an Offer, then LESSOR shall (at LESSEE'S request) execute and acknowledge a certificate indicating the waiver of the right of first refusal with respect to such Offer. If LESSOR timely exercises its right of first refusal by delivering the written exercise notice in accordance with this Section 14.04, then LESSOR shall, within one hundred twenty-five (125) days after the exercise of its right of first refusal, purchase LESSEE'S interest in the Premises and the leasehold estate created hereby in accordance with the terms and conditions set forth in the Offer. If LESSOR fails to consummate the Offer after exercising its right of first refusal, LESSEE shall be entitled to a payment from LESSOR in an amount equal to _____ percent (____%) of the purchase price set forth in the Offer as liquidated damages and shall be entitled to sell LESSEE'S interest in the Premises and assign its leasehold estate free of LESSOR'S right of first refusal. Notwithstanding the foregoing provision of this Section 14.04, LESSEE shall be entitled to convey its interests in the Premises and assign its rights under this Lease to any Permitted Assignee free of LESSOR'S right of first refusal and without complying with the requirements of this Section 14.04; however, such Permitted Assignee shall be bound by the requirements of this Section 14.04 and Section 18.01 regarding an assignment of its rights under this Lease except for a sale to another Permitted Assignee.

Section 14.05. LESSEE'S RIGHT OF FIRST REFUSAL FOR ADDITIONAL APARTMENT IMPROVEMENTS. For and in consideration of the sum of Ten and No/100 Dollars (\$10.00) cash in hand paid by the LESSEE to LESSOR, the receipt and sufficiency of which are hereby acknowledged by LESSOR, LESSOR, for itself, its successors and assigns, does hereby covenant and agree with LESSEE, that if at any time and from time to time, prior to the expiration or earlier termination of this Lease, and any renewal or extension hereof, LESSOR desires to have one or more additional apartments constructed, at the cost and expense of any lessee, on a tract of real property leased out of the campus of The University, which shall be subject to a lease with such lessee similar to this Lease, LESSOR shall be obligated to give LESSEE written Notice of such desire specifying therein the "Date of Opening of Additional Apartments" (which, in no event shall be less than eighteen (18) months after the date of such Notice) required by LESSOR for such additional apartment or apartments. Such Notice shall offer to LESSEE the right to obtain a lease from LESSOR of the additional premises on which such additional apartment or apartments are to be constructed by LESSEE, which lease shall be substantially on the same terms and subject to substantially the same provisions and requirements as this Lease, except as otherwise stated in this Section 14.05, with LESSOR or agreeing to discharge the same obligations with respect to each such additional apartment as LESSOR is obligated to provide hereunder or under any management agreement then in effect with respect to the original Facilities. Following receipt of such written Notice from

LESSOR, LESSEE shall have one hundred eighty (180) days within which to accept LESSOR'S offer by giving written Notice of its acceptance of such offer within such period of time. Thereafter, the lease of the additional premises shall be closed as promptly as practicable after acceptance by LESSEE. If LESSEE fails to timely exercise such right to lease the additional premises within the time period stated, LESSOR shall then have the right, at any time within one hundred eighty (180) days after expiration of such one hundred eighty (180) day period to lease such additional premises to any other person; however, any leasing of such additional premises after such date, as well as the leasing of any additional premises for apartment use while this Lease remains in effect must again be offered to LESSEE upon said terms and provisions as above stated. Any lease of an additional premises pursuant to this Section 14.05 (i) shall be for a term of years commencing no less than twelve (12) months (unless a shorter period shall have been agreed to by LESSEE) prior to the Date of Opening of Additional Apartments constructed thereon and expiring on the date which is thirty-five (35) calendar years from the Date of Opening of Additional Apartments; and (ii) the provisions of Section 14.03 shall be revised to provide LESSOR the right to purchase the facilities constructed on such additional premises for a purchase price determined in accordance with Section 14.03.

Section 14.06. APARTMENTS CONSTRUCTED BY LESSOR. Nothing in Section 14.05 or elsewhere in this Lease shall be construed to restrict or prohibit LESSOR from undertaking at any time at its own cost and expense the construction of one or more apartments on the campus of the The University of Texas at San Antonio.

ARTICLE FIFTEEN OCCUPANCY AGREEMENT

Section 15.01. SEMESTER DEFINED. As referenced herein, (a) "Fall Semester" shall mean the fall academic term of UTSA commencing during the month of August and ending during the month of December, (b) "Spring Semester" shall mean the spring academic term of UTSA commencing during the month of January and ending during the month of May, and (c) "Summer Session" shall mean the summer academic term of UTSA commencing during the month of June and ending during the month of August. The Fall Semester, Spring Semester, and Summer Session are collectively referred to herein as "Semesters" and individually referred to herein as a "Semester".

Section 15.02. ASSIGNMENT OF ON-CAMPUS OCCUPANTS TO THE FACILITIES. LESSEE hereby agrees that it will restrict the leasing of apartment units in the Facility in accordance with the conditions set forth in this Section 15.02 (herein referred to as the "Leasing Restrictions"). LESSEE shall restrict the leasing of apartment units to the students, faculty, staff and guests of The University and any other person who is employed by or attends classes at the The University (herein individually referred to as a "University Related Person" and collectively as "University Related Persons"). From and after the date which is twelve (12) calendar months from the Date of Opening (previously

defined), should the Occupancy Level (hereinafter defined) of the Facilities fall below eighty-five percent (85%) for two (2) consecutive calendar months, the Leasing Restrictions set forth in the preceding sentence pertaining to the leasing of apartment units shall be lifted and LESSEE shall be allowed to lease apartment units in the Facilities to such other or additional persons as LESSEE shall elect, provided that the term of any lease entered into with a tenant who is not a University Related Person shall not extend beyond the date which is five (5) days prior to the date upon which the Fall Semester begins. As used herein, the term "Occupancy Level" shall refer to the aggregate number of units in the Facilities (expressed as a percentage of the total number of apartment units in the Facilities) which are subject to written lease agreements under which the occupants are currently paying rent in accordance with the terms of such lease agreements. The Leasing Restrictions above in this Section 15.02 shall also be lifted after the Foreclosure of a Permitted Mortgage and the expiration of twelve (12) calendar months from the Date of Opening should the Occupancy Level of the Facilities fall below eighty-five percent (85%) for two (2) consecutive months the Permitted Mortgagee or the lessee under a new lease shall be allowed to lease apartment units in the Facility to such other or additional persons as the Permitted Mortgagee or the lessee under a new lease may elect. During any period of time that the Leasing Restrictions are not applicable to the Facilities, Permitted Mortgagee, LESSEE or a lessee under a new lease, as applicable, shall (i) use its good faith reasonable efforts to lease apartment units in the Facilities to University Related Persons and shall give preference to any University Related Person desiring to lease an apartment unit in the Facilities over any other person so long as the The University Related Person meets all of the other criteria then in effect applicable to all prospective occupants of the Facilities and (ii) use its good faith reasonable efforts, to the extent practical, to segregate those occupants of the Facilities who are University Related Persons from those occupants in the Facilities who are not University Related Persons. The preceding sentence shall not require LESSEE, Permitted Mortgagee, or a lessee under a new lease, to require that any existing occupants within the Facilities vacate a particular apartment unit and relocate to another apartment unit. Should the Occupancy Level of the Facilities ever rise to or exceed eighty-five percent (85%) for two (2) consecutive calendar months during the period of time that the Leasing Restrictions are lifted, at the expiration of the calendar month during which the Occupancy Level of the Facilities meets or exceeds eighty-five percent (85%) for the previous two (2) consecutive calendar months, the Leasing Restrictions will again be imposed upon the Facilities, subject to being lifted in accordance with the terms and provisions of this Section 15.02.

Section 15.03. OCCUPANCY RENTS; CAMPUS HOUSING CONTRACTS.

A. The Manager shall charge Occupancy Rents to Assigned Occupants for the Facilities at the rates set forth in the Annual Budget. Notwithstanding anything contained in this Lease to the contrary, LESSEE shall be entitled to adjust the Occupancy Rents to equal rents (1) charged for other housing projects on UTSA's campus comparable to the Facilities, or (2) charged for other comparable housing projects located in Bexar County. Any proposed increase in Occupancy Rents shall be submitted to the Vice President for

Business Affairs as a part of an Annual Budget or a revised Annual Budget for approval.

B. At least forty-five (45) days prior to the commencement of the first Academic Year during the Term, the Manager shall provide UTSA with the form of housing contract (the "Campus Housing Contract") prepared by the Manager for execution by all On-Campus Occupants to occupy space in the Facilities (the "Assigned Occupants"). The Manager shall be entitled to amend the form of Campus Housing Contract from time to time, in which event the Manager shall deliver the amended form to The University.

Section 15.04. **CAMPUS OCCUPANCY REPORTS.** Not more than thirty (30) days after the commencement of each Semester during the Term, LESSEE shall deliver to LESSOR the Campus Occupancy Report for such Semester, which shall set forth the following:

A. A reconciliation of all On-Campus Occupants for the applicable Semester (including a listing of the name and address of each On-Campus Occupant, those On-Campus Occupants who are First Priority Occupants or New Occupants, the housing facilities to which all of such On-Campus Occupants have been assigned for the applicable Semester, and such other information regarding each On-Campus Occupant reasonably requested by LESSEE or the Permitted Mortgagees);

B. A schedule showing the amounts of (1) the prepaid Occupancy Rents and security deposits received by Manager from the Assigned Occupants, (2) the Occupancy Rents to be paid by the Assigned Occupants for the remainder of the applicable Semester, and (3) the Occupancy Rents charged for other housing located on the campus; and

C. Such other information or documents as LESSEE (or the Permitted Mortgagees) shall reasonably request in order for LESSEE (and the Permitted Mortgagees) to verify the assignment of the On-Campus Occupants to the Facilities by the Manager.

Section 15.05. **EXAMINATION AND AUDIT.** All of the books and records of the Facilities relating to the information included in each Campus Occupancy Report (the "Occupancy Records") shall be maintained in the administrative office of the Manager located on the The University's campus for a period of at least three (3) years after the end of the Academic Year to which the Occupancy Records pertain. LESSEE, the Permitted Mortgagees, and their representatives shall have the right to audit the Occupancy Records during business hours in a location in San Antonio, Texas designated by Century Property Management for the purpose of confirming the matters set forth in each Campus Occupancy Report. The cost of such audit shall be borne by LESSEE (or the Permitted Mortgagees, as applicable).

Section 15.06. LEASING TO OTHER PERSONS. Notwithstanding anything contained in Section 15.02 to the contrary, after a Foreclosure and LESSOR Default Occurrence, if any units in the Facilities remain unleased upon the commencement of the Fall Semester (or become unleased at any subsequent time during the remainder of such Academic Year), then the Permitted Mortgagee or other Person succeeding to the interests of LESSEE hereunder through a Foreclosure shall be entitled to lease such unleased units (for a term of no longer than 12 months) to any Persons, including those not affiliated with LESSOR, until the Permitted Mortgagee recovers its Total Imputed Debt (including any make-whole amounts) and the Permitted Mortgagee may charge whatever rent rates the Permitted Mortgagee desires for such unleased units; however, the rent rates charges to Persons not affiliated with LESSOR may not be any less than Occupancy rent being charged to On-Campus Occupants. Thus, if the Permitted Mortgagee desires to charge rent rates less than the prevailing Occupancy Rents, the Permitted Mortgagee must decrease the Occupancy Rents to equal such lower rent rates. After the Permitted Mortgagee recovers its Total Imputed Debt (including any make-whole amounts), this Section 15.06 shall no longer have any force or effect and the Permitted Mortgagee's or such other Person's right to lease unleased units to Persons not affiliated with LESSOR shall be governed by Section 15.02.

ARTICLE SIXTEEN DEFAULT BY LESSOR

Section 16.01. LESSOR DEFAULTS. If LESSOR fails to perform any of the obligations or covenants of LESSOR under this Lease, LESSEE shall be entitled to enforce any one or more of the following rights and remedies:

- A. LESSEE shall be entitled to cease paying all Rent and other amounts owed to LESSOR under this Lease;
- B. LESSEE shall be entitled to require LESSOR to specifically perform its obligations under this Lease or restrain or enjoin LESSOR from continuing the activities that constitute the default of LESSOR; and
- C. LESSEE shall be entitled to exercise all other rights and remedies available to LESSEE under this Lease or otherwise available to LESSEE at law or in equity as a consequence of the LESSOR'S default.

Section 16.02. RIGHTS OF LESSEE CUMULATIVE. All rights and remedies of LESSEE provided for in this Lease shall be construed and held to be cumulative, and no single right or remedy shall be exclusive of any other which is consistent with the former. LESSEE shall have the right to pursue any or all of the rights or remedies set forth herein, as well as any other consistent remedy or relief which may be available at law or in equity, but which is not set forth herein. No waiver by LESSEE of a breach of any of the

covenants, conditions or restrictions of this Lease shall be construed or held to be a waiver of any succeeding or preceding breach of the same or of any other covenant, condition or restriction herein contained. The failure of LESSEE to insist in any one or more cases upon the strict performance of any of the covenants of this Lease, or to exercise any option herein contained, shall not be construed as a waiver or relinquishment of future beaches of such covenant or option.

ARTICLE SEVENTEEN CONDEMNATION

Section 17.01. CONDEMNATION OF ENTIRE PREMISES. Upon the permanent Taking of the entire Premises, this Lease shall terminate and expire as of the date of such Taking, and both LESSEE and LESSOR shall thereupon be released from any liability thereafter accruing hereunder. LESSEE and the Permitted Mortgagee shall each receive Notice of any proceedings relating to a Taking and shall each have the right to participate therein.

Section 17.02. PARTIAL CONDEMNATION. Upon a temporary Taking or a Taking of less than all of the Premises, LESSEE, at its election, may terminate this Lease by giving LESSOR Notice of its election to terminate at least sixty (60) days prior to the date of such termination if LESSEE reasonably determines that the Premises cannot be economically and feasibly used by LESSEE for its intended purposes. Upon any such termination, the Rent accrued and unpaid hereunder shall be apportioned to the date of termination.

Section 17.03. PAYMENT OF AWARDS. Upon the Taking of all or any portion of the Premises (a) LESSEE shall be entitled (free of any claim by LESSOR) to the Award for the value of its interest in the Premises and its rights under this Lease and damages to any of its other property together with any other compensation or benefits specifically awarded to LESSEE'S business; and (b) LESSOR shall be entitled (free of any claim by LESSEE) to the Award for the value of LESSOR'S Interest (such value to be determined as if this Lease were in effect and continuing to encumber LESSOR'S Interest).

Section 17.04. REPAIR AFTER CONDEMNATION. Should a Taking occur that does not result in termination as provided by Sections 17.01 or 17.02, LESSEE, at its expense, shall commence and proceed with reasonable diligence to repair or reconstruct the Facilities to a complete architectural unit or units, including temporary repairs, changes and installation required to accommodate Assigned Occupants and all other work incidental to and in connection with all the foregoing. Any and all such repairs or reconstruction shall be subject to prior reasonable approval of The University. Notwithstanding the foregoing provisions of this Section 17.04, if the Award payable as a consequence of a Taking (after payment of all or any portion of such Award towards amounts owed under any Permitted Mortgage) is insufficient, in the reasonable judgment

of LESSEE, to permit such restoration, then LESSEE, with the prior written approval of the Permitted Mortgagee a copy of which approval must be delivered to LESSOR, may terminate this Lease by written Notice to LESSOR. All or any portion of the Award payable to LESSEE as a consequence of a Taking affecting the Premises shall be deposited with and disbursed by the Permitted Mortgagee (holding the Permitted Mortgage with the most senior lien priority) pending the completion of the restoration of the Premises. In the event of termination under this Section 17.04, this Lease shall terminate ten (10) days after the date of such Notice with the same force and effect as if such date were the date herein fixed for the expiration of the Term, and the Rent shall be apportioned and paid at the time of such termination.

Section 17.05. APPRAISAL. LESSEE and LESSOR shall each nominate one Person deemed by them, respectively, to be fit, reputable and impartial to appraise and determine the unresolved matter. The nomination must be in writing and must be given each party to the other within fifteen (15) days after the aforesaid thirty (30) day period. If only one party shall so nominate an appraiser within such fifteen (15) day period, the other party may then nominate an appraiser by written Notice to the other party given within ten (10) days after its receipt of the nomination of the other party. If only one party shall nominate an appraiser within the periods referred to above, then that appraiser shall have the power to act alone, and the appraiser's decision as to value or such other matters made in accordance with the provisions hereof shall be binding on both parties. The two Persons so nominated and appointed as appraisers by the parties shall be requested to appraise the Facilities or other matter submitted to them within thirty (30) days after the second of them shall be nominated. If the lower of the two values so determined by them is within ten percent (10%) less than the higher value, then such two appraisers shall appoint a fit, reputable and impartial person to be umpire between them, if they can agree upon such Person. However, if they cannot agree on an umpire within ten (10) days after the expiration of the aforesaid thirty (30) day period for agreement between them (as determined in accordance with the terms hereof), then either party may apply to the Chief District Judge of the United States District Court for the Western District of Texas (or successor judge exercising similar functions) to appoint a fit, reputable and impartial Person, who shall then be umpire, but if such Chief Judge (or successor) shall fail or refuse to act within thirty (30) days of application to such Chief Judge then either party may apply to any court having jurisdiction for the appointment of such umpire. The appraisers and any umpire shall be members of The Appraisal Institute. The following written decisions shall be conclusive and binding on the parties: the decision of one appraiser if either party shall fail to appoint its appraiser as hereinabove provided; the decision of the two appraisers prior to appointment of the umpire; and the decision of a majority of the two appraisers and the umpire. The two appraisers and umpire shall serve their written decision upon the parties hereto within sixty (60) days after the selection of such umpire, provided the two appraisers may extend that period once up to sixty (60) days by joint Notice to the parties hereto. Each party shall bear the expense of its own appraiser, but the fees and expenses of the umpire shall be shared equally. In no event shall the appraisers have the right or power to vary the terms of this Lease. In

determining the value of LESSEE'S interest in the Premises, the appraisers and umpire (if any) shall assume that this Lease is in full force and effect and that LESSOR is obligated to continue performing its obligations under this Lease for the remainder of the Term, including its obligations under Article Fifteen.

ARTICLE EIGHTEEN

ASSIGNMENT, SUBLETTING, AND TRANSFERS OF LESSEE'S INTEREST

Section 18.01. ASSIGNMENT BY LESSEE

- A. At any time after the Date of Opening, LESSEE may sell or assign LESSEE'S leasehold estate created by this lease and the other rights of LESSEE hereunder to any Permitted Assignee without the consent of LESSOR.
- B. LESSEE is not authorized to sell or assign LESSEE'S leasehold estate in its entirety or for any portion of the unexpired Term (other than a sale or assignment to a Permitted Assignee) without first obtaining the consent of LESSOR, which consent will not be unreasonably withheld or delayed and any such assignment made or given without first obtaining LESSOR'S consent shall be null and void. LESSOR hereby agrees that its decision to approve or disapprove a proposed assignee or purchaser of the LESSEE'S interest in the Premises and leasehold estate created hereby shall be based solely upon the financial strength and managerial capabilities of such proposed assignee or purchaser.

Section 18.02. SUBLETTING. Except for subleases to Assigned Occupants and except as otherwise set forth in this Lease, including Section 15.06, LESSEE is not authorized to sublet the leasehold estate without the LESSOR'S prior written consent. A sublease to any Person for the purpose of providing laundry services to the Facilities shall be deemed approved by LESSOR.

Section 18.03. APPLICATION TO PERMITTED MORTGAGES. Nothing contained in this Article Eighteen shall be construed to apply to or otherwise limit the rights of LESSEE to mortgage (or assign for collateral) its leasehold estate and other rights under this Lease to a Permitted Mortgagee, as to which Article Eight shall govern.

Section 18.04. TRANSFERS OF MORTGAGES OF LESSOR'S INTEREST. Any and all mortgages, deeds of trust, or liens placed or suffered by LESSOR encumbering LESSOR'S Interest shall be expressly subject and subordinate to this Lease, to all obligations of LESSOR hereunder, and to all of the rights, titles, interests and estates of LESSEE created or arising hereunder. The obligations of LESSOR under this Lease shall survive any conveyance, Foreclosure or other transfer of LESSOR'S Interest, and LESSOR shall not be relieved of such obligations as a consequence of such conveyance,

Foreclosure or other transfer. Furthermore, any Person succeeding to LESSOR'S Interest as a consequence of any such conveyance, Foreclosure or other transfer shall succeed to all of the obligations of LESSOR hereunder.

ARTICLE NINETEEN
COMPLIANCE CERTIFICATES

Section 19.01. LESSOR'S COMPLIANCE. LESSEE agrees, at any time and from time to time upon not less than thirty (30) days prior written Notice by LESSOR, to execute, acknowledge and deliver to LESSOR or to such other party as LESSOR shall request, a statement in writing certifying (a) that this Lease is unmodified and in full force and effect (or if there have been modifications, that the same is in full force and effect as modified and stating the modifications), (b) to the best of its knowledge, whether or not there are then existing any offsets or defenses against the enforcement of any of the terms, covenants or conditions hereof upon the part of LESSEE to be performed (and if so specifying the same), (c) the dates to which the Rent and other charges have been paid, and (d) the dates of commencement and expiration of the Term, it being intended that any such statement delivered pursuant to this Section 19.01 may be relied upon by any prospective purchaser of the LESSOR'S Interest.

Section 19.02. LESSEE'S COMPLIANCE. LESSOR agrees, so far as permissible under the laws of the State of Texas, at any time and from time to time, upon not less than thirty (30) days prior written Notice by LESSEE, to execute, acknowledge and deliver to LESSEE a statement in writing addressed to LESSEE or to such other party as LESSEE shall request, certifying (a) that this Lease is unmodified and in full force and effect (or if there have been modifications that the same is in full force and effect as modified and stating the modifications); (b) the dates to which the Rent and other charges have been paid; (c) whether an Event of Default (or, to the best of its knowledge, an Incipient Default) has occurred and is continuing hereunder (and stating the nature of any such Event of Default or Incipient Default); and (d) the dates of commencement and expiration of the Term, it being intended that any such statement delivered pursuant to this Section 19.02 may be relied upon by any prospective assignee, sublessee, or Permitted Mortgagee of this Lease or by any assignee or prospective assignee of any Permitted Mortgage or by any undertenant or prospective undertenant of the whole or any part of the Premises.

ARTICLE TWENTY
TAXES AND FEES

Section 20.01. PAYMENT OF TAXES. LESSEE shall pay, and, upon request by LESSOR, shall provide evidence of payment to the appropriate collecting authorities, all

federal, state and local taxes and fees, which are now or may hereafter be, levied upon the Premises, or upon LESSEE, or upon the business conducted on the Premises, or upon any of LESSEE'S property used in connection therewith; and shall maintain in current status all federal, state and local licenses and permits required for the operation of the business conducted by LESSEE. LESSOR shall pay, and, upon request by LESSEE or a Permitted Mortgagee, shall provide evidence of payment to the appropriate collecting authorities, all federal, state and local taxes and fees, which are now or may hereafter be, levied upon LESSOR or LESSOR'S interest. LESSEE and LESSOR may pay any of the above items in installments if payment may be so made without penalty other than the payment of interest. The obligations of LESSOR and LESSEE to pay taxes and fees under this Section 20.01 shall apply only to the extent that LESSOR or LESSEE are not exempt from paying such taxes and fees and to the extent that such taxes and fees are not otherwise abated.

Section 20.02. **CONTESTED TAX PAYMENTS.** LESSEE shall not be required to pay, discharge or remove any such taxes or assessments so long as LESSEE is contesting the amount or validity thereof by appropriate proceeding which shall operate to prevent or stay the collection of the amount so contested. LESSEE hereby agrees to indemnify and save LESSOR harmless from all liability for damages occasioned thereby and shall, in the event of a judgment of foreclosure on any lien arising in respect to such contested amounts, cause the same to be discharged and removed prior to the execution of such judgment. LESSOR shall cooperate with LESSEE in completing such contest and LESSOR shall have no right to pay the amount contested during the contest. Upon the termination of such proceeding, LESSEE shall deliver to LESSOR proof of the amount due as finally determined and proof of payment thereof. LESSOR, at LESSEE'S expense, shall join in any such proceeding if any law shall so require.

Section 20.03. **EXPENSES OF CONTEST.** All costs and expenses of any contest of any tax or fee pursuant to this Article Twenty by LESSEE shall be paid by LESSEE.

ARTICLE TWENTY-ONE **FORCE MAJEURE**

Section 21.01. **DISCONTINUANCE DURING FORCE MAJEURE.** Whenever a period of time is herein prescribed for action to be taken by LESSEE or a Permitted Mortgagee, LESSEE shall not be liable or responsible for, and there shall be excluded from the computation for any such period of time, any delays due to FORCE MAJEURE unless LESSEE shall, within ten (10) days after LESSEE is aware of the existence on an event of FORCE MAJEURE, notify LESSOR thereof in writing, certified mail, return receipt requested. One (1) Notice shall be sufficient per occurrence. The foregoing notwithstanding, if any such delay is caused by LESSOR there shall be no time limit on the period of enforced delay and LESSEE shall not be required to give Notice to LESSOR hereunder.

ARTICLE TWENTY-TWO
GENERAL

Section 22.01. **NONDISCRIMINATION.** Any impermissible discrimination by LESSEE or its agents or employees on the basis of race, color, sex, age, religion, national origin, veteran's status, or handicap in employment practices or in the performance of the terms, conditions, covenants and obligations of this Lease, is prohibited. LESSEE acknowledges the policy of The University of Texas System Board of Regents to provide practical opportunities for women-owned and minority-owned business enterprises to participate in contracts awarded by component institutions of The University of Texas System. Accordingly, LESSEE will use its best efforts to include women-owned and minority-owned small business enterprises as material suppliers, as contractors, and/or as subcontractors in planning, designing, developing, constructing, managing, maintaining and operating the premises during construction and following completion.

Section 22.02. **CONFLICT OF INTEREST.** LESSEE acknowledges that it is informed that Texas law prohibits contracts between LESSOR and its officers, and that the prohibition extends to contracts with any partnership, corporation or other organization in which any such officer has an interest. LESSEE certifies (and this Lease is made in reliance thereon) that neither LESSEE nor any person having an interest in this Lease by, through or under LESSEE is an officer of LESSOR.

Section 22.03. **NOTICES.** Any Notice, communication, request, reply or advice or duplicate thereof (herein severally and collectively, for convenience call "Notice") in this instrument provided or permitted to be given, made or accepted by either party to any other party must be in writing and shall, unless otherwise in this instrument expressly provided, be given or be served by depositing the same in the United States mail, postpaid and registered or certified and addressed to the party to be notified, with return receipt requested, or by delivering the same in person to such party. Notice deposited in the mail in the manner hereinabove described shall be effective, unless otherwise stated in this Lease, from and after the expiration of four (4) days after it is so deposited, regardless of whether or when same is actually received by the addressee, except that in all cases Notice given to the holder of any Permitted Mortgage must be received by such Permitted Mortgage to be effective. Notice in any other manner shall be effective only if and when received by the party to be notified.

For purposes of Notice, the addresses of the parties shall, until changed as hereinafter provided, be as follows:

IF TO LESSOR, TO: The University of Texas at San Antonio

6900 N. Loop 1604 W.
San Antonio, Texas 78249
Attention: Vice President for
Business Affairs

AND A COPY TO: The Board of Regents of the
University of Texas System
601 Colorado Street
Austin, Texas 78701
Attention: Executive Vice
Chancellor For Academic
Affairs

AND A COPY TO: Office of General Counsel
University of Texas System
201 West 7th Street
Austin, Texas 78701
Attention: General Counsel

IF TO LESSEE, TO: University Oaks Housing Partnership I, LTD.
Two Post Oak Central
1980 Post Oak Blvd., Suite 1200
Houston, Texas 77056
Attn: Mr. Wayne F. Sramek

IF TO PERMITTED MORTGAGEE,
TO: CIGNA Insurance Company
900 Cottage Grove Road
Routing S-307
Bloomfield, CT 06002

AND A COPY TO: NCNB National Corporation
700 Louisiana, 5th Floor
Houston, Texas 77002

However, the parties hereto, and their respective heirs, successors, legal representatives and assigns, shall have the right from time to time at any time to change their respective addresses and each shall have the right to specify as such party's address any other address within the United States of America by at least fifteen (15) days' written Notice to the other party; provided, however, that if at any one time more than one person or party owns an interest in the Premises, nevertheless such persons or parties may not designate more than two places and addresses to receive Notice pursuant to the terms

hereof (but with copies of Notices to not more than two additional addresses). Notices to any Permitted Mortgagees shall be given in the manner set forth above to the address furnished from time to time by such Permitted Mortgagees.

Section 22.04. RELATIONSHIP OF PARTIES. Nothing contained herein shall be deemed or construed by the parties hereto, or by any third party, as creating the relationship of principal and agent, partners, joint venturers, or any other similar such relationship, between the parties hereto. It is understood and agreed that no provision contained herein nor any acts of the parties hereto creates a relationship other than the relationship of LESSOR and LESSEE.

Section 22.05. MEMORANDUM OF LEASE. Neither LESSOR nor LESSEE shall file this Lease for record in the Office of the County Clerk of Bexar County, Texas, or in any public place without the written consent of the other. In lieu thereof, LESSOR and LESSEE agree to execute in recordable form a Memorandum of Lease. Such memorandum shall be filed for record in the Office of the County Clerk of Bexar County.

Section 22.06. APPROVALS. Whenever approvals are required of either party hereunder, if no objection is made to a written proposal or request for approval within the time period specified for response herein, such approval shall be deemed to have been given. If no time period is specified for a response to a proposal or request for approval, a reasonable time not to exceed ten (10) business days from the date of such proposal or request shall apply unless the parties otherwise agree in writing.

Section 22.07. TEXAS LAW TO APPLY. This Lease shall be construed under and in accordance with the laws of the State of Texas, and all obligations of the parties created hereunder are performable in Bexar County, Texas.

Section 22.08. WARRANTY OF PEACEFUL POSSESSION. LESSOR covenants that LESSEE, on paying the Rent and performing and observing all of the covenants and agreements herein contained and provided to be performed by LESSEE, shall and may peaceably and quietly have, hold, occupy, use, and enjoy the Premises during the Term, and may exercise all of its rights hereunder; and LESSOR agrees to warrant and forever defend LESSEE's right to such occupancy, use, and enjoyment of the Premises against the claims of any and all persons whomsoever lawfully claiming the same, or any part thereof, by, under, or through LESSOR, subject only to the provisions of this Lease and the matters listed on EXHIBIT "B" attached hereto.

Section 22.09. APPROVAL OF ANCILLARY AGREEMENTS. LESSOR agrees that in the event it becomes necessary or desirable for LESSOR to approve in writing any ancillary agreements or documents concerning the Premises or concerning the construction, operation or maintenance of the Facilities or to alter or amend any such ancillary agreements between LESSOR and LESSEE or to give any approval or consent of LESSOR required under the terms of this Lease, LESSOR hereby authorizes,

designates and empowers the following officers of The University of Texas at San Antonio to execute any such agreement, approvals or consents necessary or desirable: The President or Vice President for Business Affairs of UTSA or their successors in function, subject to required approvals (if any) by appropriate UT System officials.

ARTICLE TWENTY-THREE
MISCELLANEOUS

Section 23.01. LESSOR'S RIGHTS CUMULATIVE. All rights, options, and remedies of LESSOR contained in this Lease shall be construed and held to be cumulative and no one of them shall be exclusive of the other, and LESSOR shall have the right to pursue any one or all of such remedies or any other remedy or relief which may be provided by law or in equity whether or not stated in this Lease.

Section 23.02. NONWAIVER BY LESSOR. No waiver by LESSOR of a breach of any of the covenants, conditions, or restrictions of this Lease shall constitute a waiver by LESSOR of any subsequent breach of any of the covenants, conditions or restrictions of this Lease. The failure of LESSOR to insist in any one or more cases upon the strict performance of any of the covenants of the Lease, or to exercise any option herein contained, shall not be construed as a waiver or relinquishment for the future of such covenant or option. A receipt of LESSOR or acceptance of payment by LESSOR of rent with knowledge of the breach of any covenant hereof shall not be deemed a waiver of such breach, and no waiver, change, modification or discharge by LESSOR of any provision of this Lease shall be deemed to have been made or shall be effective unless expressed in writing and signed by the party to be charged.

Section 23.03. TERMINOLOGY. Unless the context of this Lease clearly requires otherwise, (a) pronouns, wherever used herein, and of whatever gender, shall include natural persons and corporations and associations of every kind and character; (b) the singular shall include the plural wherever and as often as may be appropriate; (c) the word "includes" or "including" shall mean "including without limitation"; and (d) the words "hereof," "herein," "hereunder," and similar terms in this Lease shall refer to this Lease as a whole and not to any particular section or article in which such words appear. The section, article and other headings in this Lease and the Table of Contents to this Lease are for reference purposes and shall not control or affect the construction of this Lease or the interpretation hereof in any respect. Article, section and subsection and exhibit references are to this Lease unless otherwise specified. All exhibits attached to this Lease constitute a part of this Lease and are incorporated herein.

Section 23.04. COUNTERPARTS. This Lease may be executed in multiple counterparts, each of which shall be declared an original.

Section 23.05. SEVERABILITY. If any clause or provision of this Lease is

illegal, invalid or unenforceable under present or future laws effective during the term of this Lease, then and in that event, it is the intention of the parties hereto that the remainder of this Lease shall not be affected thereby.

Section 23.06. ENTIRE AGREEMENT. This Lease, together with the authorized resolution of LESSOR, the Request for Proposals, and LESSEE's response, contains the final and entire agreement between the parties hereto and contains all of the terms and conditions agreed upon, and no other agreements, oral or otherwise, regarding the subject matter of this Lease shall be deemed to exist or to bind the parties hereto; it being the intent of the parties that neither shall be bound by any term, condition, or representations not herein written. In the event of any conflict of this Lease and the Request for Proposal, this Lease shall control.

Section 23.07. AMENDMENT. No amendment, modification, or alteration of the terms of this Lease shall be binding unless the same be in writing, dated on or subsequent to the date hereof and duly executed by the parties hereto.

Section 23.08. SUCCESSORS AND ASSIGNS. All of the covenants, agreements, terms and conditions to be observed and performed by the parties hereto shall be applicable to and binding upon their respective successors, heirs, executors and assigns.

Section 23.09. HAZARDOUS MATERIALS. Notwithstanding anything contained in this Lease to the contrary, if LESSEE finds any Hazardous Materials (hereinafter defined) on the Land prior to December 31, 1991, then LESSEE shall have the right to terminate this Lease by delivering written Notice thereof to LESSOR no later than January 15, 1992. If LESSEE terminates this Lease as a result of finding Hazardous Materials on the Land, then neither party hereto shall have any further rights, duties, or obligations hereunder.

As used in this Lease, "Hazardous Materials" shall mean (i) any "hazardous waste" as defined by the Resource Conservation and Recovery Act of 1976 (42 U.S.C. Section 6091 et seq.), as amended from time to time, and regulations promulgated thereunder; (ii) any "hazardous substance" as defined by the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (42 U.S.C. Section 6091 et seq.), as amended from time to time, and regulations promulgated thereunder; (iii) polychlorinated biphenyls; (iv) underground storage tanks, whether empty, filled or partially filled with any substance, (v) any substance the presence of which on the Land is prohibited by any governmental requirements; and (vi) any other substance which by any governmental requirements requires special handling or notification of any federal, state or local governmental entity in its collection, storage, treatment or disposal.

LESSEE shall not use, occupy, or permit the Premises to be used or occupied, or do or permit anything to be done in or on the Premises in a manner which

would in any way make void or voidable any insurance then in force with respect thereto, which would make it impossible to obtain the insurance required to be furnished by LESSEE hereunder, which would constitute a public or private nuisance, or which would violate any present or future, ordinary or extraordinary, foreseen or unforeseen, laws, regulations, ordinances, or requirements of any Governmental Authority having jurisdiction.

LESSEE shall not use the Premises or permit the Premises to be used as to cause, suffer or allow any contamination of soils, ground water, surface water or natural resources on or adjacent to the Premises resulting from any cause, including but not limited to spills or leaks or oil, gasoline, hazardous materials, hazardous wastes or other chemical compounds. LESSEE shall at all times during the Term of this Lease comply with applicable state, federal and local laws, regulations and guidelines for the use, handling, storage and disposal of hazardous materials. LESSEE shall be solely responsible for cleanup of any contamination and for any fines or penalties resulting from violation of the provisions of this Section 23.09.

Section 23.10. INDEPENDENT CONTRACTOR. It is expressly understood and agreed that LESSEE is and shall be deemed to be an independent contractor and operator responsible to all parties for its respective acts or omissions and that LESSOR shall in no way be responsible therefor.

IN WITNESS WHEREOF, this Lease is executed by LESSOR and LESSEE as of the day and year first above written.

LESSOR:

THE BOARD OF REGENTS OF THE
UNIVERSITY OF TEXAS SYSTEM
FOR THE USE AND BENEFIT OF
THE UNIVERSITY OF TEXAS AT
SAN ANTONIO

Arthur H. Dilly
Executive Secretary

By: _____
Louis A. Beecherl, Jr.
Chairman

LESSEE:

UNIVERSITY OAKS HOUSING PARTNERSHIP I, LTD.

By: _____
Wayne F. Sramek
Executive Vice President

APPROVED AS TO CONTENT:

Samuel A. Kirkpatrick
President, University of
Texas at San Antonio

APPROVED AS TO FORM:

Max J. Werkenthin
Office of General Counsel

EXHIBIT A

(To be attached before execution)

EXHIBIT B

(To be attached before execution)

EXHIBIT C

(To be attached before execution)

EXHIBIT D

(To be attached before execution)

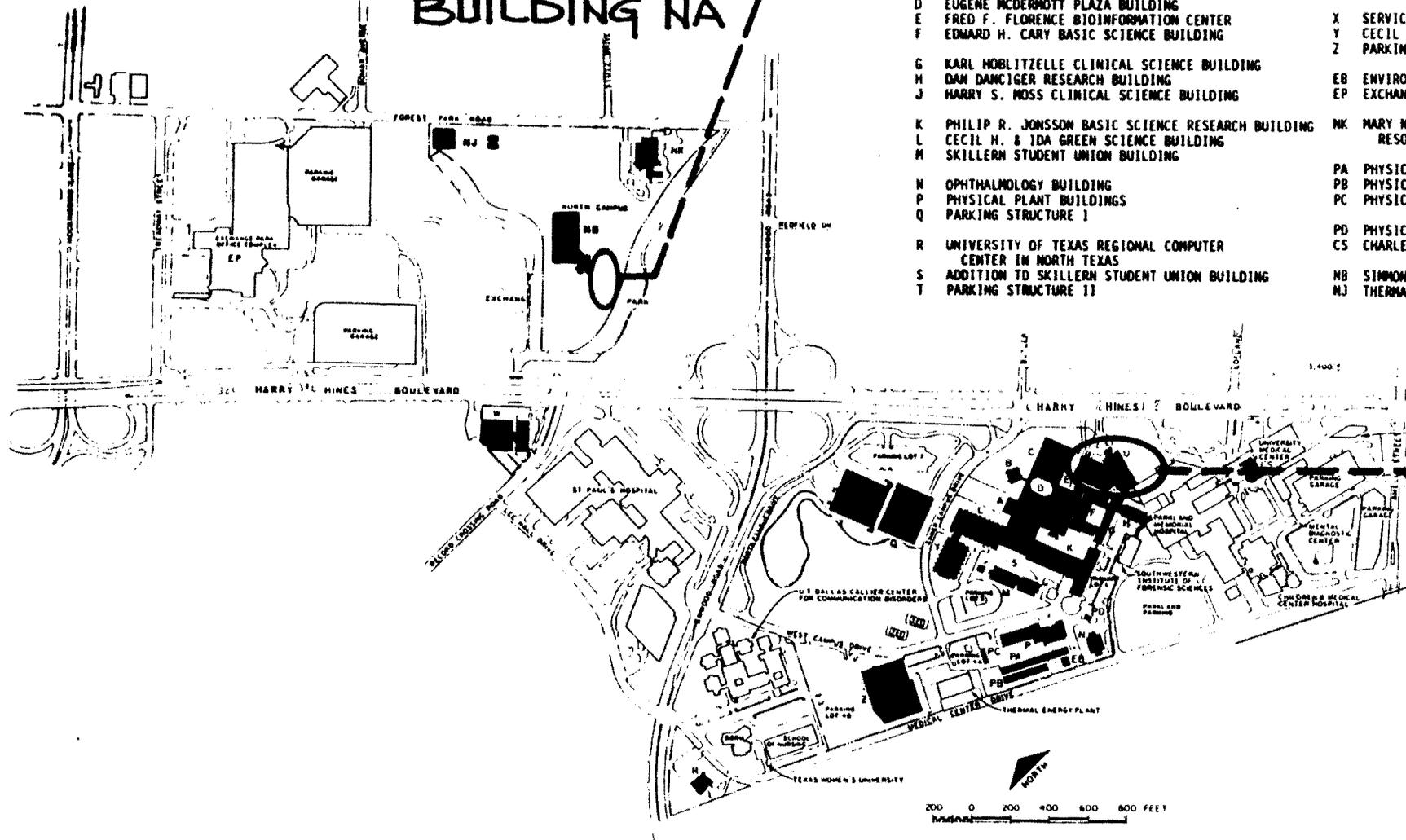
EXHIBIT E

(To be attached before execution)

RESEARCH BUILDING NA7

BUILDING INDEX

- | | | | |
|---|---|----|--|
| A | ENTRY PAVILION | U | JAMES W. ASTON AMBULATORY CARE TEACHING CENTER |
| B | EUGENE McDERMOTT ACADEMIC ADMINISTRATION BUILDING | V | SCHOOL OF ALLIED HEALTH SCIENCES BUILDING |
| C | TOM & LULA GOOCH AUDITORIUM & CAFETERIA BUILDING | W | SCHOOL OF ALLIED HEALTH SCIENCES BUILDING PARKING GARAGE |
| D | EUGENE McDERMOTT PLAZA BUILDING | X | SERVICE BUILDING |
| E | FRED F. FLORENCE BIOINFORMATION CENTER | Y | CECIL & IDA GREEN BIOMEDICAL RESEARCH BUILDING |
| F | EDWARD H. CARY BASIC SCIENCE BUILDING | Z | PARKING STRUCTURE III |
| G | KARL HOBLITZELLE CLINICAL SCIENCE BUILDING | EB | ENVIRONMENTAL CONTROL PROCESS CENTER |
| H | DAN DANCIGER RESEARCH BUILDING | EP | EXCHANGE PARK (LEASE SPACE) |
| J | HARRY S. MOSS CLINICAL SCIENCE BUILDING | NK | MARY NELL AND RALPH B. ROGERS MAGNETIC RESONANCE CENTER |
| K | PHILIP R. JONSSON BASIC SCIENCE RESEARCH BUILDING | PA | PHYSICAL PLANT SERVICE BUILDING |
| L | CECIL H. & IDA GREEN SCIENCE BUILDING | PB | PHYSICAL PLANT SERVICE BUILDING |
| M | SKILLERN STUDENT UNION BUILDING | PC | PHYSICAL PLANT GREENHOUSE |
| N | OPHTHALMOLOGY BUILDING | PD | PHYSICAL PLANT ACID STORAGE |
| P | PHYSICAL PLANT BUILDINGS | CS | CHARLES C. SPRAGUE CLINICAL SCIENCE BUILDING |
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| R | UNIVERSITY OF TEXAS REGIONAL COMPUTER CENTER IN NORTH TEXAS | NJ | THERMAL ENERGY PLANT |
| S | ADDITION TO SKILLERN STUDENT UNION BUILDING | | |
| T | PARKING STRUCTURE II | | |



ASTON AMBULATORY CARE CENTER

THE UNIVERSITY OF TEXAS SOUTHWESTERN MEDICAL CENTER AT DALLAS

EXISTING SITE PLAN

FEBRUARY 1991
SMC DALLAS

9. U. T. Southwestern Medical Center - Dallas - Aston Ambulatory Care Center - Eighth Floor Finish Out: Request for Project Authorization; Appointment of Project Architect to Prepare Final Plans; Submission to Coordinating Board; and Appropriation Therefor.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and President Wildenthal that the U. T. Board of Regents:

- a. Authorize a project for the Aston Ambulatory Care Center Eighth Floor Finish Out at the U. T. Southwestern Medical Center - Dallas at an estimated total project cost of \$3,445,000
- b. Appoint the firm of HKS, Inc., Dallas, Texas, as Project Architect to prepare final plans and specifications to be submitted to the U. T. Board of Regents for consideration at a future meeting
- c. Authorize submission of the project to the Texas Higher Education Coordinating Board
- d. Appropriate \$195,000 from U. T. Southwestern Medical Center - Dallas Unexpended Plant Funds for fees and administrative expenses through preparation of final plans and specifications. These funds will be reimbursed from Tax-Exempt Revenue Financing System Bond Proceeds to be issued at a later date.

BACKGROUND INFORMATION

In April 1991, the U. T. Board of Regents awarded a construction contract for Additions and Renovations to the Aston Ambulatory Care Center at the U. T. Southwestern Medical Center - Dallas, which included constructing floor levels seven and eight as shell space. The U. T. Southwestern Medical Center - Dallas has identified a need to finish out the eighth floor due to:

- An estimated patient volume of 144,000 in 1991, which is a twenty percent increase over 1990
- An immediate need for clinical space to develop comprehensive programs in:
 - Diagnosis and treatment center
 - Bone and joint disease
 - Prostatic diseases identification and management
 - Integrated neurology and neurosurgery.

The eighth floor finish out will allow the U. T. Southwestern Medical Center - Dallas to develop these programs with an estimated revenue increase of \$2.9 million in the first year of activity.

The firm of HKS, Inc., Dallas, Texas, was Project Architect for Additions and Renovation to the Aston Ambulatory Care Center. It is recommended that this firm be appointed as the Project Architect for the Eighth Floor Finish Out based on the firm's familiarity with the project.

The 1991 Capital Improvement Plan and the 1992 Capital Budget include a project to finish out two floors of shell space constructed with the Additions and Renovations to the Aston Ambulatory Care Center at a total project cost of \$6,500,000. This project is for authorization to finish out only one shell floor at this time for a total project cost of \$3,445,000.

10. U. T. Southwestern Medical Center - Dallas - Research Building - Phase II North Campus Expansion: Request for Project Authorization; Appointment of Project Architect to Prepare Preliminary Plans; Submission to Coordinating Board; and Appropriation Therefor.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and President Wildenthal that the U. T. Board of Regents:

- a. Authorize a project for the construction of the second phase of development on the North Campus of the U. T. Southwestern Medical Center - Dallas to consist of a Research Building with support facilities, Expansion of the Thermal Energy Plant, an Intercampus Connector, Infrastructure and related site work at an estimated total project cost of \$67,800,000 exclusive of institutional equipment
- b. Appoint a Project Architect from the list set forth on Pages FPCC 77 - 78 to prepare preliminary plans and a detailed cost estimate to be presented to the U. T. Board of Regents for consideration at a future meeting
- c. Authorize submission of the project to the Texas Higher Education Coordinating Board
- d. Appropriate \$2,000,000 from Interest on Designated Funds Time Deposits for fees and administrative expenses through preparation of preliminary plans. These funds will be reimbursed from Revenue Financing System Bond Proceeds to be issued at a later date.

BACKGROUND INFORMATION

In February 1991, the U. T. Board of Regents awarded a construction contract for Research Building NB - Phase I of the North Campus Expansion, recently named the Simmons Biomedical Research Building. A Master Plan, presented to the U. T. Board of Regents in December 1988, guides development of the North Campus, ensuring an orderly development of research laboratories, research support, parking, utility systems, and aesthetic enhancements on an approximately 30-acre tract of land. Research Building NA will be the second research building constructed on the North Campus. It will be a ten-story building, with approximately 182,913 gross square feet of research space; 30,333 gross square feet of research support space; and 88,933 gross square feet of parking. Support Building NG will provide an additional 137,700 gross square feet of parking and a plaza area of 45,900 gross square feet. The energy plant will be expanded at this time with attendant infrastructure expansion. A key part of Phase II is construction of an Intercampus Connector to provide safe pedestrian access, a data and communications link, and a busway between the two campuses.

A 1986 space utilization and needs study, completed by the four U. T. System Health Science Centers, identified research space as a critical need at the U. T. Southwestern Medical Center - Dallas. This study showed a shortage of over 300,000 square feet of research space at U. T. Southwestern Medical Center - Dallas in 1986, with a projected requirement of an additional 1.2 million square feet by 2004. Research Building NA is the second structure to meet the need for research space. Research funding has grown rapidly at the U. T. Southwestern Medical Center - Dallas from just under \$20 million in 1979 to almost \$100 million in 1990. However, research funding cannot continue to increase without new laboratory space becoming available.

This project is included in the 1991 Capital Improvement Plan and the 1992 Capital Budget. Proposed funding is \$20,000,000 from Permanent University Fund Bond Proceeds and \$47,800,000 from Revenue Financing System Bond Proceeds.

List of Firms for Consideration

Project Architect

Omniplan, Inc.
Dallas, Texas

Representative Projects

- U. T. Dallas: Engineering and Computer Science Building
- Alcon Biological Research Laboratories
- Texas A&M: Soil and Crop Sciences and Entomology Center
- E-Systems: Engineering and Manufacturing Facility
- VMX, Inc.: R&D Lab
- National Semiconductor Corporation: Production Building
- Dallas County Community College: Mountain View Campus

Project Architect

Harper, Kemp, Clutts and
Parker, Inc.
Dallas, Texas

F&S Partners Incorporated
Dallas, Texas

Page Southerland Page
Dallas, Austin, Houston, Texas

Representative Projects

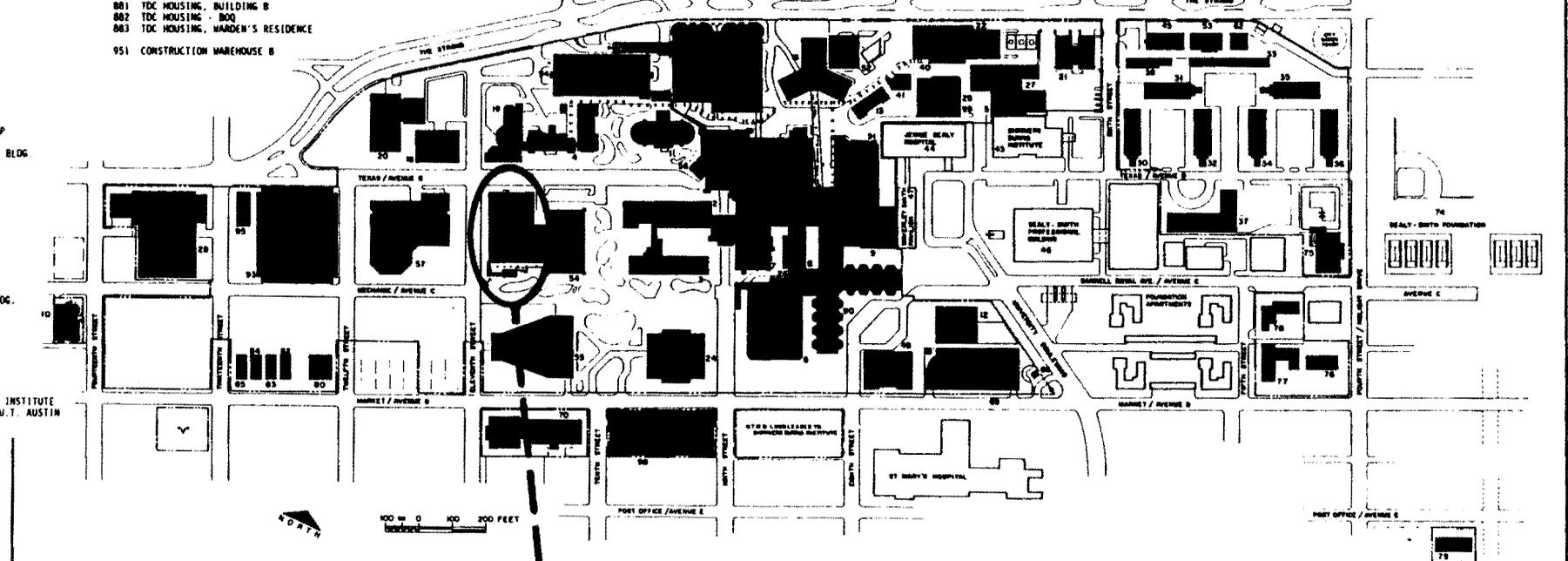
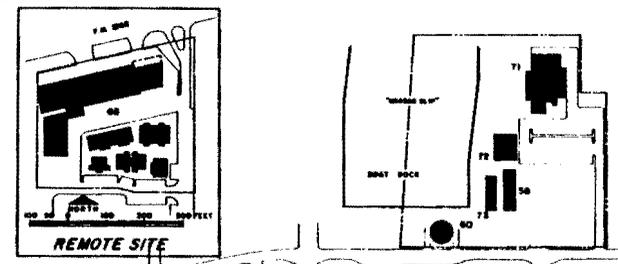
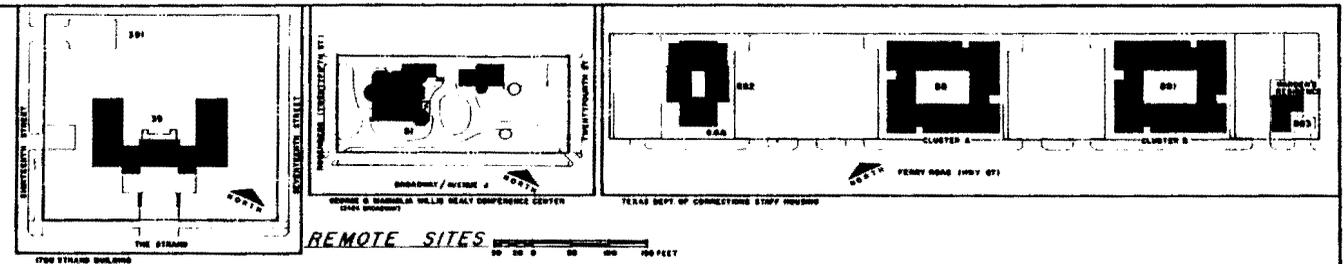
- U. T. Austin: Molecular Biology Building
- U.T.S.M.C. - Dallas: Green Biomedical Research Building, Sprague Clinical Science Building
- Texas A&M: Biochemistry/Biophysics Building
- Southwest Texas State University: Liberal Arts Building
- Parkland Memorial Hospital: Imaging Facility
- SMU: Umphrey Lee Center

- U.T.S.M.C. - Dallas: Research Building - Phase I North Campus, Ambulatory Care Center, Basic Sciences Teaching Unit, Moss Clinical Science Building
- U. T. Austin: Recreational Sports Facility, Performing Arts Center, Texas Swim Center
- U. T. Dallas: Green Center, Student Union, Conference Center
- Parkland Hospital Additions
- Children's Medical Center Dallas
- Veterans Administration Medical Center Dallas (Joint Venture)

- Zale Lipshy University Hospital, Dallas, TX (Joint Venture)
- Presbyterian Hospital of Dallas
- Harris Methodist Hospital, Fort Worth, TX
- U. T. Austin: Center for Electromechanics and Energy Studies, Engineering Teaching Center
- U.T.M.B. - Galveston: Ambulatory Care Center, John Sealy Hospital Phased Remodel

- 1 ASHBEL SMITH (OLD RED)
- 2 KEILLER BUILDING
- 3 GAIL BORDEN BUILDING
- 4 GRAVES BUILDING
- 5 SURGICAL RESEARCH
- 6 CHILD HEALTH CENTER
- 7 CLINICAL SCIENCES BUILDING
- 8 OLD CHILDRENS HOSPITAL
- 9 JOHN SEALY HOSPITAL
- 10 RONALD McDONALD HOUSE
- 11 JOHN W. McCULLOUGH BUILDING
- 12 ADMINISTRATION BUILDING
- 13 ADMINISTRATION ANNEX I
- 14 TEXAS DEPT. OF CORRECTIONS HOSPITAL
- 18 MICROBIOLOGY BUILDING
- 19 MARY MOODY NORTHERN PAVILION
- 20 ANIMAL CARE CENTER
- 21 PHYSICAL PLANT BUILDING (PHASE I)
- 24 MOODY MEMORIAL LIBRARY
- 25 CARPENTER SHOP
- 26 LAUNDRY DISTRIBUTION CENTER
- 27 SURGICAL RESEARCH ANNEX - HYPERBARIC
- 28 MATERIALS MANAGEMENT WAREHOUSE
- 30 BRACKENRIDGE HALL
- 31 CLAY HALL
- 32 BETHEL HALL
- 33 NOLAN HALL
- 34 VINSANT HALL
- 35 MORGAN HALL
- 36 LEAGUE HALL
- 37 UNIT "D"
- 38 ODOM MACHINE ROOM
- 39 1700 STRAND (REMOTE SITE)
- 40 THERMAL ENERGY PLANT (CHILL WTR. TRANS.)
- 41 PAINT SHOP
- 43 SHRINERS BURN INSTITUTE
- 44 JENNIE SEALY HOSPITAL
- 45 MED. ENGINEERING MACH. SHOP
- 46 SEALY & SMITH PROFESSIONAL BLDG
- 47 HAVERLEY SMITH PAVILION
- 48 ADMINISTRATION ANNEX II
- 52 SERVICES BUILDING
- 53 LABOR BUILDING
- 54 BASIC SCIENCES BUILDING
- 55 WILLIAM C. LEVIN HALL
- 56 AMBULATORY CARE CENTER
- 57 SCHOOLS OF ALLIED HEALTH SCIENCES & NURSING
- 58 LIFE FLIGHT MAINTENANCE BLDG.
- 60 HELIPORT
- 62 MECHANIC & GAS DISPENSING
- 68 LAUNDRY FACILITY
- 69 PARKING GARAGE
- 70 PHARMACOLOGY BUILDING
- 71 MAURICE EWING HALL
- 72 U.T.M.B. MARINE BIOMEDICAL INSTITUTE
- 73 W.S.E. DOCKSIDE FACILITY (U.T. AUSTIN BLDG. NO. 5001)

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 - 82 1216 MARKET (RESIDENCE)
 - 83 1220/1222 MARKET (DUPEX)
 - 84 1224 MARKET (RESIDENCE)
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 - 88 TEX. DEPT. OF CORRECTIONS STAFF HOUSING (REMOTE SITE) BUILDING A
 - 90 JOHN SEALY SOUTH (TOWER) ADDITION
 - 91 JOHN SEALY NORTH ADDITION
 - 93 EMPLOYEE PARKING GARAGE
 - 94 STRAND PARKING GARAGE
 - 95 CONSTRUCTION WAREHOUSE A
 - 98 EMPLOYEE PARKING GARAGE
 - 99 PHYSICAL PLANT STOREROOM
 - *V* BUNGE HOUSE (PRESIDENT'S HOUSE)
 - *M* MEDICAL RESEARCH BUILDING
 - *T* EMERGENCY DEPT. & TRAINING CENTER FACILITY
 - 391 1700 STRAND BLDG. - GARAGE
 - 621 SERVICE GARAGE
 - 601 LAUNDRY FACILITY OFFICE BLDG.
 - 801 TDC HOUSING, BUILDING B
 - 802 TDC HOUSING - BOQ
 - 803 TDC HOUSING, WARDEN'S RESIDENCE
 - 951 CONSTRUCTION WAREHOUSE B



THE UNIVERSITY OF TEXAS MEDICAL BRANCH AT GALVESTON

MEDICAL RESEARCH BUILDING

ENCLOSURE TO THE CAMPUS MASTER PLAN
BY EXISTING SITE PLAN

EXISTING SITE PLAN

OCTOBER 1990

U.T.M.B. GALVESTON

11. U. T. Medical Branch - Galveston - Medical Research Building - Completion of Shell Floors Five, Six, and Seven and Addition of Four Floors (Project No. 601-765): Request to Increase Authorized Total Project Cost and Approval of Change in Source of Project Funding.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and President James that the U. T. Board of Regents:

- a. Approve an increase in the authorized total project cost for the Completion of Shell Floors Five, Six, and Seven and the Addition of Four Floors for the Medical Research Building at U. T. Medical Branch - Galveston from \$14,125,000 to \$33,600,000
- b. Approve a change in the source of project funding from \$4,125,000 in Tax-Exempt Permanent University Fund Bond Proceeds and \$10,000,000 in Revenue Financing System Bond Proceeds to \$4,125,000 in Tax-Exempt Permanent University Fund Bond Proceeds, \$20,000,000 in gifts from The Sealy & Smith Foundation for the John Sealy Hospital, and \$9,475,000 in Unappropriated Balances for \$33,600,000 in total project funding.

BACKGROUND INFORMATION

In April 1991, the U. T. Board of Regents authorized a project for the completion of shell floors five, six, and seven and the construction of four additional shell floors for the Medical Research Building. U. T. Medical Branch - Galveston has since identified a need to complete the four previously authorized additional shell floors eight, nine, ten, and eleven due to:

- Architectural and engineering considerations for completion of the shell floors now rather than through another future construction project for economy and to minimize disruption to the building occupants
- An increasing demand for research space caused by the accelerated development of the Sealy & Smith Research Centers
- Identification of funding to complete the project without the use of revenue financing.

Total project funding is \$4,125,000 from Permanent University Fund Bond Proceeds, \$20,000,000 in gifts from The Sealy & Smith Foundation for the John Sealy Hospital, and \$9,475,000 in Unappropriated Balances for \$33,600,000 in total project funding. Approval of this item will amend the 1991 Capital Improvement Plan and the 1992 Capital Budget.

Asset Management Com.

ASSET MANAGEMENT COMMITTEE
Committee Chairman Cruikshank

Date: October 11, 1991
Time: Following the meeting of the Facilities Planning
and Construction Committee
Place: Conference Room 4, Third Floor
E. E. Davis Hall, U. T. Arlington

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U. T. AUSTIN

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U. T. AUSTIN

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I. PERMANENT UNIVERSITY FUND

INVESTMENT MATTERS

1. Report on Clearance of Monies to the Permanent University Fund for July and August 1991 and Report on Oil and Gas Development as of August 31, 1991.--The following reports with respect to (a) certain monies cleared to the Permanent University Fund for July and August 1991 and (b) Oil and Gas Development as of August 31, 1991, are submitted by the Vice Chancellor for Business Affairs:

	<u>July 1991</u>	<u>August 1991</u>	<u>Cumulative Through August of this Fiscal Year (1990-1991)</u>	<u>Cumulative Through August of Preceding Fiscal Year (1989-1990)</u>	<u>Per Cent Change</u>
Permanent University Fund					
Royalty					
Oil	\$ 4,653,542.01	\$ 4,315,702.00	\$ 66,431,980.71	\$ 53,061,624.90	25.20%
Gas	876,603.95	1,032,116.62	18,616,255.42	18,283,932.38	1.82%
Sulphur	0.00	0.00	0.00	193,919.75	--
Water	137,030.74	136,174.85	997,131.00	1,006,859.67	-0.97%
Brine	3,306.59	2,269.27	55,831.52	60,112.08	-7.12%
Trace Minerals	0.00	0.00	0.00	0.00	--
Rental					
Oil and Gas Leases	16,026.83	4,016.55	681,248.04	883,021.13	-22.85%
Other	3,296.00	7,613.00	25,717.65	28,368.65	-9.34%
Sale of Sand, Gravel, Etc.	0.00	558.00	24,360.75	43,563.80	-44.08%
Total University Lands Receipts Before Bonuses	<u>5,689,806.12</u>	<u>5,498,450.29</u>	<u>86,832,525.09</u>	<u>73,561,402.36</u>	<u>18.04%</u>
Bonuses					
Oil and Gas Lease Sales	100.00	0.00	2,383,107.90	4,913,077.50	-51.49%
Amendments and Extensions to Mineral Leases	<u>0.00</u>	<u>0.00</u>	<u>91,413.64</u>	<u>160.00</u>	<u>--</u>
Total University Lands Receipts	5,689,906.12	5,498,450.29	89,307,046.63	78,474,639.86	13.80%
Gain or (Loss) on Sale of Securities	<u>8,852,961.84</u>	<u>40,808,301.74</u>	<u>10,876,029.89</u>	<u>63,876,238.54</u>	<u>-82.97%</u>
TOTAL CLEARANCES	<u>\$14,542,867.96</u>	<u>\$46,306,752.03</u>	<u>\$100,183,076.52</u>	<u>\$142,350,878.40</u>	<u>-29.62%</u>

Oil and Gas Development - August 31, 1991

Acreage Under Lease - 668,497

Number of Producing Acres - 537,053

Number of Producing Leases - 2,141

2. Permanent University Fund: Recommendation to Adopt Resolution to Reduce the \$269 Million Amended and Restated Credit Agreement, Dated December 7, 1989, with Morgan Guaranty Trust Company of New York, New York, to \$150 Million.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Asset Management that the U. T. Board of Regents adopt a resolution related to The University of Texas System Permanent University Fund Variable Rate Notes, Series A, to reduce the \$269 million Amended and Restated Credit Agreement dated December 7, 1989, with Morgan Guaranty Trust Company of New York, New York, to an amount of \$150 million and to authorize the Executive Vice Chancellor for Asset Management to take any and all actions necessary to execute the reduction. The reduction is authorized by Section 2.06 of the Credit Agreement and will be effective October 15, 1991.

BACKGROUND INFORMATION

On December 7, 1989, the U. T. Board of Regents adopted a resolution to increase the maximum amount of Permanent University Fund Variable Rate Notes, Series A ("PUF Notes") to be issued not to exceed \$269 million. On the same date, the U. T. Board of Regents and Morgan Guaranty Trust Company of New York agreed to amend the Credit Agreement to increase the bank loan commitment to \$269 million. The PUF Notes provide interim financing for projects approved by the Capital Improvement Plan. Since the PUF Notes carry a variable interest rate, it is necessary to maintain a bank loan commitment as a backstop liquidity facility.

Prior to May 9, 1991, there were \$250 million PUF Notes outstanding. On May 9, 1991, all \$250 million of PUF Notes were paid off with proceeds from the issuance of PUF fixed rate bonds. Subsequently, on May 24, 1991, the Board issued \$10 million of PUF Notes. Upon review of CIP expenditures for the next two years, the maximum expenditures should not exceed \$150 million and therefore the bank loan commitment should be reduced from \$269 to \$150 million to meet the need. The reduction in the commitment will result in a total savings of \$146,000 over the next two years.

II. TRUST AND SPECIAL FUNDS

Gifts, Bequests and Estates

1. U. T. Arlington: Recommendation to Accept Transfer of Funds to Establish the Aerospace Engineering CFD Endowment Fund.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Nedderman that a \$10,250 transfer of institutional funds from the Department of Aerospace Engineering at U. T. Arlington be accepted to establish a quasi-endowment at U. T. Arlington to be named the Aerospace Engineering CFD Endowment Fund.

Income earned from the endowment will be reinvested in the endowment corpus until the corpus reaches \$100,000, at which time the income earned will be used to award graduate scholarships in Computational Fluid Dynamics (CFD) in the Department of Aerospace Engineering.

BACKGROUND INFORMATION

This endowment is being funded with a transfer of institutional funds but it is anticipated that gifts and additions of reinvested income to the endowment will increase the balance to \$100,000 in a reasonable period of time.

2. U. T. Austin: Recommendation to Establish Three Endowed Presidential Scholarships in the School of Law.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Cunningham that the Clarence Leon Carter Endowed Presidential Scholarship in Law, the John Winston Carter Endowed Presidential Scholarship in Law, and the Clarence Leon Carter and John Winston Carter Endowed Presidential Scholarship in Law in the School of Law at U. T. Austin be established. The funds for the endowments will be held and administered by The University of Texas Law School Foundation (an external foundation) in accordance with the Regents' Rules and Regulations. When matching funds become available under The Regents' Endowed Student Fellowship and Scholarship Program, the Law School Foundation will transfer funds held for the endowments to the U. T. Board of Regents.

Income earned from the endowments will be used to award scholarships at the discretion of a Selection Committee composed of at least three members designated by the Board of Trustees of the Law School Foundation, based on financial need.

BACKGROUND INFORMATION

The University of Texas Law School Foundation has received \$39,564.67 in cash, and stocks and bonds valued at \$142,300.48 for a total of \$181,865.15 as distribution from the Clare Carter Caspersen Charitable Remainder Unitrust of which the Law School Foundation was named a three-tenths remainder beneficiary. Under provisions of the Trust, the distribution to the School of Law is given in memory of Mrs. Caspersen's father, Mr. Clarence Leon Carter, and her brother, Mr. John Winston Carter, to be used for grants, scholarships, and awards for worthy and deserving students. Mr. Clarence Leon Carter received his LL.B. from U. T. Austin in 1891. Mr. John Winston Carter received his LL.B. in 1920 from U. T. Austin.

3. U. T. Austin: Recommendation to Establish the Class of 63 Endowed Presidential Scholarship in Law in the School of Law.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Cunningham that the Class of 63 Endowed Presidential Scholarship in Law in the School of Law at U. T. Austin be established. The funds for the endowment will be held and administered by The University of Texas Law School Foundation (an external foundation) in accordance with the Regents' Rules and Regulations. When matching funds become available under The Regents' Endowed Student Fellowship and Scholarship Program, the Law School Foundation will transfer funds held for the endowment to the U. T. Board of Regents.

Income earned from the endowment will be used to award scholarships to law students selected at the discretion of the Dean of the School of Law or the Dean's designee, based on merit or need.

BACKGROUND INFORMATION

The University of Texas Law School Foundation has received gifts of \$10,045 and pledges of \$1,100, payable by August 31, 1993, from friends and members of the School of Law Class of 1963 and has pledged \$15,000 in Law School Foundation matching funds for a total of \$26,145 to establish this endowment in the School of Law.

4. U. T. Austin: College of Fine Arts Endowment Fund in the College of Fine Arts - Recommendation to Accept Bequest from the Estate of Clara Elisabeth Bates-Nisbet, Houston, Texas.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Cunningham that a bequest, comprised of cash, real estate, and mineral interests, totalling \$416,011.12 from the Estate of Clara Elisabeth Bates-Nisbet, Houston, Texas, be accepted pursuant to a settlement agreement dated July 1, 1990, for addition to the College of Fine Arts Endowment Fund in the College of Fine Arts at U. T. Austin.

BACKGROUND INFORMATION

In April 1981, the U. T. Board of Regents approved a lifetime and deferred gift pledge of \$600,000 from Mrs. Clara Elisabeth Bates-Nisbet to be used in support of the College of Fine Arts at U. T. Austin. In June 1981, the U. T. Board of Regents accepted a \$100,000 pledge payment and established the College of Fine Arts Endowment Fund. Subsequent gifts totalling \$83,000 were received from Mrs. Bates-Nisbet and added to the endowment for a total of \$183,000. Mrs. Bates-Nisbet bequeathed to the U. T. Board of Regents "sufficient assets to fulfill" the pledge made during her life. By Settlement Agreement dated July 1, 1990, the Executor and Estate beneficiaries reached a compromise concerning a distribution of assets in satisfaction of the pledge. Assets valued at \$416,011.12 have been received from the Estate bringing the total gifts from Mrs. Bates-Nisbet to \$599,356.73.

Mrs. Bates-Nisbet received her B.A. from U. T. Austin in 1938. She was a Life Member of The Ex-Students' Association and a member of The Chancellor's Council.

5. U. T. Austin: Recommendation to Accept Gifts to Establish the Sue Ann Ray Culver Endowed Presidential Scholarship in the Department of Intercollegiate Athletics for Women.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Cunningham that \$25,425 in gifts from various donors be accepted to establish the Sue Ann Ray Culver Endowed Presidential Scholarship in the Department of Intercollegiate Athletics for Women at U. T. Austin.

Income earned from the endowment will be used to provide scholarship support to basketball players who require financial assistance and have demonstrated involvement in community service or charitable activities. If, in any year, the

award cannot be given to a basketball player, the scholarship will be awarded to an athlete in any sport who has met the financial need and community service criteria.

BACKGROUND INFORMATION

Family and friends of Mrs. Sue Ann Ray Culver are funding this endowment in her memory. Mrs. Culver's commitment to fairness and equality brought her, as a student, to a leadership role in the establishment of the Department of Intercollegiate Athletics for Women at U. T. Austin. She received her B.A. in Government in 1976 from U. T. Austin.

6. U. T. Austin: W. C. (Dusty) Duesterhoeft Chair in Electrical and Computer Engineering in the College of Engineering - Recommendation to Dissolve Endowment and Transfer Funds (NO PUBLICITY).--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Cunningham that the W. C. (Dusty) Duesterhoeft Chair in Electrical and Computer Engineering in the College of Engineering at U. T. Austin be dissolved and that \$2,513.47 held in the endowment be transferred to U. T. Austin to award a one-time scholarship in Electrical and Computer Engineering in honor of Dr. W. C. (Dusty) Duesterhoeft.

BACKGROUND INFORMATION

At the April 1987 meeting of the U. T. Board of Regents, the W. C. (Dusty) Duesterhoeft Chair in Electrical and Computer Engineering was established with a gift of a \$500,000 face value life insurance policy from Mr. James Ernest McClain, Greenville, Texas. Due to a change of circumstances, the policy has been surrendered for a cash value of \$1,843.47 which combined with an earlier dividend payment of \$670 totals \$2,513.47 to be transferred to U. T. Austin.

NO PUBLICITY

7. U. T. Austin: Recommendation to Accept Gifts to Establish the Mary Ellen Durrett Student and Faculty Development Fund in the College of Natural Sciences.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Cunningham that \$10,004 in gifts from various donors be accepted to establish an endowment in the Department of Human Ecology, College of Natural Sciences, at U. T. Austin to be named the Mary Ellen Durrett Student and Faculty Development Fund.

Income earned from the endowment will be used to provide support for the teaching and research activities of the faculty and support for worthy students in the Department of Human Ecology.

BACKGROUND INFORMATION

Friends and family of Dr. Mary Ellen Durrett, Austin, Texas, are funding this endowment in her memory. Dr. Durrett joined the faculty of U. T. Austin in 1970 as a professor and Head of the Division of Child Development in the Department of Home Economics. In 1972, she was named Chairman of the Department of Home Economics, in which capacity she served until her death in 1988.

8. U. T. Austin: Recommendation to Establish the Bob Gibbins Endowed Presidential Scholarship in Law in the School of Law.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Cunningham that the Bob Gibbins Endowed Presidential Scholarship in Law in the School of Law at U. T. Austin be established. The funds for the endowment will be held and administered by The University of Texas Law School Foundation (an external foundation) in accordance with the Regents' Rules and Regulations. When matching funds become available under The Regents' Endowed Student Fellowship and Scholarship Program, the Law School Foundation will transfer funds held for the endowment to the U. T. Board of Regents.

Income earned from the endowment will be used to award scholarships to law students selected at the discretion of the Dean of the School of Law or the Dean's designee, based on merit or need.

BACKGROUND INFORMATION

The University of Texas Law School Foundation has received gifts of \$35,314.99 and pledges of \$6,066.67, payable by August 31, 1993, from various donors and has allocated \$41,381.66 in Law School Foundation matching funds for a total of \$82,763.32 to establish this endowment in the School of Law. Mr. Bob Gibbins received his B.B.A. in 1959 and his LL.B. in 1961 from U. T. Austin. He is a partner in the law firm of Gibbins Winckler & Harvey, Austin, Texas, and the current President of the Association of Trial Lawyers of America.

9. U. T. Austin: Recommendation to Accept Bequests to Establish the Carrie Lee Kennedy Fellowship and The Oliver William Kennedy Fellowship in the College of Liberal Arts.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Cunningham that bequests totalling \$43,299.67, received pursuant to court order from the Estate of Ruth Lee Kennedy, Tucson, Arizona, be accepted for the benefit of U. T. Austin.

It is further recommended that funds in the amount of \$27,880.49 be used to establish the Carrie Lee Kennedy Fellowship and funds in the amount of \$15,419.18 be used to establish The Oliver William Kennedy Fellowship, both in the Department of Spanish and Portuguese, College of Liberal Arts, at U. T. Austin.

Income earned from the Carrie Lee Kennedy Fellowship will be used for fellowship awards to graduate or undergraduate students of exceptionally outstanding ability who are studying the Golden Age of Spanish Literature. Income earned from The Oliver William Kennedy Fellowship will be used to provide fellowship assistance to a graduate student or a faculty member for travel to Spain or other European countries to do research in the Golden Age of Spanish Literature. In any year there is no qualified recipient for either Fellowship, its income will be reinvested in the endowment corpus.

BACKGROUND INFORMATION

Dr. Ruth Lee Kennedy received her B.A. in English in 1916 and her M.A. in Romance Languages in 1917 from U. T. Austin. She had a distinguished career in higher education, specializing in Spanish language and literature. U. T. Austin was bequeathed various stocks from Dr. Kennedy. All of the stocks were called for involuntary redemption at various times during 1986 and 1987. In a June 1, 1990 Order from the Superior Court of the State of Arizona, it was found that the proceeds from the redemption of the securities bequeathed to U. T. Austin should pass according to Dr. Kennedy's Last Will and Testament.

10. U. T. Austin: Recommendation to Accept Gifts and Corporate Matching Funds to Establish the Cleo H. Key Friend of Alec Excellence Fund in the College of Engineering.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Cunningham that gifts comprised of General Motors Corporation common stock valued at \$5,248.12 and \$101.25 in cash from Mr. Cleo H. Key, Santa Ana, California, and \$5,000 in corporate matching funds from Ford Motor Company Fund, Dearborn, Michigan, for a total of \$10,349.37 be accepted to establish the Cleo H. Key Friend of Alec Excellence Fund in the College of Engineering at U. T. Austin.

Income earned from the endowment will be used in accordance with policies established for the Friends of Alec Program by the College of Engineering and the Engineering Foundation Advisory Council. At the donor's request, the yearly fund distribution will be awarded to a deserving student in memory of Mrs. Nora Vaught, Eastland, Texas, friend and mentor of Mr. Key during his years as a student.

BACKGROUND INFORMATION

Mr. Cleo H. Key, Santa Ana, California, is owner of Key Western Properties, Tustin, California. He received his B.S.M.E. in 1942 from U. T. Austin.

11. U. T. Austin: Recommendation to Accept Gifts to Establish the W. N. Kirby Endowed Scholarship for Future Teachers in the College of Education.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Cunningham that a \$5,000 gift from Mr. and Mrs. Jon Brumley, Fort Worth, Texas, and gifts totalling \$5,772.66 from staff members of the Texas Education Agency, Austin, Texas, and various donors, for a total of \$10,772.66 be accepted to establish the W. N. Kirby Endowed Scholarship for Future Teachers in the College of Education at U. T. Austin.

Income earned from the endowment will be used to provide scholarship support for deserving students seeking initial teacher certification.

BACKGROUND INFORMATION

Dr. W. N. (Bill) Kirby received his M.A. in 1968 and his Ph.D. in Educational Psychology in 1972 from U. T. Austin. Recognized as an expert in school finance, Dr. Kirby is the recipient of numerous honors and awards, including the Outstanding Educator Award from The University of Texas Superintendent's Workshop. He served for 31 years as Commissioner of Education for the State of Texas and is now retired. Staff members of the Texas Education Agency, Austin, Texas, Mr. and Mrs. Jon Brumley, Fort Worth, Texas, and colleagues and friends of Dr. Kirby are funding this endowment in honor of his retirement.

12. U. T. Austin: Recommendation to Accept Gifts to Establish the Arthur Lockenvitz Memorial Endowed Scholarship in Experimental Physics in the College of Natural Sciences.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Cunningham that \$10,000 in gifts from various donors be accepted to establish the Arthur Lockenvitz Memorial Endowed Scholarship in Experimental Physics in the Department of Physics, College of Natural Sciences, at U. T. Austin.

Income earned from the endowment will be used to support graduate students who are studying experimental physics.

BACKGROUND INFORMATION

This Scholarship is being funded in memory of Professor Arthur E. Lockenvitz who joined the faculty at U. T. Austin as an instructor in 1928. He was promoted to Professor in 1952, and in 1972 he was named Professor Emeritus, having served on the faculty of the Department of Physics for 44 years.

13. U. T. Austin: Recommendation to Accept Gifts to Establish the David L. Miller Graduate Fellowship in Philosophy in the College of Liberal Arts.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Cunningham that a \$6,400 gift from Mrs. David L. Miller, Austin, Texas, and \$5,100 in gifts from various donors for a total of \$11,500 be accepted to establish the David L. Miller Graduate Fellowship in Philosophy in the Department of Philosophy, College of Liberal Arts, at U. T. Austin.

Income earned from the endowment will be used as fellowship support to graduate students in Philosophy, selected by the Department of Philosophy on the basis of financial need and academic merit.

BACKGROUND INFORMATION

This endowment is being funded in memory of Dr. David L. Miller, an internationally renowned philosopher who taught at U. T. Austin from 1934 until his retirement and appointment as Professor Emeritus in 1978.

14. U. T. Austin: Recommendation to Establish the Keith Morrison Endowed Presidential Scholarship in Law in the School of Law.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Cunningham that the Keith Morrison Endowed Presidential Scholarship in Law in the School of Law at U. T. Austin be established. The funds for the endowment will be held and administered by The University of Texas Law School Foundation (an external foundation) in accordance with the Regents' Rules and Regulations. When matching funds become available under The Regents' Endowed Student Fellowship and Scholarship Program, the Law School Foundation will transfer funds held for the endowment to the U. T. Board of Regents.

Income earned from the endowment will be used to award scholarships to law students selected at the discretion of the Dean of the School of Law or the Dean's designee, based on merit or need.

BACKGROUND INFORMATION

The University of Texas Law School Foundation has received an \$8,500 gift from Mr. David G. Glickman, Dallas, Texas, \$5,550 in gifts and \$1,000 in pledges, payable by August 31, 1993, from various School of Law faculty and other individual donors and pledged \$15,050 in Law School Foundation matching funds for a total of \$30,100 to establish this endowment in the School of Law. Professor Keith E. Morrison is the William Stamps Farish Professor Emeritus in Law. He was a distinguished member of the School of Law faculty for 32 years, from 1948 until his full retirement in 1980. Mr. David G. Glickman received his LL.B. from U. T. Austin in 1961. He is an adjunct professor in the School of Law.

15. U. T. Austin: Recommendation to Accept Trust Distributions to Establish the Judge Ben H. Powell Award in the School of Law.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Cunningham that distributions totalling \$41,000 from the Marian Rather Powell Testamentary Trust be accepted to establish the Judge Ben H. Powell Award in the School of Law at U. T. Austin.

Income earned from the endowment will be used within the Endowed Presidential Scholarship Program to benefit students "worthy of assistance or of an award for outstanding scholastic achievement in the field of law."

BACKGROUND INFORMATION

Mrs. Marian Rather Powell received her B.A. from U. T. Austin in 1902. This endowment is being funded in memory of her husband, Judge Benjamin H. Powell III. Judge Powell received his B.A. and his LL.B. from U. T. Austin in 1903. The Powell family has a continuing association with U. T. Austin as several generations have received bachelor's and law degrees.

16. U. T. Austin: Recommendation to Accept Transfer of Funds to Establish the Republic of Mexico Solidaridad Endowed Presidential Scholarship.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Cunningham that a \$25,000 transfer of previously reported gifts from current restricted funds be accepted to establish the Republic of Mexico Solidaridad Endowed Presidential Scholarship at U. T. Austin.

Income earned from the endowment will be used to provide scholarship support to students from Mexico. Scholarship awards will be managed by the Office of Student Financial Services in consultation with the appropriate academic departments and centers.

BACKGROUND INFORMATION

On April 12, 1991, Lic. Carlos Salinas de Gortari, President of the Republic of Mexico, visited U. T. Austin. The visit was made in recognition of U. T. Austin's academic programs in Mexican and Latin American studies and as a continuation of the mutually supportive and extremely beneficial relationship between U. T. Austin and Mexico. This Scholarship is being funded in honor of President Salinas and U. T. Austin's

relationship with Mexico to support a citizen of the Republic of Mexico for study at U. T. Austin. Each year's recipient will represent Mexico and enhance the spirit of harmony and cooperation between that nation and the State of Texas. President Salinas requested the endowment include "Solidaridad" as a reflection of the spirit of cooperation and solidarity between Mexico's economic, industrial, and social factions.

17. U. T. Austin: Recommendation to Accept Gifts, Pledges, and Corporate Matching Fund Pledges to Establish the Louis E. Rosier Memorial Undergraduate Scholarship in Computer Sciences in the College of Natural Sciences.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Cunningham that \$9,111.82 in gifts and \$650 in pledges, payable by December 31, 1993, from various donors and \$2,620 in corporate matching fund pledges from various corporations for a total of \$12,381.82 be accepted to establish the Louis E. Rosier Memorial 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 provide support for deserving undergraduate students who are majoring in computer sciences.

BACKGROUND INFORMATION

Dr. Louis E. Rosier joined the faculty of U. T. Austin as an assistant professor in 1982 and was promoted to Associate Professor in 1988. A dedicated teacher, Dr. Rosier was an important influence in the lives and career directions for a substantial number of computer sciences students. The funds for this Scholarship are being provided in Dr. Rosier's memory by his family, faculty members, and former students.

18. U. T. Austin: Recommendation to Establish the Judge Bob Shannon Endowed Presidential Scholarship in Law in the School of Law.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Cunningham that the Judge Bob Shannon Endowed Presidential Scholarship in Law in the School of Law at U. T. Austin be established. The funds for the endowment will be held and administered by The University of Texas Law School Foundation (an external foundation) in accordance with the Regents' Rules and Regulations. When matching funds become available under The Regents' Endowed Student Fellowship and Scholarship Program, the Law School Foundation will transfer funds held for the endowment to the U. T. Board of Regents.

Income earned from the endowment will be used to award scholarships to law students selected at the discretion of the Dean of the School of Law or the Dean's designee, based on merit or need.

BACKGROUND INFORMATION

The University of Texas Law School Foundation has received \$12,250 in gifts and \$1,000 in pledges, payable by August 31, 1993, from the law firm of Baker & Botts, Houston, Texas, and various donors and has pledged \$13,250 in Law School Foundation matching funds for a total of \$26,500 to establish this endowment in the School of Law. Judge Bob Shannon, Austin, Texas, received his LL.B. from U. T. Austin in 1957. He is a former Chief Justice of the Third Court of Appeals for the State of Texas and is now with the law firm of Baker & Botts, Houston, Texas.

19. U. T. Austin: Recommendation to Accept Gifts and Pledges to Establish the TEXes Alumni Centennial Scholarship Fund for Teachers in the College of Education.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Cunningham that a \$4,583 gift from Justice and Mrs. Oscar Mauzy, Austin, Texas, and \$3,207 in gifts and \$2,210 in pledges, payable by December 31, 1993, from various members of the Texas Education Exes for a total of \$10,000 be accepted to establish the TEXes Alumni Centennial Scholarship Fund for Teachers in the College of Education at U. T. Austin.

Income earned from the endowment will be reinvested in the endowment corpus until the corpus reaches \$10,000, at which time the income will be used as scholarship support for regularly enrolled graduate or undergraduate students in the College of Education.

BACKGROUND INFORMATION

This endowment is being funded in commemoration of the centennial year of the College of Education by members of the Texas Education Exes (TEXes), the alumni organization in the College of Education, and by Justice and Mrs. Oscar Mauzy, Austin, Texas, who served as major sponsors of this Scholarship.

20. U. T. Austin: Recommendation to Establish the Judge Mace B. Thurman, Jr. Endowed Presidential Scholarship in Law in the School of Law.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Cunningham that the Judge Mace B. Thurman, Jr. Endowed Presidential Scholarship in Law in the School of Law at U. T. Austin be established. The funds for the endowment will be held and administered by The University of Texas Law School Foundation (an external foundation) in accordance with the Regents' Rules and Regulations. When matching funds become available under The Regents' Endowed Student Fellowship and Scholarship Program, the Law School Foundation will transfer funds held for the endowment to the U. T. Board of Regents.

Income earned from the endowment will be used to award scholarships to law students selected at the discretion of the Dean of the School of Law or the Dean's designee, based on merit or need.

BACKGROUND INFORMATION

The University of Texas Law School Foundation has received gifts of \$9,470 and pledges of \$3,030, payable by August 31, 1993, from various donors and has pledged \$12,500 in Law School Foundation matching funds for a total of \$25,000 to establish this endowment in the School of Law. The Honorable Mace B. Thurman received his B.B.A. in 1937 and his LL.B. in 1939 from U. T. Austin. For 50 years, Judge Thurman upheld legal standards against civil and criminal infractions, first as Justice of the Peace and then for 33 years on the bench of the 147th District Court of Travis County, Texas. He retired on January 1, 1990, having never lost a judicial election.

21. U. T. Austin: Recommendation to Accept Gift, Pledge, and Transfer of Funds to Establish The Jim Watson Endowed Presidential Scholarship in the School of Law.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Cunningham that a \$10,000 gift and a \$2,500 pledge, payable by February 29, 1992, from Mr. Jim A. Watson, Dallas, Texas, and a \$12,500 transfer of previously reported gifts from current restricted funds for a total of \$25,000 be accepted to establish The Jim Watson Endowed Presidential Scholarship in the School of Law at U. T. Austin.

Income earned from the endowment will be used to award scholarships to law students selected at the discretion of the Dean of the School of Law or the Dean's designee.

BACKGROUND INFORMATION

Mr. Jim A. Watson received his B.A. in History in 1962 and his LL.B. with honors in 1964 from U. T. Austin. He is an adjunct professor in the School of Law and a member of The Chancellor's Council.

22. U. T. Dallas: Recommendation to Accept Gifts to Establish The University of Texas at Dallas Alumni Association Endowed Scholarship Fund.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Rutford that \$10,000 in gifts from various donors be accepted to establish The University of Texas at Dallas Alumni Association Endowed Scholarship Fund at U. T. Dallas.

Ninety percent of the income earned from the endowment will be used annually to award a scholarship to an undergraduate or graduate student who is enrolled in at least six semester credit hours and who demonstrates a need for scholarship assistance. Recipients will be selected by the U. T. Dallas Committee on Student Fellowships and Scholarships. The remaining ten percent of income earned will be reinvested in the corpus of the endowment.

BACKGROUND INFORMATION

This Scholarship is being funded with gifts from alumni donors, resulting from an on-going campaign by the U. T. Dallas Alumni Association.

23. U. T. Dallas: Recommendation to Accept Transfers of Funds, Accumulated Earnings, and Gift to Establish the Nelle C. Johnston Chair in Communication Disorders in Children and Eligibility for Matching Funds Under the Texas Eminent Scholars Program.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Rutford that a \$399,000 transfer of a previously accepted trust distribution from the Ethel Stevens Spencer Charitable Trust, \$32,088.02 in accumulated earnings from the Trust distribution, an \$18,911.98 gift from the Foundation for the Callier Center and Communication Disorders, Dallas, Texas, and a \$50,000 transfer of institutional funds from U. T. Dallas for a total of \$500,000 be accepted to establish the Nelle C. Johnston Chair in Communication Disorders in Children at U. T. Dallas.

It is further recommended that the actual income that will be earned on the \$399,000 trust distribution and the \$18,911.98 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

The funding of this Chair fulfills two high priority objectives of the Foundation for the Callier Center and Communication Disorders, Dallas, Texas. First, to honor Miss Nelle C. Johnston, who for more than forty years has devoted so much of her life and her many talents to assisting children with hearing problems and to establishing, guiding, and aiding Callier Center and its predecessors; and second, to enhance Callier Center's leadership position in the field of communication disorders.

24. U. T. Southwestern Medical Center - Dallas: Recommendation to Accept Gift to Establish the Frances Evans Chubb Scholarship Fund.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and President Wildenthal that a \$10,000 gift from Dr. Curtis E. Chubb and his wife, Ms. Barbara Miller, Carrollton, Texas, be accepted to establish the Frances Evans Chubb Scholarship Fund at the U. T. Southwestern Medical Center - Dallas.

Income earned from the endowment will be used to award scholarships to first-year medical students who receive all A's in medical school classes, who are not in the M.D.-Ph.D. program, and who are not receiving assistance from another named scholarship.

BACKGROUND INFORMATION

Dr. Curtis E. Chubb is Associate Professor of Cell Biology and Neuroscience at the U. T. Southwestern Medical Center - Dallas. He and his wife are funding this endowment in memory of his mother, Mrs. Frances Evans Chubb, and to assist medical students who have meant a great deal to Dr. Chubb and his wife during his tenure at the U. T. Southwestern Medical Center - Dallas. Dr. Chubb has been with the U. T. Southwestern Medical Center - Dallas since 1980.

25. U. T. Southwestern Medical Center - Dallas: Recommendation to Establish the James M. Collins Professorship in Biomedical Research.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and President Wildenthal that the James M. Collins Professorship in Biomedical Research at the U. T. Southwestern Medical Center - Dallas be established. The funds for the endowment will be held and administered by the Southwestern Medical Foundation, Dallas, Texas (an external foundation).

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

BACKGROUND INFORMATION

The James M. Collins Foundation, Dallas, Texas, and the Carr P. Collins Foundation, Lewisville, Texas, have pledged \$2,000,000 over a 10 year period to support a new research program that will investigate the causes, prevention, and cure of pulmonary fibrosis. Of that amount, \$100,000 has been received and set aside to fund this Professorship which, as the endowment grows, will be converted to a distinguished chair.

The Honorable James M. Collins served as the U. S. Representative from Texas District 3 from 1968 to 1983. Mr. Collins was one of Dallas' most prominent leaders. His parents were Mr. and Mrs. Carr P. Collins, Sr. He and his family have exerted a profound influence on all aspects of Dallas civic life. It is especially fitting that his family has chosen to honor his memory with this Professorship and a major new medical research program at the U. T. Southwestern Medical Center - Dallas.

See Item 1 on Page HAC - 2 related to a proposed appointment to this Professorship.

26. U. T. Southwestern Medical Center - Dallas: Recommendation to Accept Bequest from the Estate of Eunice L. Kirven, Dallas, Texas.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and President Wildenthal that a bequest of twenty percent of the residual estate of Ms. Eunice L. Kirven, Dallas, Texas, totalling \$19,291.71 be accepted to be used for research on Alzheimer's Disease at the U. T. Southwestern Medical Center - Dallas.

BACKGROUND INFORMATION

Ms. Eunice L. Kirven, Dallas, Texas, had no known affiliation with the U. T. Southwestern Medical Center - Dallas.

27. U. T. Southwestern Medical Center - Dallas: The Berta M. and Cecil O. Patterson Professorship for Research in Digestive Diseases - Recommendation to Redesignate as the Berta M. and Cecil O. Patterson Chair in Gastroenterology and Eligibility for Matching Funds Under the Texas Eminent Scholars Program.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and President Wildenthal that The Berta M. and Cecil O. Patterson Professorship for Research in Digestive Diseases be redesignated as the Berta M. and Cecil O. Patterson Chair in Gastroenterology at the U. T. Southwestern Medical Center - Dallas. Pledges of \$50,000 from various donors, payable by July 1, 1992, and accumulated income will be added to the current balance of \$425,450.49 for a total endowment of \$500,000.

It is further recommended that the actual income that will be earned on all qualifying gifts and pledges, as received, 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

At the April 1985 meeting of the U. T. Board of Regents, The Berta M. and Cecil O. Patterson Professorship for Research in Digestive Diseases was established with \$125,000 in gifts from Mrs. Lowell H. Lebermann and Mrs. Cecil O. Patterson, and these gifts were certified for matching under the Texas Eminent Scholars Program. At the April 1986 and the August 1986 meetings of the U. T. Board of Regents, additional gifts totalling \$80,705 were received and certified for matching under the Texas Eminent Scholars Program. At the February 1989 meeting of the U. T. Board of Regents, \$146,971.24 in previously reported gifts were also certified for matching under the Texas Eminent Scholars Program.

28. U. T. Southwestern Medical Center - Dallas: Professorship in the Brain Sciences - Recommendation to Accept Accumulated Income and Transfer of Funds and to Redesignate as the Communities Foundation of Texas, Inc. Chair in Brain Science.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and President Wildenthal that \$98,000 in accumulated income and a \$152,000 transfer of unrestricted funds from the Department of Psychiatry for a total of \$250,000 be accepted for addition to the Professorship in the Brain Sciences at the U. T. Southwestern Medical Center - Dallas, for a total endowment of \$500,000 and that the Professorship be redesignated as the Communities Foundation of Texas, Inc. Chair in Brain Science.

BACKGROUND INFORMATION

At the April 1984 meeting of the U. T. Board of Regents, the Lectureship in the Brain Sciences was established with a \$50,000 cash grant and a \$200,000 pledge, payable by December 31, 1987, for a total of \$250,000 from the Communities Foundation of Texas, Inc., Dallas, Texas. At the April 1985 meeting of the U. T. Board of Regents, the Lectureship was redesignated as the Professorship in the Brain Sciences.

The Communities Foundation of Texas, Inc., Dallas, Texas, was established in 1953. It is comprised of prominent Dallas individuals and provides grant funds in the areas of education, health and hospitals, and social services.

See Item 1 on Page HAC - 2 related to a proposed appointment to this Chair.

29. U. T. Southwestern Medical Center - Dallas: Recommendation to Accept Gift to Establish the Eva A. Rosenthal Professorship in Internal Medicine, in Honor of Gary Reed, M.D.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and President Wildenthal that the gift of a \$100,000 Tarrant County, Texas, bond valued at \$103,992.78 from Mr. Ben Rosenthal, Sr., Dallas, Texas, be accepted to establish the Eva A. Rosenthal Professorship in Internal Medicine, in Honor of Gary Reed, M.D., at the U. T. Southwestern Medical Center - Dallas.

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

BACKGROUND INFORMATION

This endowment is being funded in memory of Mrs. Ben Rosenthal, Sr. and to express appreciation to Gary Reed, M.D., who is involved in the care of Mr. Ben Rosenthal, Sr. Mr. Rosenthal, a prominent member of the Dallas community, is a retired businessman and a philanthropist.

See Item 1 on Page HAC - 2 related to a proposed appointment to this Professorship.

30. U. T. Medical Branch - Galveston: Recommendation to Accept Gift to Establish The Marcel Patterson, M.D. Lecture in Family Medicine.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and President James that a \$10,000 gift from Mrs. Marcel Patterson, Galveston, Texas, be accepted to establish an endowment at the U. T. Medical Branch - Galveston to be named The Marcel Patterson, M.D. Lecture in Family Medicine.

Income earned from the endowment will be used annually to bring a distinguished practitioner in family medicine to the U. T. Medical Branch - Galveston to address medical students, family medicine residents, and faculty on the art and science of the practice of family medicine.

BACKGROUND INFORMATION

Mrs. Marcel Patterson is funding this endowment in memory of her husband, Dr. Marcel Patterson, who came to the U. T. Medical Branch - Galveston in 1954 and was the first chief for the Division of Gastroenterology, Department of Internal Medicine. Mrs. Patterson has made several prior gifts in her husband's memory.

31. U. T. Medical Branch - Galveston: The John Sealy Memorial Endowment Fund for Biomedical Research (Part A and Part B) - Recommendation to Accept Additional Gift and Transfer of Funds.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and President James that a \$5,000,000 gift from The Sealy & Smith Foundation for the John Sealy Hospital, Galveston, Texas, for addition to Biomedical Fund - Part A, and a \$5,000,000 transfer of institutional funds for addition to Biomedical Fund - Part B, for a total of \$10,000,000 be accepted for addition to The John Sealy Memorial Endowment Fund for Biomedical Research at the

U. T. Medical Branch - Galveston. The acceptance of this gift and transfer of funds brings the endowment to a total of \$50,000,000.

Distributions from the Fund, as outlined in the previously established Endowment Agreement, will be used to support biomedical research, defined as "all investigative endeavors into the biological and physical systems that relate to the understanding, prevention, and treatment of human diseases and trauma."

BACKGROUND INFORMATION

The John Sealy Memorial Endowment Fund for Biomedical Research was established at the December 1986 meeting of the U. T. Board of Regents with \$5,000,000 from the Foundation and \$5,000,000 in institutional matching funds. It is both funded and managed in two separate segments (Part A and Part B). Biomedical Fund - Part A is seeded by The Sealy & Smith Foundation grant and is under the joint management and control of The Sealy & Smith Foundation and the U. T. Board of Regents. Biomedical Fund - Part A is to remain at NCNB Texas National Bank, Galveston Banking Center, as trustee bank. The U. T. Board of Regents is to retain exclusive management, custody, and control of Biomedical Fund - Part B, in the University's Common Trust Fund or otherwise, at the discretion of the U. T. Board of Regents. Both Part A and Part B of The John Sealy Memorial Endowment Fund for Biomedical Research are authorized to accept additional grants from any source, including, but not limited to, additional Sealy & Smith Foundation grants, subject to the terms of the Endowment Agreement and Regental approval.

32. U. T. Health Science Center - Houston: Recommendation to Accept Gifts and Transfer of Funds to Establish the Cecil M. Crigler, M.D. Chair in Urology and Eligibility for Matching Funds Under the Texas Eminent Scholars Program.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and President Low that \$400,000 in gifts from various donors and a \$125,000 transfer of previously reported gifts from current restricted funds for a total of \$525,000 be accepted to establish the Cecil M. Crigler, M.D. Chair in Urology at the U. T. Health Science Center - Houston.

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

Additionally, it is recommended that the actual income which will be earned on the \$483,400 in gifts received after September 1, 1983, 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 endowment is being funded with gifts accumulated since 1982 from colleagues, former trainees, patients, and family to honor Dr. Cecil M. Crigler, Houston, Texas, including a \$125,000 previously reported gift from Mr. and Mrs. Darald R. Libby, Worcester, Massachusetts. Dr. Crigler has dedicated his life to teaching and patient care in urology and was the first Chief of Urology at the U. T. M.D. Anderson Cancer Center. Dr. Crigler is currently Professor Emeritus at the U. T. Health Science Center - Houston.

33. U. T. Health Science Center - Houston: Recommendation to Accept Gifts to Establish the Walter and Ruth Sterling Professorship in Ophthalmology and Eligibility for Matching Funds Under the Texas Eminent Scholars Program.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and President Low that a \$70,083 gift from the Hermann Eye Fund, Houston, Texas, and \$30,050 in gifts from various donors for a total of \$100,133 be accepted to establish the Walter and Ruth Sterling Professorship in Ophthalmology at the U. T. Health Science Center - Houston.

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

Additionally, it is recommended that the actual income which will be earned on the \$96,633 in gifts received after September 1, 1983, 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 endowment is being funded in memory of Mr. Walter Sterling and in honor of his wife, Mrs. Ruth Sterling, Houston, Texas, to permanently acknowledge a long and productive association between the Sterlings and the U. T. Health Science Center - Houston. Mr. Walter Sterling received his LL.B. in 1925 from U. T. Austin. He was a member of the U. T. Board of Regents during the formative years of the U. T. Health Science Center - Houston. As Chairman of the Board of Trustees of The Hermann Estate (now Hermann Hospital), he fostered the relationship that led Hermann Hospital to become the primary teaching facility for the U. T. Medical School - Houston. Mrs. Ruth Sterling supported her husband's many endeavors and continues to serve the U. T. Health Science Center - Houston as well as the boards of the U. T. M.D. Anderson Cancer Center, the U. T. Institute of Texan Cultures - San Antonio, and the U. T. Nursing School - Galveston. For many years, Mr. and Mrs. Sterling have been patients of Dr. Richard S. Ruiz, Chairman of the Department of Ophthalmology at the U. T. Health Science Center - Houston.

34. U. T. Health Science Center - San Antonio: Recommendation to Accept Gifts and Pledges to Establish The University of Texas Health Science Center at San Antonio Development Board Endowed Fund in Clinical Dentistry.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and President Howe that \$31,924 in gifts and \$6,750 in pledges, payable by December 31, 1991, for a total of \$38,674 from various donors be accepted to establish an endowment in the Dental School at the U. T. Health Science Center - San Antonio to be named The University of Texas Health Science Center at San Antonio Development Board Endowed Fund in Clinical Dentistry.

Income earned from the endowment will be reinvested in the endowment corpus until the corpus reaches \$100,000, at which time the endowment will be redesignated as a professorship in clinical dentistry.

BACKGROUND INFORMATION

The University of Texas Health Science Center at San Antonio Development Board began raising funds for this endowment in November 1990 in recognition of the 20th anniversary of the Dental School at the U. T. Health Science Center - San Antonio.

35. U. T. M.D. Anderson Cancer Center: Recommendation to Accept Gifts and Pledges to Establish the Scientific Achievement Endowment Fund.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and President LeMaistre that \$1,228,680 in gifts and \$535,000 in pledges, payable by December 31, 1993, for a total of \$1,763,680 from various donors be accepted to establish the Scientific Achievement Endowment Fund at the U. T. M.D. Anderson Cancer Center.

Income earned from the endowment will be pooled with income earned from the Theodore N. Law Endowment for Scientific Achievement and used to provide five equal awards to outstanding junior faculty members to support their research programs. The award will include salary support for the faculty members in addition to maintenance and operational funding for their research program.

BACKGROUND INFORMATION

Houston Endowment, Inc., Houston, Texas, the Cockrell Foundation, Houston, Texas, and various individuals from around the State of Texas are providing the funding for this endowment. The intent is to fully fund this endowment at a level of \$2,000,000. The University Cancer Foundation Board of Visitors has been actively involved in raising funds for the support of the Scientific Achievement Program. Included in the amount raised to date was a \$1,000,000 gift from Mrs. Caroline Wiess Law, Houston, Texas, which was used to establish the Theodore N. Law Endowment for Scientific Achievement at the February 1991 meeting of the U. T. Board of Regents.

36. U. T. M.D. Anderson Cancer Center: Recommendation to Accept Gifts to Establish the Hall Everett Timanus, Sr. Endowed Memorial Pancreatic Cancer Fund.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and President LeMaistre that \$12,595 in gifts from various donors be accepted to establish a quasi-endowment at the U. T. M.D. Anderson Cancer Center to be named the Hall Everett Timanus, Sr. Endowed Memorial Pancreatic Cancer Fund.

Income earned from the endowment will be used to support treatment and research on pancreatic cancer.

BACKGROUND INFORMATION

This endowment is being funded in memory of Mr. Hall Everett Timanus, Sr., Houston, Texas, who was the brother-in-law of Richard G. Martin, M.D., former Head of the Division of Surgery at the U. T. M.D. Anderson Cancer Center.

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: October 11, 1991

Time: Following the meeting of the Asset Management Committee

Place: Conference Rooms 3 and 4, Third Floor,
E. E. Davis Hall, U. T. Arlington

1. Pending and/or Contemplated Litigation - Section 2(e)
 - a. U. T. Medical Branch - Galveston: Proposed Settlement of Medical Liability Litigation
 - b. U. T. Health Science Center - Houston: Proposed Settlement of Medical Liability Litigation
2. Land Acquisition, Purchase, Exchange, Lease or Value of Real Property and Negotiated Contracts for Prospective Gifts or Donations - Section 2(f)
3. Personnel Matters [Section 2(g)] Relating to Appointment, Employment, Evaluation, Assignment, Duties, Discipline, or Dismissal of Officers or Employees

U. T. System: Consideration of Personnel Aspects of the Operating Budgets for the Fiscal Year Ending August 31, 1992, Including Auxiliary Enterprises, Grants and Contracts, Designated Funds, Restricted Current Funds and Medical and Dental Services, Research and Development Plans