

MATERIAL SUPPORTING THE AGENDA

Volume XXXIIa

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

October 11-12, 1984
December 13-14, 1984

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.: 806

Date: December 13-14, 1984

Location: El Paso, Texas

BOARD OF REGENTS
OF
THE UNIVERSITY OF TEXAS SYSTEM

CALENDAR

Place: The Union-East, Room 308
The University of Texas at El Paso
University Avenue
El Paso, Texas

Host Institution: The University of Texas at El Paso

Thursday, December 13, 1984

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

See Pages B of R 1 - 5,
Items A - L

Friday, December 14, 1984

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

See Page B of R - 6,
Items M - Q

Telephone Numbers

Offices:

President Monroe (915) 747-5555
The Union-East (915) 747-5711

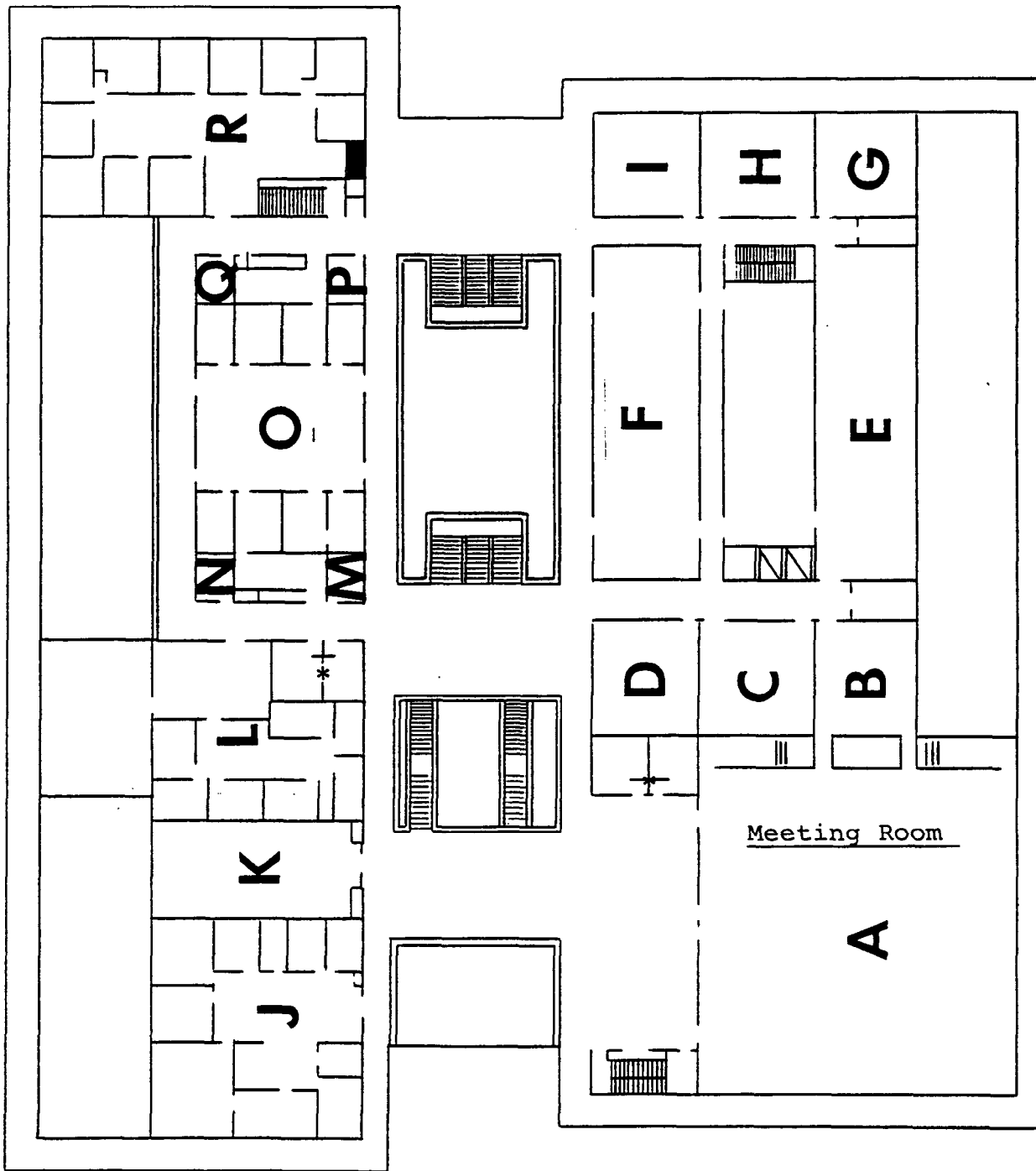
Hotel:

El Paso Marriott (915) 779-3300
1600 Airways Boulevard

The University of Texas at El Paso

The Union - East

- A - Conference Center (308)
- B - Holcomb Room
- C - Smiley Room (310)
- D - Roy Room (309)
- E - Union Suite (313)
- F - University Suite (312)
- G - Barry Room (315)
- H - Wiggins Room (315)
- I - Elkins Room (314)
- J - Union Administrative Offices (307)
- K - Student Organizations Room
- L - Student Association Offices
- M - Student Organizations Room
- N - Student Organizations Room
- O - Student Programs Office
- P - Student Organizations Room
- Q - Student Organizations Room
- R - Student Organizations Offices
- * - Restrooms
- - Elevator

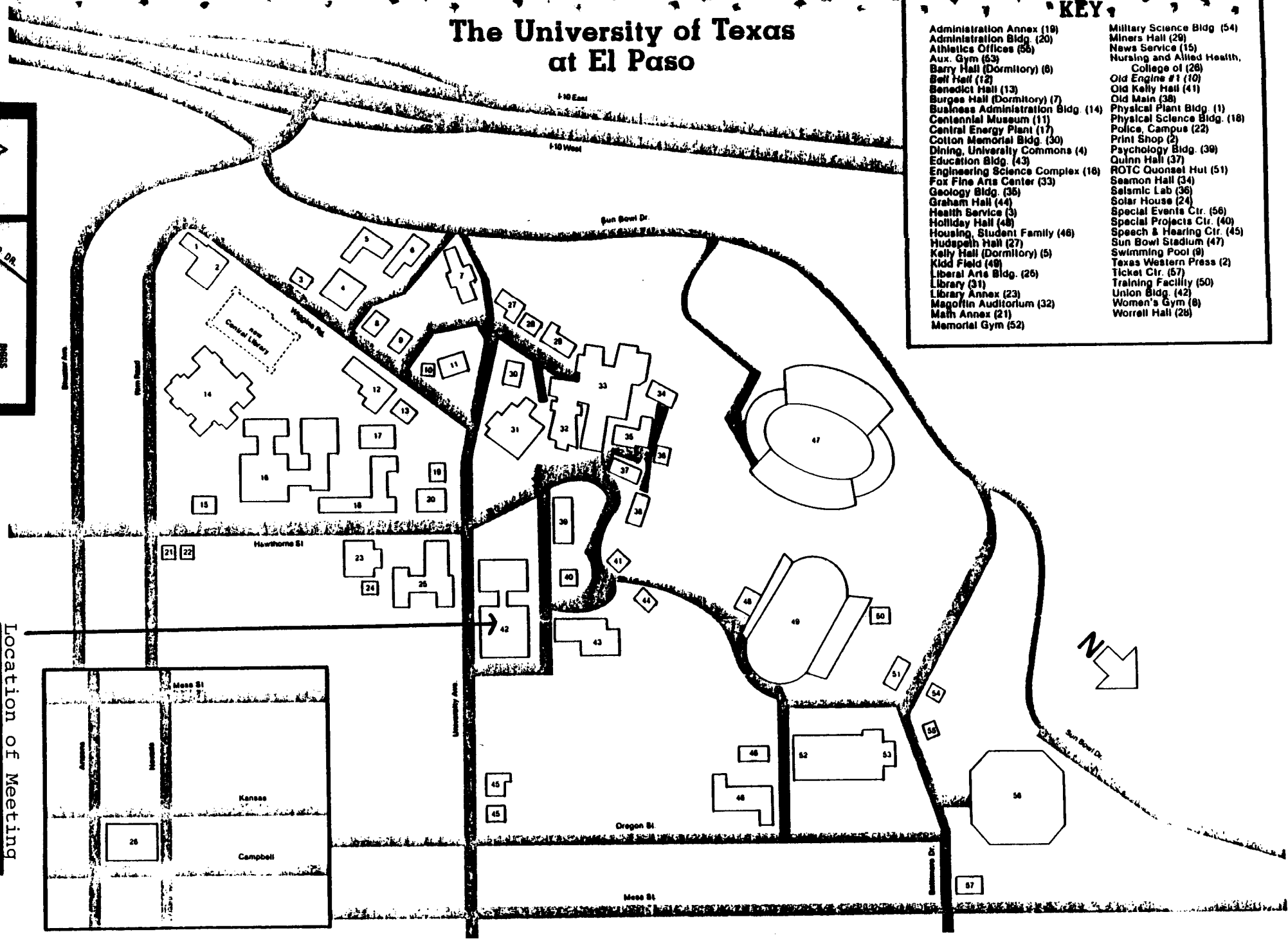
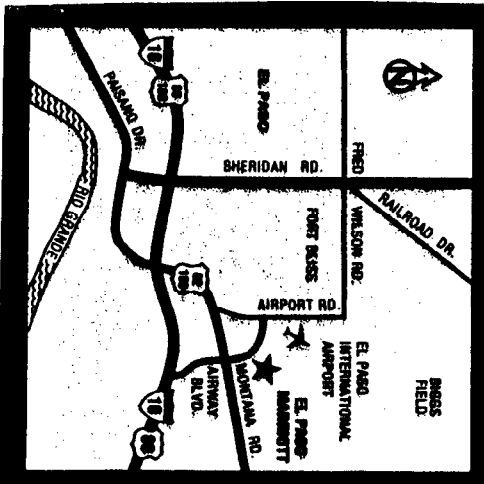


- A = Meeting Room
- G = Executive Session
- D = Regents' Secretarial Office
- C = Telephones for Press and Staff

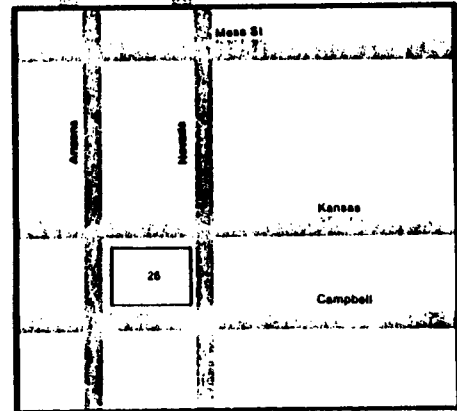
The University of Texas at El Paso

KEY

- | | |
|------------------------------------|---|
| Administration Annex (19) | Military Science Bldg (54) |
| Administration Bldg (20) | Miners Hall (29) |
| Athletics Offices (55) | News Service (15) |
| Aux. Gym (53) | Nursing and Allied Health,
College of (28) |
| Barry Hall (Dormitory) (8) | Old Engine #1 (10) |
| Bell Hall (12) | Old Kelly Hall (41) |
| Benedict Hall (13) | Old Main (38) |
| Burges Hall (Dormitory) (7) | Physical Plant Bldg. (1) |
| Business Administration Bldg. (14) | Physical Science Bldg. (18) |
| Centennial Museum (11) | Police, Campus (22) |
| Central Energy Plant (17) | Print Shop (2) |
| Cotton Memorial Bldg. (30) | Psychology Bldg. (39) |
| Dining, University Commons (4) | Quinn Hall (37) |
| Education Bldg. (43) | ROTC Quonset Hut (51) |
| Engineering Science Complex (16) | Seamon Hall (34) |
| Fox Fine Arts Center (33) | Seismic Lab (35) |
| Geology Bldg. (35) | Solar House (24) |
| Graham Hall (44) | Special Events Ctr. (56) |
| Health Service (3) | Special Projects Ctr. (40) |
| Holiday Hall (48) | Speech & Hearing Ctr. (45) |
| Housing, Student Family (46) | Sun Bowl Stadium (47) |
| Hudspeth Hall (27) | Swimming Pool (9) |
| Kelly Hall (Dormitory) (5) | Texas Western Press (2) |
| Kidd Field (49) | Ticket Ctr. (57) |
| Liberal Arts Bldg. (26) | Training Facility (50) |
| Library (31) | Union Bldg. (42) |
| Library Annex (23) | Women's Gym (8) |
| Magoffin Auditorium (32) | Worrell Hall (25) |
| Math Annex (21) | |
| Memorial Gym (52) | |



Location of Meeting



**Meeting of
the Board**

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

Date and Time: Thursday, December 13, 1984, from 1:00 p.m.
Until Recess
Friday, December 14, 1984, from 9:00 a.m.
Until Adjournment

Place: The Union-East, Room 308, U. T. El Paso

- A. CALL TO ORDER
- B. WELCOME AND PRESENTATION BY PRESIDENT MONROE
- C. APPROVAL OF MINUTES OF REGULAR MEETING HELD
OCTOBER 11-12, 1984
- D. INTRODUCTION OF COMPONENT GUESTS
 - 1. U. T. Arlington - President Nedderman
 - 2. U. T. Austin - President Flawn
 - 3. U. T. Dallas - President Rutford
 - 4. U. T. El Paso - President Monroe
 - 5. U. T. Permian Basin - President Leach
 - 6. U. T. San Antonio - President Wagener
 - 7. U. T. Tyler - President Hamm
 - 8. U. T. Medical Branch - Galveston - President Levin
 - 9. U. T. Cancer Center - President LeMaistre
 - 10. U. T. Health Center - Tyler - Director Hurst
 - 11. Others
- E. SPECIAL ITEMS
 - 1. U. T. Board of Regents: (a) Resolution Authorizing Issuance and Sale of Board of Regents of The University of Texas System, The University of Texas at Arlington Combined Fee Revenue Bonds, Series 1985, in the Amount of \$10,000,000, (b) Designation of Paying Agent/Registrar, and (c) Award of Contract for Printing.--

RECOMMENDATION

The Office of the Chancellor recommends the following:
(a) adoption of the bond resolution authorizing the issuance and sale of Board of Regents of The University of Texas System, The University of Texas at Arlington Combined Fee Revenue Bonds, Series 1985, in the amount of \$10,000,000; (b) designation of a paying agent/registrar, and (c) award of contract for printing of the bonds.

BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM
THE UNIVERSITY OF TEXAS AT ARLINGTON
COMBINED FEE REVENUE BONDS SERIES 1985
\$10,000,000

SALE OF BONDS.--As authorized, bids were called for and received until 5:00 P.M., C.S.T., on December 12, 1984, and then publicly opened and tabulated. A copy of the tabulation is attached.

The Office of the Chancellor recommends that the Board of Regents adopt the resolution authorizing the issuance of The University of Texas at Arlington Combined Fee Revenue Bonds, Series 1985, in the amount of \$10,000,000 and the sale to Prudential Bache Securities, Inc. and Associates, at the price of par and accrued interest to the delivery at rates of interest shown on the tabulation. The average effective interest cost on the bonds to the Board of Regents is 10.0774%.

DESIGNATION OF PAYING AGENT/REGISTRAR.--Attached is a tabulation of the bids received and publicly opened and tabulated at 2:00 P.M., C.S.T., on December 3, 1984, in accordance with specifications previously furnished.

The Office of the Chancellor recommends that the bid for Paying Agent/Registrar submitted by MBank Austin, N.A., Austin, Texas, for this issue be accepted. The bank will charge the Board of Regents \$0.00 annually.

AWARD OF CONTRACT FOR PRINTING THE BONDS.--Attached is a tabulation of the bids received and publicly opened and tabulated at 2:00 P.M., C.S.T., on December 3, 1984, in accordance with specifications furnished to printing companies.

The Office of the Chancellor recommends that the bid of Hart Graphics, Inc., Austin, Texas, be accepted for printing of the bonds with lithographed borders, as set out in the specifications, for the sum of \$1,213.00.

\$10,000,000
 BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM
 THE UNIVERSITY OF TEXAS AT ARLINGTON
 COMBINED FEE REVENUE BONDS, SERIES 1985
 Bids Received
 DECEMBER 12, 1984, at 5:00 P.M., C.S.T.

ACCOUNT				INTEREST COST	EFFECTIVE RATE
Prudential Bache Securities, Inc. and Associates	1986 thru 1995		12.00 %	Gross: \$14,233,380.00	
	1996	1997	9.50	Less	
	1998	-	9.70	Prem: -0-	
	1999	-	9.80	Net: 14,233,380.00	
	2000	-	9.85		10.0774 %
	2001	-	9.90		
	2002	2003	10.00		
	2004	-	9.90		
	2005	-	9.50		

Merrill Lynch Capital Markets and Associates	1986 thru 1994		12.00 %	Gross: \$14,269,519.38	
	1995	-	11.625	Less	
	1996	-	10.50	Prem: -0-	
	1997	-	9.50	Net: 14,269,519.38	
	1998	-	9.60		10.1030 %
	1999	-	9.75		
	2000	-	9.90		
	2001	-	10.00		
	2002	-	10.05		
	2003	-	10.10		
	2004	-	9.75		
	2005	-	9.50		

\$10,000,000
 BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM
 THE UNIVERSITY OF TEXAS AT ARLINGTON
 COMBINED FEE REVENUE BONDS, SERIES 1985
 Bids Received
 DECEMBER 12, 1984, at 5:00 P.M., C.S.T.

ACCOUNT				INTEREST COST	EFFECTIVE RATE
Rotan Mosle Inc. and Associates	1986	thru	1994	12.00 %	Gross: \$14,394,872.50
	<u>1995</u>	-		<u>10.30</u>	Less
	<u>1996</u>	-		<u>9.50</u>	Prem: -0-
	<u>1997</u>	-		<u>9.60</u>	Net: <u>14,394,872.50</u>
	<u>1998</u>	-		<u>9.70</u>	
	<u>1999</u>	-		<u>9.80</u>	<u>10.1917 %</u>
	<u>2000</u>	-		<u>9.90</u>	
	<u>2001</u>	-		<u>10.00</u>	
	<u>2002</u>	-		<u>10.10</u>	
	<u>2003</u>	-		<u>10.15</u>	
	<u>2004</u>	-		<u>10.20</u>	
	<u>2005</u>	-		<u>10.00</u>	

Chemical Bank, New York and Associates	1986	thru	1994	11.75 %	Gross: \$14,405,201.25
	<u>1995</u>	-		<u>9.25</u>	Less
	<u>1996</u>	-		<u>9.40</u>	Prem: 170.00
	<u>1997</u>	-		<u>9.60</u>	Net: <u>14,405,031.25</u>
	<u>1998</u>	-		<u>9.80</u>	
	<u>1999</u>	2000		<u>10.00</u>	<u>10.19897 %</u>
	<u>2001</u>	-		<u>10.10</u>	
	<u>2002</u>	2004		<u>10.25</u>	
	<u>2005</u>	-		<u>10.00</u>	

BIDS FOR PAYING AGENT/REGISTRAR
 \$10,000,000
 BOARD OF REGENTS FOR THE UNIVERSITY OF TEXAS SYSTEM
 THE UNIVERSITY OF TEXAS AT ARLINGTON
 COMBINED FEE REVENUE BONDS, SERIES 1985

Tabulation of Bids Received
 December 3, 1984, 2:00 P.M., C.S.T.

BIDDER	BID
MBank Austin, N.A.	Will charge the Board of Regents \$0.00 annually.
First City National Bank of Austin	Will charge the Board of Regents \$800.00 annually.
RepublicBank Dallas, National Assoc.	Will charge the Board of Regents \$1,200.00 annually.
MBank Dallas, N.A.	Will charge the Board of Regents \$1,500.00 annually.
InterFirst Bank Austin, N.A.	Will charge the Board of Regents \$7,500.00 annually.

BIDS FOR PRINTING
 \$10,000,000
 BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM
 THE UNIVERSITY OF TEXAS AT ARLINGTON
 COMBINED FEE REVENUE BONDS, SERIES 1985

Tabulation of Bids Received
 December 3, 1984, 2:00 P.M., C.S.T.

Bidder	Will Charge the Board of Regents as Follows for Printing 6,000 Bonds:	Number of Working Days
Hart Graphics, Inc. 8000 Shoal Creek Blvd Austin, TX 78758	\$1,213.00	10
Helms Printing Company, Inc. 2710 Swiss Avenue Dallas, TX 75204	\$2,151.00	12
Chas. P. Young Houston P.O. Box 2622 Houston, TX 77252	\$3,066.00	05

BIDS FOR PRINTING
 \$10,000,000
 BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM
 THE UNIVERSITY OF TEXAS AT ARLINGTON
 COMBINED FEE REVENUE BONDS, SERIES 1985

Tabulation of Bids Received
 December 3, 1984, 2:00 P.M., C.S.T.

Bidder	Will Charge the Board of Regents as Follows for Printing 6,000 Bonds:	Number of Working Days
American Bank Note Company 21 Green Street - P.O. Box P Malden, MA 02148	\$3,795.00	10

Bids for the bonds, paying agent/registrar and printing of the bonds will be available at the meeting.

BACKGROUND INFORMATION

The U. T. Board of Regents authorized the sale of these bonds at its October 11-12, 1984 meeting.

The proceeds from this bond sale will be used for the construction of an addition to and remodeling of the E. H. Hereford University Center at U. T. Arlington. Bids on bonds will be opened at 5:00 P.M., C.S.T., Wednesday, December 12, 1984, in the First Floor Conference Room at Claudia Taylor Johnson Hall.

The Bond Resolution is set forth on Pages B of R 7 - 27.

2. U. T. Board of Regents: (a) Resolution Authorizing Issuance and Sale of Board of Regents of The University of Texas System, The University of Texas at Austin Parking Facilities Revenue Bonds, Series 1984, in the Amount of \$3,000,000, (b) Designation of Paying Agent/ Registrar, and (c) Award of Contract for Printing of Bonds.--

RECOMMENDATION

The Office of the Chancellor recommends the following: (a) adoption of the bond resolution authorizing the issuance and sale of Board of Regents of The University of Texas System, The University of Texas at Austin Parking Facilities Revenue Bonds, Series 1984, in the amount of \$3,000,000, (b) designation of a paying agent/registrar, and (c) award of contract for printing of the bonds.

Bids for the bonds, paying agent/registrar and printing of the bonds will be available at the meeting.

BACKGROUND INFORMATION

The U. T. Board of Regents authorized the sale of these bonds at its December 8-9, 1983 meeting.

The proceeds from this bond sale will be used to provide partial funding for the construction of a parking garage on The University of Texas at Austin campus. Bids on bonds will be opened at 5:00 P.M., C.S.T., Wednesday, December 12, 1984, in the First Floor Conference Room at Claudia Taylor Johnson Hall.

The Bond Resolution is set forth on Pages B of R 28 - 56.

BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM
THE UNIVERSITY OF TEXAS AT AUSTIN
PARKING FACILITIES REVENUE BONDS SERIES 1984
\$3,000,000

SALE OF BONDS.--As authorized, bids were called for and received until 5:00 P.M., C.S.T., on December 12, 1984, and then publicly opened and tabulated. A copy of the tabulation is attached.

The Office of the Chancellor recommends that the Board of Regents adopt the resolution authorizing the issuance of The University of Texas at Austin Parking Facilities Revenue Bonds, Series 1984, in the amount of \$3,000,000 and the sale to Dean Witter Reynolds, Inc. and Associates at the price of par and accrued interest to the delivery at rates of interest shown on the tabulation. The average effective interest cost on the bonds to the Board of Regents is 9.906387%.

DESIGNATION OF PAYING AGENT/REGISTRAR.--Attached is a tabulation of the bids received and publicly opened and tabulated at 2:00 P.M., C.S.T., on December 3, 1984, in accordance with specifications previously furnished.

The Office of the Chancellor recommends that the bid for Paying Agent/Registrar submitted by MBank Austin, N.A., Austin, Texas, for this issue be accepted. The bank will charge the Board of Regents \$0.00 annually.

AWARD OF CONTRACT FOR PRINTING THE BONDS.--Attached is a tabulation of the bids received and publicly opened and tabulated at 2:00 P.M., C.S.T., on December 3, 1984, in accordance with specifications furnished to printing companies.

The Office of the Chancellor recommends that the bid of Hart Graphics, Inc., Austin, Texas, be accepted for printing of the bonds with lithographed borders, as set out in the specifications, for the sum of \$920.00.

\$3,000,000
 BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM
 THE UNIVERSITY OF TEXAS AT AUSTIN
 PARKING FACILITIES REVENUE BONDS, SERIES 1984
 Bids Received
 December 12, 1984, at 5:00 P.M., C.S.T.

ACCOUNT				INTEREST COST	EFFECTIVE RATE	
Dean Witter Reynolds, Inc. and Associates	1987	thru	1993	11.625%	Gross: <u>\$3,983,853.75</u>	9.906387 %
	1994		-	11.50	Less	
	1995		-	9.40	Prem : <u>-0-</u>	
	1996		-	9.60	Net : <u>\$3,983,853.75</u>	
	1997		-	9.75		
	1998		-	9.90		
	1999		-	10.00		
	2000		-	10.10		
	2001		-	10.15		
	2002		2003	9.125		

Prudential Bache Securities, Inc. and Associates	1987	thru	1995	11.80 %	Gross: <u>\$4,001,070.00</u>	9.9491 %
	1996		-	9.30	Less	
	1997		-	9.50	Prem : <u>-0-</u>	
	1998		-	9.70	Net : <u>\$4,001,070.00</u>	
	1999		-	9.80		
	2000		2003	9.50		

Merrill Lynch Capital Markets and Associates	1987	thru	1994	11.875 %	Gross: <u>\$4,002,713.75</u>	9.9532 %
	1995		-	10.30	Less	
	1996		-	9.40	Prem : <u>-0-</u>	
	1997		-	9.50	Net : <u>\$4,002,713.75</u>	
	1998		-	9.60		
	1999		-	9.75		
	2000		-	9.90		
	2001		-	10.00		
	2002		2003	9.375		

BIDS FOR PAYING AGENT/REGISTRAR
\$3,000,000
BOARD OF REGENTS FOR THE UNIVERSITY OF TEXAS SYSTEM
THE UNIVERSITY OF TEXAS AT AUSTIN
PARKING FACILITIES REVENUE BONDS, SERIES 1984

Tabulation of Bids Received
December 3, 1984, 2:00 P.M., C.S.T.

BIDDER	BID
MBank Austin, N.A.	Will charge the Board of Regents \$0.00 annually.
First City National Bank of Austin	Will charge the Board of Regents \$800.00 annually.
MBank Dallas, N.A.	Will charge the Board of Regents \$900.00 annually.
RepublicBank Dallas, National Assoc.	Will charge the Board of Regents \$1,000.00 annually.
InterFirst Bank Austin, N.A.	Will charge the Board of Regents \$3,000.00 annually.

BIDS FOR PRINTING
 \$3,000,000
 BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM
 THE UNIVERSITY OF TEXAS AT AUSTIN
 PARKING FACILITIES REVENUE BONDS, SERIES 1984

Tabulation of Bids Received
 December 3, 1984, 2:00 P.M., C.S.T.

Bidder	Will Charge the Board of Regents as Follows for Printing 1,800 Bonds:	Number of Working Days
Hart Graphics, Inc. 8000 Shoal Creek Blvd. Austin, TX 78758	\$920.00	10
Helms Printing Company, Inc. 2710 Swiss Avenue Dallas, TX 75204	\$981.00	12
Chas. P. Young Houston P.O. Box 2622 Houston, TX 77252	\$1,826.00	05

BIDS FOR PRINTING
 \$3,000,000
 BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM
 THE UNIVERSITY OF TEXAS AT AUSTIN
 PARKING FACILITIES REVENUE BONDS, SERIES 1984

Tabulation of Bids Received
 December 3, 1984, 2:00 P.M., C.S.T.

Bidder	Will Charge the Board of Regents as Follows for Printing 1,800 Bonds:	Number of Working Days
American Bank Note Company 21 Green Street P.O. Box P Malden, MA 02148	\$2,710.00	10

3. U. T. System: Request for Permission for Individual to Serve as a Member of (a) the Naval Research Advisory Committee; and (b) the Executive Board of the Chief of Naval Operations, and to Become a Consultant to the Center for Naval Analyses [Regents' Rules and Regulations, Part One, Chapter III, Section 13, Subsections 13.(10) and 13.(11)].--

RECOMMENDATION

The Office of the Chancellor recommends that approval be given for Chancellor Hans Mark to serve as a member of the Naval Research Advisory Committee, and the Executive Board of the Chief of Naval Operations, and as a consultant to the Center for Naval Analyses. It is further recommended that The University of Texas System Board of Regents find that: (1) these services are of benefit to the State of Texas; and (2) there is no conflict between Dr. Mark's position as Chancellor of The University of Texas System and his service to the Federal Government in the above recommended capacities.

BACKGROUND INFORMATION

Dr. John Lehman, Secretary of the Navy, has requested that Dr. Mark continue to be involved in planning for the national security through the services herein recommended. Membership on the Naval Research Advisory Committee and on the Executive Board of the Chief of Naval Operations are standard Federal Government consulting posts. The Center for Naval Analyses is a private consulting firm under contract to the Navy and is operated by the Hudson Institute. It is estimated that the total time commitment to all of these services will be 6-8 days per year.

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.

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

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

Executive Committee: Chairman Newton
Vice-Chairman Baldwin, Vice-Chairman Briscoe
MSA Page Ex.C - 1

Finance and Audit Committee: Chairman Rhodes
Vice-Chairman Richards, Regent Yzaguirre
MSA Page F&A - 1

Academic Affairs Committee: Chairman Baldwin
Vice-Chairman Powell, Regent Milburn
MSA Page AAC - 1

Health Affairs Committee: Chairman Briscoe
Vice-Chairman Yzaguirre, Regent Hay
MSA Page HAC - 1

Buildings and Grounds Committee: Chairman Hay
Vice-Chairman Richards, Regent Newton
MSA Page B&G - 1

Land and Investment Committee: Chairman Milburn
Vice-Chairman Powell, Regent Rhodes
MSA Page L&I - 1

- G. RECONVENE
- H. REPORT OF BOARD FOR LEASE OF UNIVERSITY LANDS
- I. REPORT OF SPECIAL COMMITTEES
- J. OTHER MATTERS
- K. SCHEDULED MEETINGS OF THE BOARD OF REGENTS.--The regular meeting schedule of the second Thursday and Friday of the even-numbered months indicates the following dates for Calendar 1985:

<u>Dates</u>	<u>Locations/Hosts</u>
February 14-15	Austin
April 11-12	U. T. Health Center - Tyler
June 13-14	U. T. Austin
August 8-9	Austin
October 10-11	U. T. Arlington
December 12-13	U. T. Permian Basin

SCHEDULED EVENTS

Holidays

December 24, 1984 (Christmas Holiday)
December 25, 1984 (Christmas Day)
December 26, 1984 (Christmas Holiday)
December 31, 1984 (New Year's Holiday)
January 1, 1985 (New Year's Day)
February 18, 1985 (George Washington's Birthday)
April 5, 1985 (Good Friday) (Afternoon)
May 27, 1985 (Memorial Day)
July 4, 1985 (Independence Day)

Other Events

January 25-26, 1985 U. T. Medical Branch - Galveston:
Development Board Meeting
March 29-30, 1985 U. T. Medical Branch - Galveston:
Homecoming

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 in the Material Supporting the Agenda.

If time permits, the Board will recess on Thursday afternoon to convene in Executive Session and continue that Executive Session beginning at 9:00 a.m. on Friday until the completion of business --- See Page B of R - 6, Item M.

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

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

Date: December 14, 1984

Time: 9:00 a.m.

Place: The Union-East, Room 308, U. T. El Paso

A.-L. (Pages B of R 1 - 5)

M. RECONVENE IN EXECUTIVE SESSION

N. RECONVENE IN OPEN SESSION

O. 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. System: Potential Litigation Involving Use of Fresh Water for Waterflood Projects on PUF Lands in West Texas

b. U. T. Health Science Center - Houston: Proposed Settlement of Medical Malpractice Litigation

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

a. U. T. System: Recommendation for Approval of Lease with The University of Texas Foundation, Inc. of Real Property Located in Travis County, Texas

b. U. T. Austin: Consideration of Negotiations for Gifts Related to the Establishment of Endowed Academic Positions in the College of Education

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

a. U. T. System: Consideration of Personnel Matters Related to the Assignment, Duties and Responsibilities of Officers of System Administration

[It is anticipated that prior to the Board meeting additional documentation on this matter will be distributed.]

b. U. T. Health Science Center - San Antonio: Consideration of Personnel Matters Related to the Possible Election and Employment of a President

P. OTHER BUSINESS

Q. ADJOURNMENT

RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM, THE UNIVERSITY OF TEXAS AT ARLINGTON, COMBINED FEE REVENUE BONDS, SERIES 1985, IN THE AGGREGATE PRINCIPAL AMOUNT OF \$10,000,000, AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO

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

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

Section 1. Amount and Purpose of the Bonds. The bond or bonds of the Board of Regents of The University of Texas System (the "Issuer") are hereby authorized to be issued and delivered in the aggregate principal amount of \$10,000,000, FOR THE PURPOSE OF PROVIDING FUNDS FOR CONSTRUCTING AND EQUIPPING A STUDENT UNION BUILDING FOR THE UNIVERSITY OF TEXAS AT ARLINGTON, AND TO PAY THE COSTS OF BOND ISSUANCE, ALL UNDER AND IN STRICT CONFORMITY WITH THE CONSTITUTION AND LAWS OF THE STATE OF TEXAS, INCLUDING PARTICULARLY CHAPTER 55 OF THE TEXAS EDUCATION CODE.

Section 2. Designation of the Bonds. Each bond issued pursuant to this Resolution shall be designated: "BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM, THE UNIVERSITY OF TEXAS AT ARLINGTON, COMBINED FEE REVENUE BOND, SERIES 1985", and initially there shall be issued, sold, and delivered hereunder a single fully registered bond, without interest coupons, payable in installments of principal (the "Initial Bond"), but the Initial Bond may be assigned and transferred and/or converted into and exchanged for a like aggregate principal amount of fully registered bonds, without interest coupons, having serial maturities, and in the denomination or denominations of \$5,000 or any integral multiple of \$5,000, all in the manner hereinafter provided. The term "Series 1985 Bonds" as used in this Resolution shall mean and include collectively the Initial Bond and all substitute bonds exchanged therefor, as well as all other substitute bonds and replacement bonds issued pursuant hereto.

Section 3. Initial Date, Denomination, Number, Maturities, Initial Registered Owner, and Characteristics of the Initial Bond.

(a) The Initial Bond is hereby authorized to be issued, sold, and delivered hereunder as a single fully registered Bond, without interest coupons, dated JANUARY 1, 1985, in the denomination and aggregate principal amount of \$10,000,000, numbered R-1, payable in annual installments of principal to the initial registered owner thereof, to-wit:

[NAME TO FOLLOW]

or to the registered assignee or assignees of said Bond or any portion or portions thereof (in each case, the "registered owner"), with the annual installments of principal of the Initial Bond to be payable on the dates, respectively, and in the principal amounts, respectively, stated in the FORM OF INITIAL BOND set forth in this Resolution.

(b) The Initial Bond (i) may be prepaid or redeemed prior to the respective scheduled due dates of installments of principal thereof, (ii) may be assigned and transferred, (iii) may be converted and exchanged for other Bonds, (iv) shall have the characteristics, and (v) shall be signed and sealed, and the principal of and interest on the Initial Bond shall be payable, all as provided, and in the manner required or indicated, in the FORM OF INITIAL BOND set forth in this Resolution.

Section 4. Interest. The unpaid principal balance of the Initial Bond shall bear interest from the date of the Initial Bond to the respective scheduled due dates, or to the respective dates of prepayment or redemption, of the installments of principal of the Initial Bond, and said interest shall be payable, all in the manner provided and at the rates and on the dates stated in the FORM OF INITIAL BOND set forth in this Resolution.

Section 5. Form of Initial Bond. The form of the Initial Bond, including the form of Registration Certificate of the Comptroller of Public Accounts of the State of Texas to be endorsed on the Initial Bond, shall be substantially as follows:

FORM OF INITIAL BOND

NO. R-1

\$10,000,000

UNITED STATES OF AMERICA
STATE OF TEXAS
BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM,
THE UNIVERSITY OF TEXAS AT ARLINGTON,
COMBINED FEE REVENUE BOND
SERIES 1985

THE BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM
(the "Issuer"), being an agency of the State of Texas, hereby
promises to pay to

[NAME TO FOLLOW]

or to the registered assignee or assignees of this Bond or any portion or portions
hereof (in each case, the "registered owner") the aggregate principal amount of

\$10,000,000
(TEN MILLION DOLLARS)

in annual installments of principal due and payable on JULY 1 in each of the years,
and in the respective principal amounts, as set forth in the following schedule:

<u>YEAR</u>	<u>PRINCIPAL AMOUNT</u>	<u>YEAR</u>	<u>PRINCIPAL AMOUNT</u>
1986	165,000	1996	450,000
1987	180,000	1997	495,000
1988	200,000	1998	545,000
1989	225,000	1999	605,000
1990	245,000	2000	670,000
1991	270,000	2001	740,000
1992	300,000	2002	815,000
1993	330,000	2003	900,000
1994	365,000	2004	995,000
1995	405,000	2005	1,100,000

and to pay interest, from the date of this Bond hereinafter stated, on the balance of
each such installment of principal, respectively, from time to time remaining
unpaid, at the rates as follows:

- ___ % per annum on the above installment of
principal due and payable on JULY 1, 1986;
- ___ % per annum on the above installment of
principal due and payable on JULY 1, 1987;
- ___ % per annum on the above installment of
principal due and payable on JULY 1, 1988;
- ___ % per annum on the above installment of
principal due and payable on JULY 1, 1989;
- ___ % per annum on the above installment of
principal due and payable on JULY 1, 1990;
- ___ % per annum on the above installment of
principal due and payable on JULY 1, 1991;
- ___ % per annum on the above installment of
principal due and payable on JULY 1, 1992;
- ___ % per annum on the above installment of
principal due and payable on JULY 1, 1993;
- ___ % per annum on the above installment of
principal due and payable on JULY 1, 1994;
- ___ % per annum on the above installment of
principal due and payable on JULY 1, 1995;
- ___ % per annum on the above installment of
principal due and payable on JULY 1, 1996;
- ___ % per annum on the above installment of
principal due and payable on JULY 1, 1997;

- _____ % per annum on the above installment of principal due and payable on JULY 1, 1998;
- _____ % per annum on the above installment of principal due and payable on JULY 1, 1999;
- _____ % per annum on the above installment of principal due and payable on JULY 1, 2000;
- _____ % per annum on the above installment of principal due and payable on JULY 1, 2001;
- _____ % per annum on the above installment of principal due and payable on JULY 1, 2002;
- _____ % per annum on the above installment of principal due and payable on JULY 1, 2003;
- _____ % per annum on the above installment of principal due and payable on JULY 1, 2004;
- _____ % per annum on the above installment of principal due and payable on JULY 1, 2005;
- _____ % per annum on the above installment of

with said interest being payable on JULY 1, 1985, and semiannually on each JANUARY 1 and JULY 1 thereafter while this Bond or any portion hereof is outstanding and unpaid.

THE INSTALLMENTS OF PRINCIPAL OF AND THE INTEREST ON this Bond are payable in lawful money of the United States of America, without exchange or collection charges. The installments of principal and the interest on this Bond are payable to the registered owner hereof through the services of *PA/R*, which is the "Paying Agent/Registrar" for this Bond. Payment of all principal of and interest on this Bond shall be made by the Paying Agent/Registrar to the registered owner hereof on each principal and/or interest payment date by check or draft, dated as of such date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the Issuer required by the resolution authorizing the issuance of this Bond (the "Bond Resolution") to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check or draft shall be sent by the Paying Agent/Registrar by United States Mail, first-class postage prepaid, on each such principal and/or interest payment date, to the registered owner hereof, at the address of the registered owner, as it appeared on the 15th day of the month next preceding each such date (the "Record Date") on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described. The Issuer covenants with the registered owner of this Bond that on or before each principal and/or interest payment date for this Bond it will make available to the Paying Agent/Registrar, from the "Interest and Sinking Fund" created by the Bond Resolution, the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on this Bond, when due.

IF THE DATE for the payment of the principal of or interest on this Bond shall be a Saturday, Sunday, a legal holiday, or a day on which banking institutions in the city where the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day on which banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

THIS BOND has been authorized in accordance with the Constitution and laws of the State of Texas in the aggregate principal amount of \$10,000,000, FOR THE PURPOSE OF PROVIDING THE FUNDS FOR CONSTRUCTING AND EQUIPPING A STUDENT UNION BUILDING FOR THE UNIVERSITY OF TEXAS AT ARLINGTON, AND TO PAY THE COSTS OF BOND ISSUANCE, ALL UNDER AND IN STRICT CONFORMITY WITH THE CONSTITUTION AND LAWS OF THE STATE OF TEXAS, INCLUDING PARTICULARLY CHAPTER 55 OF THE TEXAS EDUCATION CODE.

ON JULY 1, 1994, or on any interest payment date thereafter, the unpaid installments of principal of this Bond may be prepaid or redeemed prior to their scheduled due dates, at the option of the Issuer, with funds derived from any available source, as a whole, or in part, and, if in part, the particular portion of this Bond to be prepaid or redeemed shall be selected and designated by the Issuer (provided that a portion of this Bond may be redeemed only in an integral multiple of \$5,000), at the prepayment or redemption price (expressed as a percentage of principal amount) applicable to the date of redemption, as set forth in the following schedule, plus accrued interest to the date fixed for prepayment or redemption:

Redemption DatesRedemption Prices (%)

July 1, 1994 through January 1, 1996	102
July 1, 1996 through January 1, 1997	101 1/2
July 1, 1997 through January 1, 1998	101
July 1, 1998 through January 1, 1999	100 1/2
July 1, 1999 and thereafter	100

AT LEAST 30 days prior to the date fixed for any such prepayment or redemption a written notice of such prepayment or redemption shall be mailed by the Paying Agent/Registrar to the registered owner hereof. By the date fixed for any such prepayment or redemption due provision shall be made by the Issuer with the Paying Agent/Registrar for the payment of the required prepayment or redemption price for this Bond or the portion hereof which is to be so prepaid or redeemed, plus accrued interest thereon to the date fixed for prepayment or redemption. If such written notice of prepayment or redemption is given, and if due provision for such payment is made, all as provided above, this Bond, or the portion thereof which is to be so prepaid or redeemed, thereby automatically shall be treated as prepaid or redeemed prior to its scheduled due date, and shall not bear interest after the date fixed for its prepayment or redemption, and shall not be regarded as being outstanding except for the right of the registered owner to receive the prepayment or redemption price plus accrued interest to the date fixed for prepayment or redemption from the Paying Agent/Registrar out of the funds provided for such payment. The Paying Agent/Registrar shall record in the Registration Books all such prepayments or redemptions of principal of this Bond or any portion hereof.

THIS BOND, to the extent of the unpaid or unredeemed principal balance hereof, or any unpaid and unredeemed portion hereof in any integral multiple of \$5,000, may be assigned by the initial registered owner hereof and shall be transferred only in the Registration Books of the Issuer kept by the Paying Agent/Registrar acting in the capacity of registrar for the Bonds, upon the terms and conditions set forth in the Bond Resolution. Among other requirements for such transfer, this Bond must be presented and surrendered to the Paying Agent/Registrar for cancellation, together with proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment by the initial registered owner of this Bond, or any portion or portions hereof in any integral multiple of \$5,000, to the assignee or assignees in whose name or names this Bond or any such portion or portions hereof is or are to be transferred and registered. Any instrument or instruments of assignment satisfactory to the Paying Agent/Registrar may be used to evidence the assignment of this Bond or any such portion or portions hereof by the initial registered owner hereof. A new bond or bonds payable to such assignee or assignees (which then will be the new registered owner or owners of such new Bond or Bonds) or to the initial registered owner as to any portion of this Bond which is not being assigned and transferred by the initial registered owner, shall be delivered by the Paying Agent/Registrar in conversion of and exchange for this Bond or any portion or portions hereof, but solely in the form and manner as provided in the next paragraph hereof for the conversion and exchange of this Bond or any portion hereof. The registered owner of this Bond shall be deemed and treated by the Issuer and the Paying Agent/Registrar as the absolute owner hereof for all purposes, including payment and discharge of liability upon this Bond to the extent of such payment, and the Issuer and the Paying Agent/Registrar shall not be affected by any notice to the contrary.

AS PROVIDED above and in the Bond Resolution, this Bond, to the extent of the unpaid or unredeemed principal balance hereof, may be converted into and exchanged for a like aggregate principal amount of fully registered bonds, without interest coupons, payable to the assignee or assignees duly designated in writing by the initial registered owner hereof, or to the initial registered owner as to any portion of this Bond which is not being assigned and transferred by the initial registered owner, in any denomination or denominations in any integral multiple of \$5,000 (subject to the requirement hereinafter stated that each substitute bond issued in exchange for any portion of this Bond shall have a single stated principal maturity date), upon surrender of this Bond to the Paying Agent/Registrar for cancellation, all in accordance with the form and procedures set forth in the Bond Resolution. If this Bond or any portion hereof is assigned and transferred or converted each bond issued in exchange for any portion hereof shall have a single stated principal maturity date corresponding to the due date of the installment of principal of this Bond or portion hereof for which the substitute bond is being exchanged, and shall bear interest at the rate applicable to and borne by such installment of principal or portion thereof. Such bonds, respectively, shall be subject to redemption prior to maturity on the same dates and for the same prices

as the corresponding installment of principal of this Bond or portion hereof for which they are being exchanged. No such bond shall be payable in installments, but shall have only one stated principal maturity date. AS PROVIDED IN THE BOND RESOLUTION, THIS BOND IN ITS PRESENT FORM MAY BE ASSIGNED AND TRANSFERRED OR CONVERTED ONCE ONLY, and to one or more assignees, but the bonds issued and delivered in exchange for this Bond or any portion hereof may be assigned and transferred, and converted, subsequently, as provided in the Bond Resolution. The Issuer shall pay the Paying Agent/Registrar's standard or customary fees and charges for transferring, converting, and exchanging this Bond or any portion thereof, but the one requesting such transfer, conversion, and exchange shall pay any taxes or governmental charges required to be paid with respect thereto. The Paying Agent/Registrar shall not be required to make any such assignment, conversion, or exchange (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date, or, (ii) with respect to any Bond or portion thereof called for prepayment or redemption prior to maturity, within 45 days prior to its prepayment or redemption date.

IN THE EVENT any Paying Agent/Registrar for this Bond is changed by the Issuer, resigns, or otherwise ceases to act as such, the Issuer has covenanted in the Bond Resolution that it promptly will appoint a competent and legally qualified substitute therefor, and promptly will cause written notice thereof to be mailed to the registered owner of this Bond.

IT IS HEREBY certified, recited, and covenanted that this Bond has been duly and validly authorized, issued, sold, and delivered; that all acts, conditions, and things required or proper to be performed, exist, and be done precedent to or in the authorization, issuance, and delivery of this Bond have been performed, existed, and been done in accordance with law; that this Bond is a special obligation of the Issuer, secured by and payable from a first lien on and pledge of the "Pledged Revenues", as defined in the Bond Resolution, which include the specified "Building Use Fee", "General Fee", "Pledged Student Union Fee" imposed on students enrolled at The University of Texas at Arlington, as well as the "Interest Income" and "Interest Subsidy," and certain interest and investment income, all as further defined in the Bond Resolution.

THE ISSUER has reserved the right, subject to the restrictions stated in the Bond Resolution, to issue Additional Bonds payable from and secured by a first lien on and pledge of the "Pledged Revenues" on a parity with this Bond.

THE REGISTERED OWNER hereof shall never have the right to demand payment of this Bond or the interest hereon out of any funds raised or to be raised by taxation or from any source whatsoever other than specified in the Bond Resolution.

BY BECOMING the registered owner of this Bond, the registered owner thereby acknowledges all of the terms and provisions of the Bond Resolution, agrees to be bound by such terms and provisions, acknowledges that the Bond Resolution is duly recorded and available for inspection in the official minutes and records of the governing body of the Issuer, and agrees that the terms and provisions of this Bond and the Bond Resolution constitute a contract between the registered owner hereof and the Issuer.

IN WITNESS WHEREOF, the Issuer has caused this Bond to be signed with the manual signature of the Chairman of the Issuer and countersigned with the manual signature of the Executive Secretary of the Issuer, has caused the official seal of the Issuer to be duly impressed on this Bond, and has caused this Bond to be dated JANUARY 1, 1985.

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

Chairman, Board of Regents,
The University of Texas System

(BOARD SEAL)

FORM OF REGISTRATION CERTIFICATE OF THE
COMPTROLLER OF PUBLIC ACCOUNTS:

COMPTROLLER'S REGISTRATION CERTIFICATE: REGISTER NO.

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

Witness my signature and seal this

Comptroller of Public Accounts of the
State of Texas

(COMPTRROLLER'S SEAL)

Section 6. Additional Characteristics of the Bonds. Registration and Transfer. (a) The Issuer shall keep or cause to be kept at the principal corporate trust office of *PA/R* (the "Paying Agent/Registrar") books or records of the registration and transfer of the Bonds (the "Registration Books"), and the Issuer hereby appoints the Paying Agent/Registrar as its registrar and transfer agent to keep such books or records and make such transfers and registrations under such reasonable regulations as the Issuer and Paying Agent/Registrar may prescribe; and the Paying Agent/Registrar shall make such transfers and registrations as herein provided. The Paying Agent/Registrar shall obtain and record in the Registration Books the address of the registered owner of each Bond to which payments with respect to the Bonds shall be mailed, as herein provided; but it shall be the duty of each registered owner to notify the Paying Agent/Registrar in writing of the address to which payments shall be mailed, and such interest payments shall not be mailed unless such notice has been given. The Issuer shall have the right to inspect the Registration Books during regular business hours of the Paying Agent/Registrar, but otherwise the Paying Agent/Registrar shall keep the Registration Books confidential and, unless otherwise required by law, shall not permit their inspection by any other entity. Registration of each Bond may be transferred in the Registration Books only upon presentation and surrender of such Bond to the Paying Agent/Registrar for transfer of registration and cancellation, together with proper written instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, (i) evidencing the assignment of the Bond, or any portion thereof in any integral multiple of \$5,000, to the assignee or assignees thereof, and (ii) the right of such assignee or assignees to have the Bond or any such portion thereof registered in the name of such assignee or assignees. Upon the assignment and transfer of any Bond or any portion thereof, a new substitute Bond or Bonds shall be issued in conversion and exchange therefor in the manner herein provided. The Initial Bond, to the extent of the unpaid or unredeemed principal balance thereof, may be assigned and transferred by the initial registered owner thereof once only, and to one or more assignees designated in writing by the initial registered owner thereof. All Bonds issued and delivered in conversion of and exchange for the Initial Bond shall be in any denomination or denominations of any integral multiple of \$5,000 (subject to the requirement hereinafter stated that each substitute Bond shall have a single stated principal maturity date), shall be in the form prescribed in the FORM OF SUBSTITUTE BOND set forth in this Resolution, and shall have the characteristics, and may be assigned, transferred, and converted as hereinafter provided. If the Initial Bond or any portion thereof is assigned and transferred or converted the Initial Bond must be surrendered to the Paying Agent/Registrar for cancellation, and each Bond issued in exchange for any portion of the Initial Bond shall have a single stated principal maturity date, and shall not be payable in installments; and each such Bond shall have a principal maturity date corresponding to the due date of the installment of principal or portion thereof for which the substitute Bond is being exchanged; and each such Bond shall bear interest at the single rate applicable to and borne by such installment of principal or portion thereof for which it is being exchanged. If only a portion of the Initial Bond is assigned and transferred, there shall be delivered to and registered in the name of the initial registered owner substitute Bonds in exchange for the unassigned balance of the Initial Bond in the same manner as if the initial registered owner were the assignee thereof. If any Bond or portion thereof other than the Initial Bond is assigned and transferred or converted each Bond issued in exchange therefor shall have the same principal maturity date and bear interest at the same rate as the Bond for which it is exchanged. A form of assignment shall be printed or endorsed on each Bond, excepting the Initial Bond, which shall be executed by the registered owner or its duly authorized attorney or representative to evidence an assignment thereof. Upon surrender of any Bonds or any portion or portions thereof for transfer of registration, an authorized representative of the Paying Agent/Registrar shall make such transfer in the Registration Books, and shall deliver a new fully registered substitute Bond or Bonds, having the characteristics herein described, payable to such assignee or assignees (which then will be the registered owner or owners of such new Bond or Bonds), or to the previous registered owner in case only a portion of a Bond is being assigned and transferred, all in conversion of and exchange for said assigned Bond or Bonds or any portion or portions thereof, in the

same form and manner, and with the same effect, as provided in Section 6(d), below, for the conversion and exchange of Bonds by any registered owner of a Bond. The Issuer shall pay the Paying Agent/Registrar's standard or customary fees and charges for making such transfer and delivery of a substitute Bond or Bonds, but the one requesting such transfer shall pay any taxes or other governmental charges required to be paid with respect thereto. The Paying Agent/Registrar shall not be required to make transfers of registration of any Bond or any portion thereof (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date, or, (ii) with respect to any Bond or any portion thereof called for redemption prior to maturity, within 45 days prior to its redemption date.

(b) Ownership of Bonds. The entity in whose name any Bond shall be registered in the Registration Books at any time shall be deemed and treated as the absolute owner thereof for all purposes of this Resolution, whether or not such Bond shall be overdue, and the Issuer and the Paying Agent/Registrar shall not be affected by any notice to the contrary; and payment of, or on account of, the principal of, premium, if any, and interest on any such Bond shall be made only to such registered owner. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

(c) Payment of Bonds and Interest. The Issuer hereby further appoints the Paying Agent/Registrar to act as the paying agent for paying the principal of and interest on the Bonds, and to act as its agent to convert and exchange or replace Bonds, all as provided in this Resolution. The Paying Agent/Registrar shall keep proper records of all payments made by the Issuer and the Paying Agent/Registrar with respect to the Bonds, and of all conversions and exchanges of Bonds, and all replacements of Bonds, as provided in this Resolution.

(d) Conversion and Exchange or Replacement; Authentication. Each Bond issued and delivered pursuant to this Resolution, to the extent of the unpaid or unredeemed principal balance or principal amount thereof, may, upon surrender of such Bond at the principal corporate trust office of the Paying Agent/Registrar, together with a written request therefor duly executed by the registered owner or the assignee or assignees thereof, or its or their duly authorized attorneys or representatives, with guarantee of signatures satisfactory to the Paying Agent/Registrar, may, at the option of the registered owner or such assignee or assignees, as appropriate, be converted into and exchanged for fully registered bonds, without interest coupons, in the form prescribed in the FORM OF SUBSTITUTE BOND set forth in this Resolution, in the denomination of \$5,000, or any integral multiple of \$5,000 (subject to the requirement hereinafter stated that each substitute Bond shall have a single stated maturity date), as requested in writing by such registered owner or such assignee or assignees, in an aggregate principal amount equal to the unpaid or unredeemed principal balance or principal amount of any Bond or Bonds so surrendered, and payable to the appropriate registered owner, assignee, or assignees, as the case may be. If the Initial Bond is assigned and transferred or converted each substitute Bond issued in exchange for any portion of the Initial Bond shall have a single stated principal maturity date, and shall not be payable in installments; and each such Bond shall have a principal maturity date corresponding to the due date of the installment of principal or portion thereof for which the substitute Bond is being exchanged; and each such Bond shall bear interest at the single rate applicable to and borne by such installment of principal or portion thereof for which it is being exchanged. If a portion of any Bond (other than the Initial Bond) shall be redeemed prior to its scheduled maturity as provided herein, a substitute Bond or Bonds having the same maturity date, bearing interest at the same rate, in the denomination or denominations of any integral multiple of \$5,000 at the request of the registered owner, and in aggregate principal amount equal to the unredeemed portion thereof, will be issued to the registered owner upon surrender thereof for cancellation. If any Bond or portion thereof (other than the Initial Bond) is assigned and transferred or converted, each Bond issued in exchange therefor shall have the same principal maturity date and bear interest at the same rate as the Bond for which it is being exchanged. Each substitute Bond shall bear a letter and/or number to distinguish it from each other Bond. The Paying Agent/Registrar shall convert and exchange or replace Bonds as provided herein, and each fully registered bond delivered in conversion of and exchange for or replacement of any Bond or portion thereof as permitted or required by any provision of this Resolution shall constitute one of the Bonds for all purposes of this Resolution, and may again be converted and exchanged or replaced. It is specifically provided that any Bond authenticated in conversion of and exchange for or replacement of another Bond on or prior to the first scheduled Record Date for the Initial Bond shall bear interest from the date of the Initial Bond, but each substitute Bond so authenticated after such first scheduled Record Date shall bear interest from the interest payment date next preceding the date on

which such substitute Bond was so authenticated, unless such Bond is authenticated after any Record Date but on or before the next following interest payment date, in which case it shall bear interest from such next following interest payment date; provided, however, that if at the time of delivery of any substitute Bond the interest on the Bond for which it is being exchanged is due but has not been paid, then such Bond shall bear interest from the date to which such interest has been paid in full. THE INITIAL BOND issued and delivered pursuant to this Resolution is not required to be, and shall not be, authenticated by the Paying Agent/Registrar, but on each substitute Bond issued in conversion of and exchange for or replacement of any Bond or Bonds issued under this Resolution there shall be printed a certificate, in the form substantially as follows:

"PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

It is hereby certified that this Bond has been issued under the provisions of the Bond Resolution described in this Bond; and that this Bond has been issued in conversion of and exchange for or replacement of a bond, bonds, or a portion of a bond or bonds of an issue which originally was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas.

PA/R, Paying Agent/Registrar

Dated

Authorized Representative

An authorized representative of the Paying Agent/Registrar shall, before the delivery of any such Bond, date and manually sign the above Certificate, and no such Bond shall be deemed to be issued or outstanding unless such Certificate is so executed. The Paying Agent/Registrar promptly shall cancel all Bonds surrendered for conversion and exchange or replacement. No additional ordinances, orders, or resolutions need be passed or adopted by the governing body of the Issuer or any other body or person so as to accomplish the foregoing conversion and exchange or replacement of any Bond or portion thereof, and the Paying Agent/Registrar shall provide for the printing, execution, and delivery of the substitute Bonds in the manner prescribed herein, and said Bonds shall be of type composition printed on paper with lithographed or steel engraved borders of customary weight and strength. Pursuant to Vernon's Ann. Tex. Civ. St. Art. 717k-6, and particularly Section 6 thereof, the duty of conversion and exchange or replacement of Bonds as aforesaid is hereby imposed upon the Paying Agent/Registrar, and, upon the execution of the above Paying Agent/Registrar's Authentication Certificate, the converted and exchanged or replaced Bond shall be valid, incontestable, and enforceable in the same manner and with the same effect as the Initial Bond which originally was issued pursuant to this Resolution, approved by the Attorney General, and registered by the Comptroller of Public Accounts. The Issuer shall pay the Paying Agent/Registrar's standard or customary fees and charges for transferring, converting, and exchanging any Bond or any portion thereof, but the one requesting any such transfer, conversion, and exchange shall pay any taxes or governmental charges required to be paid with respect thereto as a condition precedent to the exercise of such privilege of conversion and exchange. The Paying Agent/Registrar shall not be required to make any such conversion and exchange or replacement of Bonds or any portion thereof (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date, or, (ii) with respect to any Bond or portion thereof called for redemption prior to maturity, within 45 days prior to its redemption date.

(e) In General. All Bonds issued in conversion and exchange or replacement of any other Bond or portion thereof, (i) shall be issued in fully registered form, without interest coupons, with the principal of and interest on such Bonds to be payable only to the registered owners thereof, (ii) may be redeemed prior to their scheduled maturities, (iii) may be transferred and assigned, (iv) may be converted and exchanged for other Bonds, (v) shall have the characteristics, (vi) shall be signed and sealed, and (vii) the principal of and interest on the Bonds shall be payable, all as provided, and in the manner required or indicated, in the FORM OF SUBSTITUTE BOND set forth in this Resolution.

(f) Payment of Fees and Charges. The Issuer hereby covenants with the registered owners of the Bonds that it will (i) pay the standard or customary fees and charges of the Paying Agent/Registrar for its services with respect to the payment of the principal of and interest on the Bonds, when due, and (ii) pay the

fees and charges of the Paying Agent/Registrar for services with respect to the transfer of registration of Bonds, and with respect to the conversion and exchange of Bonds solely to the extent above provided in this Resolution.

(g) Substitute Paying Agent/Registrar. The Issuer covenants with the registered owners of the Bonds that at all times while the Bonds are outstanding the Issuer will provide a competent and legally qualified bank, trust company, financial institution, or other agency to act as and perform the services of Paying Agent/Registrar for the Bonds under this Resolution, and that the Paying Agent/Registrar will be one entity. The Issuer reserves the right to, and may, at its option, change the Paying Agent/Registrar upon not less than 120 days written notice to the Paying Agent/Registrar, to be effective not later than 60 days prior to the next principal or interest payment date after such notice. In the event that the entity at any time acting as Paying Agent/Registrar (or its successor by merger, acquisition, or other method) should resign or otherwise cease to act as such, the Issuer covenants that promptly it will appoint a competent and legally qualified bank, trust company, financial institution, or other agency to act as Paying Agent/Registrar under this Resolution. Upon any change in the Paying Agent/Registrar, the previous Paying Agent/Registrar promptly shall transfer and deliver the Registration Books (or a copy thereof), along with all other pertinent books and records relating to the Bonds, to the new Paying Agent/Registrar designated and appointed by the Issuer. Upon any change in the Paying Agent/Registrar, the Issuer promptly will cause a written notice thereof to be sent by the new Paying Agent/Registrar to each registered owner of the Bonds, by United States Mail, first-class postage prepaid, which notice also shall give the address of the new Paying Agent/Registrar. By accepting the position and performing as such, each Paying Agent/Registrar shall be deemed to have agreed to the provisions of this Resolution, and a certified copy of this Resolution shall be delivered to each Paying Agent/Registrar.

Section 7. From of Substitute Bonds. The form of all Bonds issued in conversion and exchange or replacement of any other Bond or portion thereof, including the form of Paying Agent/Registrar's Certificate to be printed on each of such Bonds, and the Form of Assignment to be printed on each of the Bonds, shall be, respectively, substantially as follows, with such appropriate variations, omissions, or insertions as are permitted or required by this Resolution.

FORM OF SUBSTITUTE BOND

NO. _____ PRINCIPAL AMOUNT
\$ _____

UNITED STATES OF AMERICA
STATE OF TEXAS
BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM,
THE UNIVERSITY OF TEXAS AT ARLINGTON,
COMBINED FEE REVENUE BOND
SERIES 1985

INTEREST RATE MATURITY DATE CUSIP NO.
_____ % _____ _____

ON THE MATURITY DATE specified above the BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM (the "Issuer"), being an agency of the State of Texas, hereby promises to pay to

or to the registered assignee hereof (either being hereinafter called the "registered owner") the principal amount of

and to pay interest thereon from JANUARY 1, 1985, to the maturity date specified above, or the date of redemption prior to maturity, at the interest rate per annum specified above; with interest being payable on JULY 1, 1985, and semiannually on each JANUARY 1 and JULY 1 thereafter, except that if the date of authentication of this Bond is later than FEBRUARY 15, 1985, such principal amount shall bear interest from the interest payment date next preceding the date of authentication, unless such date of authentication is after any Record Date (hereinafter defined) but on or before the next following interest payment date, in which case such principal amount shall bear interest from such next following interest payment date.

THE PRINCIPAL OF AND INTEREST ON this Bond are payable in lawful money of the United States of America, without exchange or collection charges. The principal of this Bond shall be paid to the registered owner hereof upon presentation and surrender of this Bond at maturity or upon the date fixed for its redemption prior to maturity, at the principal corporate trust office of *PA/R*, which is the "Paying Agent/Registrar" for this Bond. The payment of interest on this Bond shall be made by the Paying Agent/Registrar to the registered owner hereof on each interest payment date by check or draft, dated as of such interest payment date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the Issuer required by the resolution authorizing the issuance of the Bonds (the "Bond Resolution") to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check or draft shall be sent by the Paying Agent/Registrar by United States Mail, first-class postage prepaid, on each such interest payment date, to the registered owner hereof, at the address of the registered owner, as it appeared on the 15th day of the month next preceding each such date (the "Record Date") on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described. Any accrued interest due upon the redemption of this Bond prior to maturity as provided herein shall be paid to the registered owner at the principal corporate trust office of the Paying Agent/Registrar upon presentation and surrender of this Bond for redemption and payment at the principal corporate trust office of the Paying Agent/Registrar. The Issuer covenants with the registered owner of this Bond that on or before each principal payment date, interest payment date, and accrued interest payment date for this Bond it will make available to the Paying Agent/Registrar, from the "Interest and Sinking Fund" created by the Bond Resolution, the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on the Bonds, when due.

IF THE DATE for the payment of the principal of or interest on this Bond shall be a Saturday, Sunday, a legal holiday, or a day on which banking institutions in the City where the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day on which banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

THIS BOND is are of an issue of Bonds initially dated JANUARY 1, 1985, authorized in accordance with the Constitution and laws of the State of Texas in the aggregate principal amount of \$10,000,000 FOR THE PURPOSE OF PROVIDING THE FUNDS FOR CONSTRUCTING AND EQUIPPING A STUDENT UNION BUILDING FOR THE UNIVERSITY OF TEXAS AT ARLINGTON, AND TO PAY THE COSTS OF BOND ISSUANCE, ALL UNDER AND IN STRICT CONFORMITY WITH THE CONSTITUTION AND LAWS OF THE STATE OF TEXAS, INCLUDING PARTICULARLY CHAPTER 55 OF THE TEXAS EDUCATION CODE.

ON JULY 1, 1995, or on any interest payment date thereafter, the Bonds of this Series may be redeemed prior to their scheduled maturities, at the option of the Issuer, with funds derived from any available and lawful source, as a whole, or in part, and, if in part, the particular Bonds, or portions thereof, to be redeemed shall be selected and designated by the Issuer (provided that a portion of a Bond may be redeemed only in an integral multiple of \$5,000), at the redemption price (expressed as a percentage of principal amount) applicable to the date of redemption, as set forth in the following schedule, plus accrued interest to the date fixed for redemption:

<u>Redemption Dates</u>	<u>Redemption Prices (%)</u>
July 1, 1994 through January 1, 1996	102
July 1, 1996 through January 1, 1997	101 1/2
July 1, 1997 through January 1, 1998	101
July 1, 1998 through January 1, 1999	100 1/2
July 1, 1999 and thereafter	100

AT LEAST 30 days prior to the date fixed for any redemption of Bonds or portions thereof prior to maturity a written notice of such redemption shall be published once in a financial publication, journal, or reporter of general circulation among securities dealers in The City of New York, New York (including, but not limited to, The Bond Buyer and The Wall Street Journal), or in the State of Texas (including, but not limited to, The Texas Bond Reporter). Such notice also shall be sent by the Paying Agent/Registrar by United States Mail, first-class postage prepaid, not less than 30 days prior to the date fixed for any such redemption, to the registered owner of each Bond to be redeemed at its address as it appeared on the 45th day prior to such redemption date; provided, however, that the failure to send,

mail, or receive such notice, or any defect therein or in the sending or mailing thereof, shall not affect the validity or effectiveness of the proceedings for the redemption of any Bond, and it is hereby specifically provided that the publication of such notice as required above shall be the only notice actually required in connection with or as a prerequisite to the redemption of any Bonds or portions thereof. By the date fixed for any such redemption due provision shall be made with the Paying Agent/Registrar for the payment of the required redemption price for the Bonds or portions thereof which are to be so redeemed, plus accrued interest thereon to the date fixed for redemption. If such written notice of redemption is published and if due provision for such payment is made, all as provided above, the Bonds or portions thereof which are to be so redeemed thereby automatically shall be treated as redeemed prior to their scheduled maturities, and they shall not bear interest after the date fixed for redemption, and they shall not be regarded as being outstanding except for the right of the registered owner to receive the redemption price plus accrued interest from the Paying Agent/Registrar out of the funds provided for such payment. If a portion of any Bond shall be redeemed a substitute Bond or Bonds having the same maturity date, bearing interest at the same rate, in any denomination or denominations in any integral multiple of \$5,000, at the written request of the registered owner, and in aggregate principal amount equal to the unredeemed portion thereof, will be issued to the registered owner upon the surrender thereof for cancellation, at the expense of the Issuer, all as provided in the Bond Resolution.

THIS BOND OR ANY PORTION OR PORTIONS HEREOF IN ANY INTEGRAL MULTIPLE OF \$5,000 may be assigned and shall be transferred only in the Registration Books of the Issuer kept by the Paying Agent/Registrar acting in the capacity of registrar for the Bonds, upon the terms and conditions set forth in the Bond Resolution. Among other requirements for such assignment and transfer, this Bond must be presented and surrendered to the Paying Agent/Registrar, together with proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment of this Bond or any portion or portions hereof in any integral multiple of \$5,000 to the assignee or assignees in whose name or names this Bond or any such portion or portions hereof is or are to be transferred and registered. The form of Assignment printed or endorsed on this Bond shall be executed by the registered owner or its duly authorized attorney or representative, to evidence the assignment hereof. A new Bond or Bonds payable to such assignee or assignees (which then will be the new registered owner or owners of such new Bond or Bonds), or to the previous registered owner in the case of the assignment and transfer of only a portion of this Bond, may be delivered by the Paying Agent/Registrar in conversion of and exchange for this Bond, all in the form and manner as provided in the next paragraph hereof for the conversion and exchange of other Bonds. The Issuer shall pay the Paying Agent/Registrar's standard or customary fees and charges for making such transfer, but the one requesting such transfer shall pay any taxes or other governmental charges required to be paid with respect thereto. The Paying Agent/Registrar shall not be required to make transfers of registration of this Bond or any portion hereof (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date, or, (ii) with respect to any Bond or any portion thereof called for redemption prior to maturity, within 45 days prior to its redemption date. The registered owner of this Bond shall be deemed and treated by the Issuer and the Paying Agent/Registrar as the absolute owner hereof for all purposes, including payment and discharge of liability upon this Bond to the extent of such payment, and the Issuer and the Paying Agent/Registrar shall not be affected by any notice to the contrary.

ALL BONDS OF THIS SERIES are issuable solely as fully registered bonds, without interest coupons, in the denomination of any integral multiple of \$5,000. As provided in the Bond Resolution, this Bond, or any unredeemed portion hereof, may, at the request of the registered owner or the assignee or assignees hereof, be converted into and exchanged for a like aggregate principal amount of fully registered bonds, without interest coupons, payable to the appropriate registered owner, assignee, or assignees, as the case may be, having the same maturity date, and bearing interest at the same rate, in any denomination or denominations in any integral multiple of \$5,000 as requested in writing by the appropriate registered owner, assignee, or assignees, as the case may be, upon surrender of this Bond to the Paying Agent/Registrar for cancellation, all in accordance with the form and procedures set forth in the Bond Resolution. The Issuer shall pay the Paying Agent/Registrar's standard or customary fees and charges for transferring, converting, and exchanging any Bond or any portion thereof, but the one requesting such transfer, conversion, and exchange shall pay any taxes or governmental charges required to be paid with respect thereto as a condition precedent to the exercise of such privilege of conversion and exchange. The Paying Agent/Registrar shall not be required to make any such conversion and exchange (i) during the period

commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date, or, (ii) with respect to any Bond or portion thereof called for redemption prior to maturity, within 45 days prior to its redemption date.

IN THE EVENT any Paying Agent/Registrar for the Bonds is changed by the Issuer, resigns, or otherwise ceases to act as such, the Issuer has covenanted in the Bond Resolution that it promptly will appoint a competent and legally qualified substitute therefor, and promptly will cause written notice thereof to be mailed to the registered owners of the Bonds.

IT IS HEREBY certified, recited, and covenanted that this Bond has been duly and validly authorized, issued, sold, and delivered; that all acts, conditions, and things required or proper to be performed, exist, and be done precedent to or in the authorization, issuance, and delivery of this Bond have been performed, existed, and been done in accordance with law; that this Bond is a special obligation of the Issuer, secured by and payable from a first lien on and pledge of the "Pledged Revenues", as defined in the Bond Resolution, which include the specified "Building Use Fee", "General Fee", "Pledged Student Union Fee" imposed on students enrolled at The University of Texas at Arlington, as well as the "Interest Income" and "Interest Subsidy," and certain interest and investment income, all as further defined in the Bond Resolution.

THE ISSUER has reserved the right, subject to the restrictions stated in the Bond Resolution, to issue Additional Bonds payable from and secured by a first lien on and pledge of the "Pledged Revenues" on a parity with this Bond and series of which it is a part.

THE REGISTERED OWNER hereof shall never have the right to demand payment of this Bond or the interest hereon out of any funds raised or to be raised by taxation or from any source whatsoever other than specified in the Bond Resolution.

BY BECOMING the registered owner of this Bond, the registered owner thereby acknowledges all of the terms and provisions of the Bond Resolution, agrees to be bound by such terms and provisions, acknowledges that the Bond Resolution is duly recorded and available for inspection in the official minutes and records of the governing body of the Issuer, and agrees that the terms and provisions of this Bond and the Bond Resolution constitute a contract between each registered owner hereof and the Issuer.

IN WITNESS WHEREOF, the Issuer has caused this Bond to be signed with the facsimile signature of the Chairman of the Issuer and countersigned with the facsimile signature of the Executive Secretary of the Issuer, and has caused the official seal of the Issuer to be duly impressed, or placed in facsimile, on this Bond.

(facsimile signature)

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

(facsimile signature)

Chairman, Board of Regents,
The University of Texas System

(BOARD SEAL)

FORM OF PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

It is hereby certified that this Bond has been issued under the provisions of the Bond Resolution described in this Bond; and that this Bond has been issued in conversion of and exchange for or replacement of a bond, bonds, or a portion of a bond or bonds of an issue which originally was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas.

PA/R, Paying Agent/Registrar

Dated

Authorized Representative

FORM OF ASSIGNMENT:

ASSIGNMENT

For value received, the undersigned registered owner of this Bond, or duly authorized representative or attorney thereof, hereby assigns this Bond to

(print or type the name and
address of the assignee and
any other relevant information)

and authorizes the Paying Agent/Registrar to transfer the registration of this Bond in the Registration Books.

Dated _____ Registered Owner _____

The signature above is hereby verified as true and genuine.

Section 8. Throughout this Resolution the following terms as used herein shall have the meanings set forth below, unless the text hereof specifically indicates otherwise:

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

The terms "Bond Resolution" and "Resolution" mean this resolution authorizing the Bonds.

The term "Bonds" shall mean collectively the Board of Regents of The University of Texas System, The University of Texas at Arlington, Combined Fee Revenue Bonds, Series 1971, authorized by Resolution of the Board on December 4, 1970 (the "Series 1971 Bonds"), the Board of Regents of The University of Texas System, The University of Texas at Arlington, Combined Fee Revenue Bonds, Series 1971-A, authorized by Resolution of the Board on March 12, 1971 (the "Series 1971-A Bonds"), the Board of Regents of The University of Texas System, The University of Texas at Arlington, Combined Fee Revenue Bonds, Series 1973, authorized by Resolution of the Board on January 26, 1973 (the "Series 1973 Bonds"), the Board of Regents of The University of Texas System, The University of Texas at Arlington, Combined Fee Revenue Bonds, Series 1973-A, authorized by Resolution of the Board on September 14, 1973 (the "Series 1973-A Bonds"), the Board of Regents of The University of Texas System, The University of Texas at Arlington, Combined Fee Revenue Bonds, Series 1974, authorized by Resolution of the Board on November 1, 1974 (the "Series 1974 Bonds"), the Board of Regents of The University of Texas System, The University of Texas at Arlington, Combined Fee Revenue Bonds, Series 1978, authorized by Resolution of the Board on December 1, 1978 (the "Series 1978 Bonds"), and the Board of Regents of The University of Texas System, The University of Texas at Arlington, Combined Fee Revenue Bonds, Series 1985, authorized by this Resolution (the "Series 1985 Bonds").

The term "Building Use Fee" shall mean the gross collections of certain tuition fixed, charged, and collected from all tuition paying students enrolled at the University, out of and as part of the regular general tuition at the University, and allocated to the payment of the interest on and principal of the Bonds and any Additional Bonds, in the manner and to the extent provided in this Resolution, as authorized by Chapter 55 of the Education Code (Section 55.17(d)).

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

The term "holder" or "holders" shall mean the registered owner of any one or more of the Series 1985 Bonds or the Bonds as shown on the Registration Books kept by the Paying Agent/Registrar.

The term "Interest Income" shall mean all interest and investment income derived from the deposit and investment of moneys credited to the General Fee Revenue Fund and Combined Fee Revenue Bonds Interest and Sinking Fund.

The term "Interest Subsidy" shall mean all of the annual interest subsidy grants which are received by the Board from the United States Government with respect to the Bonds.

The terms "Issuer" or "Board" shall mean the Board of Regents of The University of Texas System.

The term "Pledged Revenues" shall mean collectively the Building Use Fee, the General Fee, the Pledged Student Union Fee, the Interest Income and the Interest Subsidy, together with all interest and investment income derived from the deposit or investment of money credited to the Pledged Revenue Fund and the Interest and Sinking Fund maintained for the Bonds and any Additional Bonds, and (f) any additional revenues, income, receipts, or other resources, including, without limitation, any grants, donations, or income received or to be received from the United States Government, or any other public or private source, whether pursuant to an agreement or otherwise, which hereafter may, at the option of the Issuer, be pledged to the payment of the Bonds or the Additional Bonds.

The term "Pledged Student Union Fee" shall mean the gross collections of the student union fee authorized by Section 71.07 of the Education Code to be fixed, charged, and collected from all students (excepting any category of students now exempt from paying fees by the Education Code) enrolled at the University, for the purpose of financing, constructing, operating, maintaining, and improving a student union building on the campus of the University, in the manner and to the extent provided in this Resolution, and pledged to the payment of the Bonds and Additional Bonds as authorized by Chapter 55 of the Education Code (Sections 55.13 and 55.17(a)).

The term "University" shall mean The University of Texas at Arlington, in Arlington, Texas.

Section 9. (a) The Bonds and any Additional Bonds and interest thereon are and shall be secured by and payable from an irrevocable first lien on and pledge of the Pledged Revenues, and they shall constitute special obligations of the Issuer, payable solely from the Pledged Revenues, and such obligations shall not constitute a prohibited indebtedness of the University, the Issuer, or the State of Texas, and the holders or owners of the Bonds and Additional Bonds shall never have the right to demand payment of the principal thereof or interest thereon out of funds raised or to be raised by taxation.

(b) That the Board of Regents of The University of Texas System, The University of Texas at Arlington, Combined Fee Revenue Bonds, Series 1985, authorized by this Resolution, are "Additional Bonds" as permitted by Sections 18, 19 and 20, of the resolutions authorizing the issuance of the Series 1971 Bonds, the Series 1971-A Bonds, the Series 1973 Bonds, the Series 1973-A Bonds, the Series 1974 Bonds and the Series 1978 Bonds, respectively, and it is hereby determined, declared, and resolved that all of the Bonds are and shall be secured and payable equally and ratably on a parity, and that Sections 8 through 24 of this Resolution are cumulative of Sections 7 through 22 of the resolutions authorizing the issuance of the Series 1971 Bonds, the Series 1971-A Bonds, the Series 1973 Bonds, the Series 1973-A Bonds, the Series 1974 Bonds and the Series 1978 Bonds, respectively, with said Sections being equally applicable to all of the Bonds.

Section 10. (a) In accordance with Section 55.17(d) of Chapter 55 of the Education Code, the Issuer heretofore has irrevocably assigned and pledged, and hereby irrevocably assigns and pledges, to the payment of the interest on and principal of the Bonds and any Additional Bonds, out of the tuition charges required or permitted by law to be imposed on each tuition paying student enrolled at the University, commencing with the regular fall semester in 1984, the Building Use Fee as follows:

- (i) \$0.42 per registered Semester Credit Hour, with a maximum aggregate of \$5.00, for each regular fall and spring semester for each enrolled student; and
- (ii) \$0.42 per registered Semester Credit Hour, with a maximum aggregate of \$2.50, for each term of each summer session for each enrolled student.

(b) So long as any Bonds or Additional Bonds are outstanding, the Building Use Fee shall not be reduced, and the Issuer covenants and agrees to fix, charge, and collect the above Building Use Fee assigned and pledged as aforesaid, and to credit same as received to the Pledged Revenue Fund, hereinafter created.

(c) The Building Use Fee shall be deposited directly to the credit of the Pledged Revenue Fund, commencing with the regular fall semester in 1984, and used to make part of the payments required to be made into the Interest and Sinking Fund in connection with the Bonds and any Additional Bonds.

Section 11. (a) The Issuer covenants and agrees to fix, levy, charge, and collect the General Fee from all students (excepting any category of students now exempt from paying fees by the Education Code) enrolled at the University at each regular fall and spring semester and at each term of each summer session, for the general use and availability of the University, in such amounts, without any limitation whatsoever, as will be at least sufficient at all times to provide, together with other Pledged Revenues, the money for making all deposits required to be made to the credit of the Interest and Sinking Fund in connection with the Bonds and any Additional Bonds.

(b) Effective with the 1984 regular fall semester a General Fee for the general use and availability of the University has been and is hereby fixed and confirmed, and shall be levied, charged, and collected from each student enrolled in the University (excepting any student in a category now exempt from paying fees by the Education Code), as follows:

\$5.40 per registered Semester Credit Hour at each of the regular fall and spring semesters, and at each term of each summer session.

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

(d) It is specifically found and determined by the Issuer that the Bonds are issued pursuant to applicable Sections of the Texas Education Code, including specifically Section 55.17(c) thereof, to be secured by a pledge of an unlimited use fee (the General Fee), and that (1) the estimated maximum amount per semester hour of the pledged General Fee (based on current enrollment and conditions) during any future semester necessary to provide for the payment of the principal of and interest on all the Bonds when due, together with (2) the aggregate amount of all use fees which were levied on a semester hour basis for the current semester to pay the principal of and interest on all other previously issued bonds, do not exceed \$5.40 per semester hour. In arriving at the foregoing conclusion the Issuer has estimated that the aggregate of all available Pledged Revenues and other revenues will be more than sufficient to obviate the necessity of levying any aforesaid use fees based on a semester hour basis in excess of an aggregate of \$5.40 per semester hour.

Section 12. (a) Section 71.07 of the Education Code authorizes the Issuer to levy in addition to all other fees a student union fee (the "Student Union Fee") at the University not to exceed \$39 per student for each regular semester and not to exceed \$19.50 per student for each term of each summer session, for the purpose of financing, constructing, operating, maintaining, and improving a student union building for the University, subject to an affirmative vote of a majority of the student body voting at the University. It is officially found and determined by the Issuer that the aforesaid maximum authorized Student Union Fee of not to exceed \$39 and \$19.50, respectively, were duly approved by the affirmative vote of a majority of the students at the University voting at a student election and referendum called and held for such purpose on _____. Of the total authorized student union fee, the Issuer hereby pledges to the Bonds and Additional Bonds a Student Union Fee not to exceed \$19.50 per student per regular semester and \$9.75 per student for each term of the summer session (the "Pledged Student Union Fee(s)"). It is further found and determined by the Issuer (i) that since the fall semester in 1984 the aforesaid Pledged Student Union Fees have been levied by the Issuer in the aforesaid maximum pledged amount, (ii) that all of the principal amount of each of the Series 1985 Bonds is attributable solely to student union building purposes, (iii) that the continued levy and collection of said Pledged Student Union Fees in the aforesaid maximum amounts authorized will never produce funds sufficient to pay when due the principal of and interest on the Series

1985 Bonds, but that the entire Pledged Revenues will be more than sufficient to pay the principal of and interest on the Series 1985 Bonds, and (iv) that said Pledged Student Union Fees should continue to be levied and collected in the aforesaid maximum amounts while the Series 1985 Bonds are outstanding. Wherefore, said Pledged Student Union Fee has been and is hereby fixed, confirmed, and levied, and shall be charged and collected from each student enrolled at the University (excepting any student in any category now exempt from paying fees by the Education Code), as follows:

- (1) \$19.50 from each student enrolled for each regular semester, and
- (2) \$9.75 from each student enrolled for each term of the summer session,

and such Pledged Student Union Fees shall never be reduced or abrogated while the Series 1985 Bonds are outstanding.

(b) All Pledged Student Union Fees shall be deposited into an account to be known as "The University of Texas at Arlington Student Union Fee Account", and shall be placed under the control of and subject to the order of the student union advisory committee (the "Committee"), which shall be constituted and function as provided and required by law and the Issuer. The Issuer covenants that it will, prior to the commencement of each fiscal year of the University, require such Committee to submit annually to the Issuer a complete and itemized budget for the student union building for the ensuing fiscal year, to be accompanied by a full and complete report of all activities conducted during the past year and all expenditures made incident to those activities. The Issuer annually shall advise the Committee, prior to the preparation of each annual budget, of the amount of Pledged Revenues, exclusive of the Pledged Student Union Fees, which will be available during the ensuing fiscal year for paying during such fiscal year the principal of and interest on the Bonds and any payments required to be made into the Debt Service Reserve in the Interest and Sinking Fund in connection with the Bonds. The Issuer shall advise the Committee that the annual budget for the ensuing fiscal year is required to provide and allocate for such purpose such amount of the collections of the Pledged Student Union Fees as will, together with other available Pledged Revenues, be sufficient to pay the principal of, interest on, and any Debt Service Reserve requirements in connection with, the Bonds for the ensuing fiscal year, which amount is hereby pledged for such purpose and shall constitute a first charge against the collections of the Pledged Student Union Fees, and a first lien on such amount is hereby granted and confirmed in favor of the owners of the Bonds as security therefor. In the event the Committee fails for any fiscal year to budget the above required amount the Issuer covenants and agrees that it shall, as authorized by Section 71.07 of the Education Code, make such changes in each such budget as are necessary to cause it to provide the above required amount. The Issuer covenants and agrees that, during each fiscal year of the University while the Bonds are outstanding, it will cause to be deposited into the Revenue Fund, hereinafter created, out of The University of Texas at Arlington Student Union Fee Account, such amount of the Pledged Student Union Fees as will be required, in addition to the other Pledged Revenues available during such fiscal year, to pay the principal of, interest on, and any Debt Service Reserve requirements in connection with the Bonds.

Section 13. There has heretofore been created and established and there shall be maintained on the books of the Issuer a separate account to be entitled the General Fee Revenue Fund (the "Revenue Fund"). All Pledged Revenues shall be credited to the Revenue Fund, except Building Use Fees, the interest and investment income derived from the Interest and Sinking Fund and any surplus Pledged Student Union Fees which are not required to be so deposited.

Section 14. To pay the principal of and interest on all outstanding Bonds and any Additional Bonds, as the same come due, there has been created and established, and there shall be maintained at an official depository of the Issuer (which must be a member of the Federal Deposit Insurance Corporation) a separate fund to be entitled the "Combined Fee Revenue Bonds Interest and Sinking Fund" (herein sometimes called the "Interest and Sinking Fund"); and there is hereby created and established and there shall be maintained as a separate account within the Interest and Sinking Fund a Debt Service Reserve (the "Debt Service Reserve") which may be used finally in retiring the last of the outstanding Bonds and any Additional Bonds, or for paying the principal of and interest on any outstanding Bonds and Additional Bonds, when and to the extent the amount in the Interest and Sinking Fund is otherwise insufficient for such purpose. All money and investments in the Interest and Sinking Fund in excess of the principal and interest requirements during the then

current fiscal year, on the Bonds and Additional Bonds shall constitute the Debt Service Reserve.

Section 15. Money in any Fund maintained pursuant to this Resolution may, at the option of the Issuer, be placed in time deposits or invested in direct obligations of, or obligations the principal of and interest on which are guaranteed by, the United States of America, and evidences of indebtedness of the Federal Land Banks, Federal Intermediate Credit Banks, Banks for Cooperatives, Federal Home Loan Banks, or Federal National Mortgage Association; provided that all such deposits and investments shall be made in such manner that the money required to be expended from any Fund will be available at the proper time or times. Such investments shall be valued in terms of current market value as of the last day of February and August of each year. Interest and income derived from such deposits and investments shall be credited to the Fund from which the deposit or investment was made. Such investments shall be sold promptly when necessary to prevent any default in connection with the Bonds or Additional Bonds.

Section 16. (a) Immediately after the delivery of the Initial Bond all accrued interest and any premium received from the sale of the Initial Bond shall be deposited to the credit of the Interest and Sinking Fund.

(b) On or before June 25, 1985, and semiannually on or before each June 25th and December 25th thereafter, the Issuer shall transfer from the Revenue Fund and deposit to the credit of the Interest and Sinking Fund the amounts as follows:

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

(2) an amount which, together with other moneys then on hand therein and available for such purpose, will be sufficient to pay one-half of all principal scheduled to mature and come due on the Bonds on the next succeeding July 1; and

(3) an amount equal to 1/8th of the average annual principal and interest requirements of the Bonds, provided, however, that when the money and investments in the Debt Service Reserve are at least equal in market value to the amount of the average annual principal and interest requirement of the Bonds, then such deposits may be discontinued, unless and until the Debt Service Reserve should be depleted to less than said amount in market value, in which case said deposits shall be resumed and continued until the Debt Service Reserve is restored to said amount .

Section 17. (a) If on any occasion there shall not be sufficient Pledged Revenues to make the required deposits into the Interest and Sinking Fund, then such deficiency shall be made up as soon as possible from the next available Pledged Revenues, or from any other sources available for such purpose.

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

Section 18. That all money in all Funds established by this Resolution, to the extent not invested, shall be secured in the manner prescribed by law for securing funds of the Issuer, in principal amounts at all times not less than the amounts of money credited to such Funds, respectively.

Section 19. Whenever the total amount in the Interest and Sinking Fund, including the Debt Service Reserve therein, shall be equivalent to (1) the aggregate principal amount of all Bonds and Additional Bonds, if any, outstanding, plus (2) the aggregate amount of all unpaid interest thereon unmatured and matured, no further payment need be made into the Interest and Sinking Fund. In determining the amount of Bonds or Additional Bonds outstanding, there shall be subtracted the amount of any Bonds or Additional Bonds which shall have been duly called for redemption and for which funds shall have been deposited with the paying agents sufficient for such redemption.

Section 20. The Issuer shall have the right and power at any time and from time to time, and in one or more series or issues, to authorize, issue, and deliver additional parity revenue bonds (herein called "Additional Bonds") in any amounts, for any lawful purpose, [including the refunding of any Bonds or Additional Bonds].

Such Additional Bonds, if and when authorized, issued, and delivered in accordance with this resolution, shall be secured and payable equally and ratably on a parity with the Bonds, and all other outstanding Additional Bonds, by an irrevocable first lien on and pledge of the Pledged Revenues.

Section 21. (a) Each resolution under which Additional Bonds are issued shall provide that the Interest and Sinking Fund established by this Resolution shall secure and be used to pay all Additional Bonds as well as the Bonds. However, each resolution under which Additional Bonds are issued shall specifically provide and require that, in addition to the amounts required by the provisions of this Resolution and the provisions of any other resolution or resolutions authorizing Additional Bonds to be deposited to the credit of the Interest and Sinking Fund, the Issuer shall transfer from the Pledged Revenues and deposit to the credit of the Interest and Sinking Fund at least such amounts as are required for the payment of all principal of and interest on said Additional Bonds then being issued, as the same comes due, and that the Issuer shall transfer from said Pledged Revenues and deposit to the credit of the Debt Service Reserve in the Interest and Sinking Fund at least such amounts as will, together with any other amounts already required to be deposited in the Debt Service Reserve in connection with the Bonds and any Additional Bonds, be sufficient to cause the Debt Service Reserve to accumulate and contain within a period of not to exceed five years from the date of the then proposed Additional Bonds a total amount of money and investments at least equal in market value to the average annual principal and interest requirements of all such proposed Additional Bonds the then outstanding Bonds, and any then outstanding Additional Bonds.

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

Section 22. Additional Bonds shall be issued only in accordance with this Resolution, but notwithstanding any provisions of this Resolution to the contrary, no installment, series, or issue of Additional Bonds shall be issued or delivered unless:

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

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

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

Section 23. On or before the first day of July, 1985, and on or before the first day of each January and of each July thereafter while any of the Bonds and Additional Bonds, if any, are outstanding and unpaid, there shall be made available to the Paying Agent/Registrar therefor, out of the Interest and Sinking Fund, money sufficient to pay such interest on and such principal of the Bonds and Additional Bonds, if any, as will accrue or mature on such January 1 or July 1. The Paying Agent/Registrar shall totally destroy all paid Bonds and Additional Bonds, if any, and any coupons appertaining thereto, and shall furnish the Issuer with an appropriate certificate of destruction.

Section 24. The Issuer covenants and agrees that:

(a) It will faithfully perform at all times any and all covenants, undertakings, stipulations, and provisions contained in this Resolution and in each and every Bond and Additional Bond; that it will promptly pay or cause to be paid from the Pledged Revenues the principal of and interest on every Bond and Additional Bond, on the dates and in the places and manner prescribed in such Bonds

or Additional Bonds; and that it will, at the times and in the manner prescribed herein, deposit or cause to be deposited, from the Pledged Revenues, the amounts of money specified herein.

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

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

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

(e) It will continuously and efficiently operate and maintain in good condition, and at a reasonable cost, the University and the facilities and services thereof, so long as any Bonds or Additional Bonds are outstanding.

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

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

(h) Each year while any of the Bonds or Additional Bonds are outstanding, an audit will be made of its books and accounts relating to the Pledged Revenues by the State Auditor of the State of Texas, or a certified public accountant, such audit to be based on the fiscal year of the University beginning on September 1 of each year and ending on August 31 of each year. As soon as practicable after the close of each such fiscal year, and when said audit has been completed and made available to the Issuer, a copy of such audit for the preceding fiscal year shall be mailed to the original holders of the Bonds, and to all other bondholders who shall so request. Such annual audit reports shall be open to the inspection of the bondholders and their agents and representatives at all reasonable times.

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

(j) That the Board covenants that it will comply with all of the terms and conditions of any and all grant or subsidy agreements applicable to the Bonds or

Additional Bonds entered into between the Board and any governmental agency in connection with any grant or debt service subsidy; and the Board will take all action necessary to enforce said terms and conditions.

(k) That the Board certifies that based upon all facts and estimates now known or reasonably expected to be in existence on the date the Series 1985 Bonds are delivered and paid for, the Board reasonably expects that the proceeds of the Series 1985 Bonds will not be used in a manner that would cause the Series 1985 Bonds or any portion of the Series 1985 Bonds to be "arbitrage bonds" under Section 103(c) of the Internal Revenue Code of 1954, as amended, and the regulations prescribed thereunder. Furthermore, all officers, employees and agents of the Board are authorized and directed to provide certifications of facts and estimates which are material to the reasonable expectations of the Board as of the date the Series 1985 Bonds are delivered and paid for. In particular, all or any officers of The University of Texas System and the University are authorized to certify for the Board the facts and circumstances and reasonable expectations of the Board on the date the Series 1985 Bonds are delivered and paid for regarding the amount and use of the proceeds thereof. Moreover, the Board covenants that it shall make such use of the proceeds of the Series 1985 Bonds, regulate investments of proceeds of the Series 1985 Bonds, and take such other and further action as may be required so that the Series 1985 Bonds shall not be "arbitrage bonds" under Section 103(c) of the Internal Revenue Code of 1954, as amended, and regulations prescribed from time to time thereunder.

(l) That the Board may discharge its obligation to the holders of any or all of the Series 1985 Bonds and interest thereon, to pay principal, interest and redemption premium (if any) thereon by depositing with the State Treasurer or with the paying agent/registrar either: (1) cash equivalent to the principal amount and redemption premium, if any, plus interest to the date of maturity or redemption, or (2) direct obligations of, or obligations the principal and interest of which are guaranteed by, the United States of America, in principal amounts and maturities and bearing interest at rates sufficient to provide for the timely payment of the principal amount and redemption premium, if any, on such Series 1985 Bonds plus interest to the date of maturity or redemption; provided, however, that if any of such Series 1985 Bonds are to be redeemed prior to their date of maturity, provisions shall have been made for giving notice of redemption as provided herein. Upon such deposit, the Series 1985 Bonds and interest thereon shall no longer be regarded as outstanding and unpaid. Also, whenever provision is made in the above manner for payment of any of the Bonds or Additional Bonds, such bonds shall no longer be deemed outstanding for purposes of any provision contained herein.

Section 25. The Board covenants with the registered owners of the Bonds, that at all times while the Bonds are outstanding the Board will provide a competent and legally qualified bank, trust company, financial institution, or other agency to act as and perform the services of the Paying Agent/Registrar (the "Paying Agent/Registrar") for the Bonds under this Resolution, and that the Paying Agent/Registrar will be one entity. The Board reserves the right to, and may, at its option, change the Paying Agent/Registrar upon not less than 120 days written notice to the Paying Agent/Registrar, to be effective not later than 60 days prior to the next principal or interest payment date after such notice. In the event that the entity at any time acting as Paying Agent/Registrar (or its successor by merger, acquisition, or other method) should resign or otherwise cease to act as such, the Board covenants that promptly it will appoint a competent and legally qualified bank, trust company, financial institution, or other agency to act as Paying Agent/Registrar under this Resolution. Upon any change in the Paying Agent/Registrar, the previous Paying Agent/Registrar promptly shall transfer and deliver the Registration Books (or a copy thereof), along with all other pertinent books and records relating to the Bonds, to the new Paying Agent/Registrar designated and appointed by the Board. Upon any change in the Paying Agent/Registrar, the Board promptly will cause a written notice thereof to be sent by the new Paying Agent/Registrar to each Registered Owner of the Bonds, by United States Mail, first-class postage prepaid, which notice also shall give the address of the new Paying Agent/Registrar. By accepting the position and performing as such, each Paying Agent/Registrar shall be deemed to have agreed to the provisions of this Resolution, and a certified copy of this Resolution shall be delivered to each Paying Agent/Registrar.

Section 26. That there shall be created in a depository of the University a special account which shall be entitled "The University of Texas at Austin Student Union Building Construction Account" (hereinafter called the "Construction Account"), into which shall be deposited the proceeds from the sale of the Bonds, less (i) bond issuance expenses which shall be paid directly, and (ii) the amount of accrued interest received on the sale of such Bonds, which shall be deposited in the

Interest and Redemption Fund. In addition to such proceeds, an amount of lawfully available money which, together with the proceeds of the bonds, will be sufficient to complete the construction and equipment of the Project, shall be deposited by the University to the credit of the Construction Account. The money in the Construction Account shall be secured by the pledge of direct obligations of the United States Government or obligations unconditionally guaranteed by the United States Government in a principal amount at all times not less than the amount of money on deposit in the Construction Account. Such pledged security shall be deposited with the bank where the Construction Account is maintained. The money in the Construction Account shall be paid out from time to time on estimates and vouchers approved by the manager of construction charged with the supervision of the construction for costs of constructing and equipping the Project. After the completion of the Project any residue of the proceeds of the Bonds remaining in the Construction Account shall be transferred to the Interest and Redemption Fund. The proper officers of the University of Texas System are directed to take all steps necessary to accomplish the transfer of such residue, if any, to the Interest and Redemption Fund.

RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM, THE UNIVERSITY OF TEXAS AT AUSTIN, PARKING FACILITIES REVENUE BONDS, SERIES 1984, \$3,000,000, AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO

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

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

Section 1. AMOUNT AND PURPOSE OF THE BONDS. The bond or bonds of the Board of Regents of The University of Texas System (the "Issuer") are hereby authorized to be issued and delivered in the aggregate principal amount of \$3,000,000, FOR THE PURPOSE OF ACQUIRING AND CONSTRUCTING PARKING FACILITIES ON THE CAMPUS OF THE UNIVERSITY OF TEXAS AT AUSTIN, UNDER AND IN STRICT CONFORMITY WITH THE CONSTITUTION AND LAWS OF THE STATE OF TEXAS, INCLUDING PARTICULARLY CHAPTER 55 OF THE TEXAS EDUCATION CODE.

Section 2. DESIGNATION OF THE BONDS. Each bond issued pursuant to this Resolution shall be designated: "BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM, THE UNIVERSITY OF TEXAS AT AUSTIN, PARKING FACILITIES REVENUE BOND, SERIES 1984", and initially there shall be issued, sold, and delivered hereunder a single fully registered bond, without interest coupons, payable in installments of principal (the "Initial Bond"), but the Initial Bond may be assigned and transferred and/or converted into and exchanged for a like aggregate principal amount of fully registered bonds, without interest coupons, having serial maturities, and in the denomination or denominations of \$5,000 or any integral multiple of \$5,000, all in the manner hereinafter provided. The term "Bonds" as used in this Resolution shall mean and include collectively the Initial Bond and all substitute bonds exchanged therefor, as well as all other substitute bonds and replacement bonds issued pursuant hereto, and the term "Bond" shall mean any of the Bonds.

Section 3. INITIAL DATE, DENOMINATION, NUMBER, MATURITIES, INITIAL REGISTERED OWNER, AND CHARACTERISTICS OF THE INITIAL BOND.

(a) The Initial Bond is hereby authorized to be issued, sold, and delivered hereunder as a single fully registered Bond, without interest coupons, dated DECEMBER 1, 1984, in the denomination and aggregate principal amount of \$3,000,000, numbered R-1, payable in annual installments of principal to the initial registered owner thereof, to-wit:

or to the registered assignee or assignees of said Bond or any portion or portions thereof (in each case, the "registered owner"), with the annual installments of principal of the Initial Bond to be payable on the dates, respectively, and in the principal amounts, respectively, stated in the FORM OF INITIAL BOND set forth in this Resolution.

(b) The Initial Bond (i) may be prepaid or redeemed prior to the respective scheduled due dates of installments of principal thereof, (ii) may be assigned and transferred, (iii) may be converted and exchanged for other Bonds, (iv) shall have the characteristics, and (v) shall be signed and sealed, and the principal of and interest on the Initial Bond shall be payable, all as provided, and in the manner required or

indicated, in the FORM OF INITIAL BOND set forth in this Resolution.

Section 4. INTEREST. The unpaid principal balance of the Initial Bond shall bear interest from the date of the Initial Bond to the respective scheduled due dates, or to the respective dates of prepayment or redemption, of the installments of principal of the Initial Bond, and said interest shall be payable, all in the manner provided and at the rates and on the dates stated in the FORM OF INITIAL BOND set forth in this Resolution.

Section 5. FORM OF INITIAL BOND. The form of the Initial Bond, including the form of Registration Certificate of the Comptroller of Public Accounts of the State of Texas to be endorsed on the Initial Bond, shall be substantially as follows:

FORM OF INITIAL BOND

NO. R-1

\$3,000,000

UNITED STATES OF AMERICA
STATE OF TEXAS
BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM,
THE UNIVERSITY OF TEXAS AT AUSTIN,
PARKING FACILITIES REVENUE BOND
SERIES 1984

THE BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM (the "Issuer"), being an agency of the State of Texas, hereby promises to pay to

_____ or to the registered assignee or assignees of this Bond or any portion or portions hereof (in each case, the "registered owner") the aggregate principal amount of

\$3,000,000
(THREE MILLION DOLLARS)

in annual installments of principal due and payable on DECEMBER 1 in each of the years, and in the respective principal amounts, as set forth in the following schedule:

<u>YEAR</u>	<u>PRINCIPAL AMOUNT</u>	<u>YEAR</u>	<u>PRINCIPAL AMOUNT</u>
1987	\$ 65,000	1996	\$170,000
1988	75,000	1997	190,000
1989	85,000	1998	215,000
1990	90,000	1999	235,000
1991	100,000	2000	265,000
1992	115,000	2001	290,000
1993	125,000	2002	325,000
1994	140,000	2003	360,000
1995	155,000		

and to pay interest, from the date of this Bond hereinafter stated, on the balance of each such installment of principal, respectively, from time to time remaining unpaid, at the rates as follows:

_____ % per annum on the above installment due in 1987
 _____ % per annum on the above installment due in 1988
 _____ % per annum on the above installment due in 1989
 _____ % per annum on the above installment due in 1990
 _____ % per annum on the above installment due in 1991
 _____ % per annum on the above installment due in 1992
 _____ % per annum on the above installment due in 1993
 _____ % per annum on the above installment due in 1994
 _____ % per annum on the above installment due in 1995
 _____ % per annum on the above installment due in 1996
 _____ % per annum on the above installment due in 1997
 _____ % per annum on the above installment due in 1998
 _____ % per annum on the above installment due in 1999
 _____ % per annum on the above installment due in 2000
 _____ % per annum on the above installment due in 2001
 _____ % per annum on the above installment due in 2002
 _____ % per annum on the above installment due in 2003

with said interest being payable on JUNE 1, 1985, and semi-annually on each DECEMBER 1 and JUNE 1 thereafter while this Bond or any portion hereof is outstanding and unpaid.

THE INSTALLMENTS OF PRINCIPAL OF AND THE INTEREST ON this Bond are payable in lawful money of the United States of America, without exchange or collection charges. The installments of principal and the interest on this Bond are payable to the registered owner hereof through the services of _____, which is the "Paying Agent/Registrar" for this Bond. Payment of all principal of and interest on this Bond shall be made by the Paying Agent/Registrar to the registered owner hereof on each principal and/or interest payment date by check or draft, dated as of such date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the Issuer required by the resolution authorizing the issuance of this Bond (the "Bond Resolution") to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check or draft shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, on each such principal and/or interest payment date, to the registered owner hereof, at the address of the registered owner, as it appeared on the 15th day of the month next preceding each such date (the "Record Date") on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described. The Issuer covenants with the registered owner of this Bond that on or before each principal and/or interest payment date for this Bond it will make available to the Paying Agent/Registrar, from the "Interest and Sinking Fund" created by the Bond Resolution, the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on this Bond, when due.

IF THE DATE for the payment of the principal of or interest on this Bond shall be a Saturday, Sunday, a legal holiday, or a day on which banking institutions in the City where the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day on which banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

THIS BOND has been authorized in accordance with the Constitution and laws of the State of Texas in the aggregate principal amount of \$3,000,000 FOR THE PURPOSE OF ACQUIRING AND CONSTRUCTING PARKING FACILITIES ON THE CAMPUS OF THE UNIVERSITY OF TEXAS AT AUSTIN, UNDER AND IN STRICT CONFORMITY WITH THE

CONSTITUTION AND LAWS OF THE STATE OF TEXAS, INCLUDING PARTICULARLY CHAPTER 55 OF THE TEXAS EDUCATION CODE.

ON DECEMBER 1, 1994, or on any interest payment date thereafter, the unpaid installments of principal of this Bond may be prepaid or redeemed prior to their scheduled due dates, at the option of the Issuer, with funds derived from any available source, as a whole, or in part, and, if in part, the particular portion of this Bond to be prepaid or redeemed shall be selected and designated by the Issuer (provided that a portion of this Bond may be redeemed only in an integral multiple of \$5,000), at the prepayment or redemption price (expressed as a percentage of principal amount) applicable to the date of redemption, as set forth in the following schedule, plus accrued interest to the date fixed for prepayment or redemption:

<u>Redemption Dates</u>	<u>Redemption Prices (%)</u>
December 1, 1994 through June 1, 1996	101.5
December 1, 1996 through June 1, 1997	101
December 1, 1997 through June 1, 1998	100.5
December 1, 1998 and thereafter	100

AT LEAST 30 days prior to the date fixed for any such prepayment or redemption a written notice of such prepayment or redemption shall be mailed by the Paying Agent/Registrar to the registered owner hereof. By the date fixed for any such prepayment or redemption due provision shall be made by the Issuer with the Paying Agent/Registrar for the payment of the required prepayment or redemption price for this Bond or the portion hereof which is to be so prepaid or redeemed, plus accrued interest thereon to the date fixed for prepayment or redemption. If such written notice of prepayment or redemption is given, and if due provision for such payment is made, all as provided above, this Bond, or the portion thereof which is to be so prepaid or redeemed, thereby automatically shall be treated as prepaid or redeemed prior to its scheduled due date, and shall not bear interest after the date fixed for its prepayment or redemption, and shall not be regarded as being outstanding except for the right of the registered owner to receive the prepayment or redemption price plus accrued interest to the date fixed for prepayment or redemption from the Paying Agent/Registrar out of the funds provided for such payment. The Paying Agent/Registrar shall record in the Registration Books all such prepayments or redemptions of principal of this Bond or any portion hereof.

THIS BOND, to the extent of the unpaid or unredeemed principal balance hereof, or any unpaid and unredeemed portion hereof in any integral multiple of \$5,000, may be assigned by the initial registered owner hereof and shall be transferred only in the Registration Books of the Issuer kept by the Paying Agent/Registrar acting in the capacity of registrar for the Bonds, upon the terms and conditions set forth in the Bond Resolution. Among other requirements for such transfer, this Bond must be presented and surrendered to the Paying Agent/Registrar for cancellation, together with proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment by the initial registered owner of this Bond, or any portion or portions hereof in any integral multiple of \$5,000, to the assignee or assignees in whose name or names this Bond or any such portion or portions hereof is or are to be transferred and registered. Any instrument or instruments of assignment satisfactory to the Paying Agent/Registrar may be used to evidence the assignment of this Bond or any such portion or portions hereof by the initial registered owner hereof. A new

bond or bonds payable to such assignee or assignees (which then will be the new registered owner or owners of such new Bond or Bonds) or to the initial registered owner as to any portion of this Bond which is not being assigned and transferred by the initial registered owner, shall be delivered by the Paying Agent/Registrar in conversion of and exchange for this Bond or any portion or portions hereof, but solely in the form and manner as provided in the next paragraph hereof for the conversion and exchange of this Bond or any portion hereof. The registered owner of this Bond shall be deemed and treated by the Issuer and the Paying Agent/Registrar as the absolute owner hereof for all purposes, including payment and discharge of liability upon this Bond to the extent of such payment, and the Issuer and the Paying Agent/Registrar shall not be affected by any notice to the contrary.

AS PROVIDED above and in the Bond Resolution, this Bond, to the extent of the unpaid or unredeemed principal balance hereof, may be converted into and exchanged for a like aggregate principal amount of fully registered bonds, without interest coupons, payable to the assignee or assignees duly designated in writing by the initial registered owner hereof, or to the initial registered owner as to any portion of this Bond which is not being assigned and transferred by the initial registered owner, in any denomination or denominations in any integral multiple of \$5,000 (subject to the requirement hereinafter stated that each substitute bond issued in exchange for any portion of this Bond shall have a single stated principal maturity date), upon surrender of this Bond to the Paying Agent/Registrar for cancellation, all in accordance with the form and procedures set forth in the Bond Resolution. If this Bond or any portion hereof is assigned and transferred or converted each bond issued in exchange for any portion hereof shall have a single stated principal maturity date corresponding to the due date of the installment of principal of this Bond or portion hereof for which the substitute bond is being exchanged, and shall bear interest at the rate applicable to and borne by such installment of principal or portion thereof. Such bonds, respectively, shall be subject to redemption prior to maturity on the same dates and for the same prices as the corresponding installment of principal of this Bond or portion hereof for which they are being exchanged. No such bond shall be payable in installments, but shall have only one stated principal maturity date. AS PROVIDED IN THE BOND RESOLUTION, THIS BOND IN ITS PRESENT FORM MAY BE ASSIGNED AND TRANSFERRED OR CONVERTED ONCE ONLY, and to one or more assignees, but the bonds issued and delivered in exchange for this Bond or any portion hereof may be assigned and transferred, and converted, subsequently, as provided in the Bond Resolution. The Issuer shall pay the Paying Agent/Registrar's standard or customary fees and charges for transferring, converting, and exchanging this Bond or any portion thereof, but the one requesting such transfer, conversion, and exchange shall pay any taxes or governmental charges required to be paid with respect thereto. The Paying Agent/Registrar shall not be required to make any such assignment, conversion, or exchange (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date, or, (ii) with respect to any Bond or portion thereof called for prepayment or redemption prior to maturity, within 45 days prior to its prepayment or redemption date.

IN THE EVENT any Paying Agent/Registrar for this Bond is changed by the Issuer, resigns, or otherwise ceases to act as such, the Issuer has covenanted in the Bond Resolution that it promptly will appoint a competent and legally qualified

substitute therefor, and promptly will cause written notice thereof to be mailed to the registered owner of this Bond.

IT IS HEREBY certified, recited, and covenanted that this Bond has been duly and validly authorized, issued, sold, and delivered; that all acts, conditions, and things required or proper to be performed, exist, and be done precedent to or in the authorization, issuance, and delivery of this Bond have been performed, existed, and been done in accordance with law; that this Bond is a special obligation of the Issuer, secured by and payable from a first lien on and pledge of the "Pledged Revenues", as defined in the Bond Resolution, which include (1) the Net Revenues of the Parking Facilities (which term includes interest income from the Revenue Fund, the Interest and Sinking Fund, and the Reserve Fund), (2) the gross collections of the Parking Facilities Fee, and (3) any additional revenues, income, receipts, rentals, rates, charges, fees, or other resources which may hereafter, at the option of the Issuer, be pledged to the payment of the Bond and Additional Bonds, all as further defined in the Bond Resolution.

THE ISSUER has reserved the right, subject to the restrictions stated in the Bond Resolution, to issue Additional Bonds payable from and secured by a first lien on and pledge of the "Pledged Revenues" on a parity with this Bond.

THE REGISTERED OWNER hereof shall never have the right to demand payment of this Bond or the interest hereon out of any funds raised or to be raised by taxation or from any source whatsoever other than specified in the Bond Resolution.

BY BECOMING the registered owner of this Bond, the registered owner thereby acknowledges all of the terms and provisions of the Bond Resolution, agrees to be bound by such terms and provisions, acknowledges that the Bond Resolution is duly recorded and available for inspection in the official minutes and records of the governing body of the Issuer, and agrees that the terms and provisions of this Bond and the Bond Resolution constitute a contract between the registered owner hereof and the Issuer.

IN WITNESS WHEREOF, the Issuer has caused this Bond to be signed with the manual signature of the Chairman of the Issuer and countersigned with the manual signature of the Executive Secretary of the Issuer, has caused the official seal of the Issuer to be duly impressed on this Bond, and has caused this Bond to be dated DECEMBER 1, 1984.

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

Chairman, Board of Regents,
The University of Texas
System

(BOARD
SEAL)

FORM OF REGISTRATION CERTIFICATE OF THE
COMPTROLLER OF PUBLIC ACCOUNTS:

COMPTROLLER'S REGISTRATION CERTIFICATE: REGISTER NO.

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

the Comptroller of Public Accounts of the State of Texas.

Witness my signature and seal this

Comptroller of Public Accounts
of the State of Texas

(COMPTROLLER'S SEAL)

Section 6. ADDITIONAL CHARACTERISTICS OF THE BONDS.
Registration and Transfer. (a) The Issuer shall keep or cause to be kept at the principal corporate trust office of _____, TEXAS (the "Paying Agent/Registrar") books or records of the registration and transfer of the Bonds (the "Registration Books"), and the Issuer hereby appoints the Paying Agent/Registrar as its registrar and transfer agent to keep such books or records and make such transfers and registrations under such reasonable regulations as the Issuer and Paying Agent/Registrar may prescribe; and the Paying Agent/Registrar shall make such transfers and registrations as herein provided. The Paying Agent/Registrar shall obtain and record in the Registration Books the address of the registered owner of each Bond to which payments with respect to the Bonds shall be mailed, as herein provided; but it shall be the duty of each registered owner to notify the Paying Agent/Registrar in writing of the address to which payments shall be mailed, and such interest payments shall not be mailed unless such notice has been given. The Issuer shall have the right to inspect the Registration Books during regular business hours of the Paying Agent/Registrar, but otherwise the Paying Agent/Registrar shall keep the Registration Books confidential and, unless otherwise required by law, shall not permit their inspection by any other entity. Registration of each Bond may be transferred in the Registration Books only upon presentation and surrender of such Bond to the Paying Agent/Registrar for transfer of registration and cancellation, together with proper written instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing (1) the assignment of the Bond, or any portion thereof in any integral multiple of \$5,000, to the assignee or assignees thereof, and (ii) the right of such assignee or assignees to have the Bond or any such portion thereof registered in the name of such assignee or assignees. Upon the assignment and transfer of any Bond or any portion thereof, a new substitute Bond or Bonds shall be issued in conversion and exchange therefor in the manner herein provided. The Initial Bond, to the extent of the unpaid or unredeemed principal balance thereof, may be assigned and transferred by the initial registered owner thereof once only, and to one or more assignees designated in writing by the initial registered owner thereof. All Bonds issued and delivered in conversion of and exchange for the Initial Bond shall be in any denomination or denominations of any integral multiple of \$5,000 (subject to the requirement hereinafter stated that each substitute Bond shall have a single stated principal maturity date), shall be in the form prescribed in the FORM OF SUBSTITUTE BOND set forth in this Resolution, and shall have the characteristics, and may be assigned, transferred, and converted as hereinafter provided. If the Initial Bond or any portion thereof is assigned and transferred or converted the Initial Bond must be surrendered to the Paying Agent/Registrar for cancellation, and each Bond issued in exchange for any portion of the Initial Bond shall have a single stated principal maturity date, and shall not be payable in installments; and each such Bond shall have a principal maturity date corresponding to the due date of the installment of principal or portion thereof for which the substitute Bond

is being exchanged; and each such Bond shall bear interest at the single rate applicable to and borne by such installment of principal or portion thereof for which it is being exchanged. If only a portion of the Initial Bond is assigned and transferred, there shall be delivered to and registered in the name of the initial registered owner substitute Bonds in exchange for the unassigned balance of the Initial Bond in the same manner as if the initial registered owner were the assignee thereof. If any Bond or portion thereof other than the Initial Bond is assigned and transferred or converted each Bond issued in exchange therefor shall have the same principal maturity date and bear interest at the same rate as the Bond for which it is exchanged. A form of assignment shall be printed or endorsed on each Bond, excepting the Initial Bond, which shall be executed by the registered owner or its duly authorized attorney or representative to evidence an assignment thereof. Upon surrender of any Bonds or any portion or portions thereof for transfer of registration, an authorized representative of the Paying Agent/Registrar shall make such transfer in the Registration Books, and shall deliver a new fully registered substitute Bond or Bonds, having the characteristics herein described, payable to such assignee or assignees (which then will be the registered owner or owners of such new Bond or Bonds), or to the previous registered owner in case only a portion of a Bond is being assigned and transferred, all in conversion of and exchange for said assigned Bond or Bonds or any portion or portions thereof, in the same form and manner, and with the same effect, as provided in Section 6(d), below, for the conversion and exchange of Bonds by any registered owner of a Bond. The Issuer shall pay the Paying Agent/Registrar's standard or customary fees and charges for making such transfer and delivery of a substitute Bond or Bonds, but the one requesting such transfer shall pay any taxes or other governmental charges required to be paid with respect thereto. The Paying Agent/Registrar shall not be required to make transfers of registration of any Bond or any portion thereof (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date, or, (ii) with respect to any Bond or any portion thereof called for redemption prior to maturity, within 45 days prior to its redemption date.

(b) Ownership of Bonds. The entity in whose name any Bond shall be registered in the Registration Books at any time shall be deemed and treated as the absolute owner thereof for all purposes of this Resolution, whether or not such Bond shall be overdue, and the Issuer and the Paying Agent/Registrar shall not be affected by any notice to the contrary; and payment of, or on account of, the principal of, premium, if any, and interest on any such Bond shall be made only to such registered owner. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

(c) Payment of Bonds and Interest. The Issuer hereby further appoints the Paying Agent/Registrar to act as the paying agent for paying the principal of and interest on the Bonds, and to act as its agent to convert and exchange or replace Bonds, all as provided in this Resolution. The Paying Agent/Registrar shall keep proper records of all payments made by the Issuer and the Paying Agent/Registrar with respect to the Bonds, and of all conversions and exchanges of Bonds, and all replacements of Bonds, as provided in this Resolution.

(d) Conversion and Exchange or Replacement; Authentication. Each Bond issued and delivered pursuant to this Resolution, to the extent of the unpaid or unredeemed principal

balance or principal amount thereof, may, upon surrender of such Bond at the principal corporate trust office of the Paying Agent/Registrar, together with a written request therefor duly executed by the registered owner or the assignee or assignees thereof, or its or their duly authorized attorneys or representatives, with guarantee of signatures satisfactory to the Paying Agent/Registrar, may, at the option of the registered owner or such assignee or assignees, as appropriate, be converted into and exchanged for fully registered bonds, without interest coupons, in the form prescribed in the FORM OF SUBSTITUTE BOND set forth in this Resolution, in the denomination of \$5,000, or any integral multiple of \$5,000 (subject to the requirement hereinafter stated that each substitute Bond shall have a single stated maturity date), as requested in writing by such registered owner or such assignee or assignees, in an aggregate principal amount equal to the unpaid or unredeemed principal balance or principal amount of any Bond or Bonds so surrendered, and payable to the appropriate registered owner, assignee, or assignees, as the case may be. If the Initial Bond is assigned and transferred or converted each substitute Bond issued in exchange for any portion of the Initial Bond shall have a single stated principal maturity date, and shall not be payable in installments; and each such Bond shall have a principal maturity date corresponding to the due date of the installment of principal or portion thereof for which the substitute Bond is being exchanged; and each such Bond shall bear interest at the single rate applicable to and borne by such installment of principal or portion thereof for which it is being exchanged. If a portion of any Bond (other than the Initial Bond) shall be redeemed prior to its scheduled maturity as provided herein, a substitute Bond or Bonds having the same maturity date, bearing interest at the same rate, in the denomination or denominations of any integral multiple of \$5,000 at the request of the registered owner, and in aggregate principal amount equal to the unredeemed portion thereof, will be issued to the registered owner upon surrender thereof for cancellation. If any Bond or portion thereof (other than the Initial Bond) is assigned and transferred or converted, each Bond issued in exchange therefor shall have the same principal maturity date and bear interest at the same rate as the Bond for which it is being exchanged. Each substitute Bond shall bear a letter and/or number to distinguish it from each other Bond. The Paying Agent/Registrar shall convert and exchange or replace Bonds as provided herein, and each fully registered bond delivered in conversion of and exchange for or replacement of any Bond or portion thereof as permitted or required by any provision of this Resolution shall constitute one of the Bonds for all purposes of this Resolution, and may again be converted and exchanged or replaced. It is specifically provided that any Bond authenticated in conversion of and exchange for or replacement of another Bond on or prior to the first scheduled Record Date for the Initial Bond shall bear interest from the date of the Initial Bond, but each substitute Bond so authenticated after such first scheduled Record Date shall bear interest from the interest payment date next preceding the date on which such substitute Bond was so authenticated, unless such Bond is authenticated after any Record Date but on or before the next following interest payment date, in which case it shall bear interest from such next following interest payment date; provided, however, that if at the time of delivery of any substitute Bond the interest on the Bond for which it is being exchanged is due but has not been paid, then such Bond shall bear interest from the date to which such interest has been paid in full. THE INITIAL BOND issued and delivered pursuant to this Resolution is not required to be, and shall not be, authenticated by the Paying Agent/Registrar, but on each substitute Bond issued in conversion of and exchange for or replacement of any Bond or Bonds issued under this Resolution

there shall be printed a certificate, in the form substantially as follows:

"PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

It is hereby certified that this Bond has been issued under the provisions of the Bond Resolution described in this Bond; and that this Bond has been issued in conversion of and exchange for or replacement of a bond, bonds, or a portion of a bond or bonds of an issue which originally was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas.

_____, TEXAS
Paying Agent/Registrar

Dated

Authorized Representative"

An authorized representative of the Paying Agent/Registrar shall, before the delivery of any such Bond, date and manually sign the above Certificate, and no such Bond shall be deemed to be issued or outstanding unless such Certificate is so executed. The Paying Agent/Registrar promptly shall cancel all Bonds surrendered for conversion and exchange or replacement. No additional ordinances, orders, or resolutions need be passed or adopted by the governing body of the Issuer or any other body or person so as to accomplish the foregoing conversion and exchange or replacement of any Bond or portion thereof, and the Paying Agent/Registrar shall provide for the printing, execution, and delivery of the substitute Bonds in the manner prescribed herein, and said Bonds shall be of type composition printed on paper with lithographed or steel engraved borders of customary weight and strength. Pursuant to Vernon's Ann. Tex. Civ. St. Art. 717k-6, and particularly Section 6 thereof, the duty of conversion and exchange or replacement of Bonds as aforesaid is hereby imposed upon the Paying Agent/Registrar, and, upon the execution of the above Paying Agent/Registrar's Authentication Certificate, the converted and exchanged or replaced Bond shall be valid, incontestable, and enforceable in the same manner and with the same effect as the Initial Bond which originally was issued pursuant to this Resolution, approved by the Attorney General, and registered by the Comptroller of Public Accounts. The Issuer shall pay the Paying Agent/Registrar's standard or customary fees and charges for transferring, converting, and exchanging any Bond or any portion thereof, but the one requesting any such transfer, conversion, and exchange shall pay any taxes or governmental charges required to be paid with respect thereto as a condition precedent to the exercise of such privilege of conversion and exchange. The Paying Agent/Registrar shall not be required to make any such conversion and exchange or replacement of Bonds or any portion thereof (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date, or, (ii) with respect to any Bond or portion thereof called for redemption prior to maturity, within 45 days prior to its redemption date.

(e) In General. All Bonds issued in conversion and exchange or replacement of any other Bond or portion thereof, (i) shall be issued in fully registered form, without interest coupons, with the principal of and interest on such Bonds to be payable only to the registered owners thereof, (ii) may be redeemed prior to their scheduled maturities, (iii) may be transferred and assigned, (iv) may be converted and exchanged for other Bonds, (v) shall have the characteristics, (vi) shall

be signed and sealed, and (vii) the principal of and interest on the Bonds shall be payable, all as provided, and in the manner required or indicated, in the FORM OF SUBSTITUTE BOND set forth in this Resolution.

(f) Payment of Fees and Charges. The Issuer hereby covenants with the registered owners of the Bonds that it will (i) pay the standard or customary fees and charges of the Paying Agent/Registrar for its services with respect to the payment of the principal of and interest on the Bonds, when due, and (ii) pay the fees and charges of the Paying Agent/Registrar for services with respect to the transfer of registration of Bonds, and with respect to the conversion and exchange of Bonds solely to the extent above provided in this Resolution.

(g) Substitute Paying Agent/Registrar. The Issuer covenants with the registered owners of the Bonds that at all times while the Bonds are outstanding the Issuer will provide a competent and legally qualified bank, trust company, financial institution, or other agency to act as and perform the services of Paying Agent/Registrar for the Bonds under this Resolution, and that the Paying Agent/Registrar will be one entity. The Issuer reserves the right to, and may, at its option, change the Paying Agent/Registrar upon not less than 120 days written notice to the Paying Agent/Registrar, to be effective not later than 60 days prior to the next principal or interest payment date after such notice. In the event that the entity at any time acting as Paying Agent/Registrar (or its successor by merger, acquisition, or other method) should resign or otherwise cease to act as such, the Issuer covenants that promptly it will appoint a competent and legally qualified bank, trust company, financial institution, or other agency to act as Paying Agent/Registrar under this Resolution. Upon any change in the Paying Agent/Registrar, the previous Paying Agent/Registrar promptly shall transfer and deliver the Registration Books (or a copy thereof), along with all other pertinent books and records relating to the Bonds, to the new Paying Agent/Registrar designated and appointed by the Issuer. Upon any change in the Paying Agent/Registrar, the Issuer promptly will cause a written notice thereof to be sent by the new Paying Agent/Registrar to each registered owner of the Bonds, by United States mail, first-class postage prepaid, which notice also shall give the address of the new Paying Agent/Registrar. By accepting the position and performing as such, each Paying Agent/Registrar shall be deemed to have agreed to the provisions of this Resolution, and a certified copy of this Resolution shall be delivered to each Paying Agent/Registrar.

Section 7. FORM OF SUBSTITUTE BONDS. The form of all Bonds issued in conversion and exchange or replacement of any other Bond or portion thereof, including the form of Paying Agent/Registrar's Certificate to be printed on each of such Bonds, and the Form of Assignment to be printed on each of the Bonds, shall be, respectively, substantially as follows, with such appropriate variations, omissions, or insertions as are permitted or required by this Resolution.

FORM OF SUBSTITUTE BOND

NO. _____	UNITED STATES OF AMERICA	PRINCIPAL AMOUNT
	STATE OF TEXAS	\$ _____
	BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM,	
	THE UNIVERSITY OF TEXAS AT AUSTIN,	
	PARKING FACILITIES REVENUE BOND	
	SERIES 1984	

INTEREST RATE

MATURITY DATE

CUSIP NO.

_____ % _____

ON THE MATURITY DATE specified above the BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM (the "Issuer"), being an agency of the State of Texas, hereby promises to pay to

_____ or to the registered assignee hereof (either being hereinafter called the "registered owner") the principal amount of

_____ and to pay interest thereon from DECEMBER 1, 1984, to the maturity date specified above, or the date of redemption prior to maturity, at the interest rate per annum specified above; with interest being payable on JUNE 1, 1985, and semiannually on each DECEMBER 1 and JUNE 1 thereafter, except that if the date of authentication of this Bond is later than MAY 15, 1985, such principal amount shall bear interest from the interest payment date next preceding the date of authentication, unless such date of authentication is after any Record Date (hereinafter defined) but on or before the next following interest payment date, in which case such principal amount shall bear interest from such next following interest payment date.

THE PRINCIPAL OF AND INTEREST ON this Bond are payable in lawful money of the United States of America, without exchange or collection charges. The principal of this Bond shall be paid to the registered owner hereof upon presentation and surrender of this Bond at maturity or upon the date fixed for its redemption prior to maturity, at the principal corporate trust office of _____ TEXAS, which is the "Paying Agent/Registrar" for this Bond. The payment of interest on this Bond shall be made by the Paying Agent/Registrar to the registered owner hereof on each interest payment date by check or draft, dated as of such interest payment date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the Issuer required by the resolution authorizing the issuance of the Bonds (the "Bond Resolution") to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check or draft shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, on each such interest payment date, to the registered owner hereof, at the address of the registered owner, as it appeared on the 15th day of the month next preceding each such date (the "Record Date") on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described. Any accrued interest due upon the redemption of this Bond prior to maturity as provided herein shall be paid to the registered owner at the principal corporate trust office of the Paying Agent/Registrar upon presentation and surrender of this Bond for redemption and payment at the principal corporate trust office of the Paying Agent/Registrar. The Issuer covenants with the registered owner of this Bond that on or before each principal payment date, interest payment date, and accrued interest payment date for this Bond it will make available to the Paying Agent/Registrar, from the "Interest and Sinking Fund" created by the Bond Resolution, the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on the Bonds, when due.

IF THE DATE for the payment of the principal of or interest on this Bond shall be a Saturday, Sunday, a legal holiday, or a day on which banking institutions in the City where the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall

be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day on which banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

THIS BOND is one of an issue of Bonds initially dated DECEMBER 1, 1984, authorized in accordance with the Constitution and laws of the State of Texas in the aggregate principal amount of \$3,000,000 FOR THE PURPOSE OF ACQUIRING AND CONSTRUCTING PARKING FACILITIES ON THE CAMPUS OF THE UNIVERSITY OF TEXAS AT AUSTIN, UNDER AND IN STRICT CONFORMITY WITH THE CONSTITUTION AND LAWS OF THE STATE OF TEXAS, INCLUDING PARTICULARLY CHAPTER 55 OF THE TEXAS EDUCATION CODE.

ON DECEMBER 1, 1994, or on any interest payment date thereafter, the Bonds of this Series may be redeemed prior to their scheduled maturities, at the option of the Issuer, with funds derived from any available and lawful source, as a whole, or in part, and, if in part, the particular Bonds, or portions thereof, to be redeemed shall be selected and designated by the Issuer (provided that a portion of a Bond may be redeemed only in an integral multiple of \$5,000), at the redemption price (expressed as a percentage of principal amount) applicable to the date of redemption, as set forth in the following schedule, plus accrued interest to the date fixed for redemption:

<u>Redemption Dates</u>	<u>Redemption Price (%)</u>
December 1, 1994 through June 1, 1996	101.5
December 1, 1996 through June 1, 1997	101
December 1, 1997 through June 1, 1998	100.5
December 1, 1998 and thereafter	100

AT LEAST 30 days prior to the date fixed for any redemption of Bonds or portions thereof prior to maturity a written notice of such redemption shall be published once in a financial publication, journal, or reporter of general circulation among securities dealers in The City of New York, New York (including, but not limited to, The Bond Buyer and The Wall Street Journal), or in the State of Texas (including, but not limited to, The Texas Bond Reporter). Such notice also shall be sent by the Paying Agent/Registrar by United States Mail, first-class postage prepaid, not less than 30 days prior to the date fixed for any such redemption, to the registered owner of each Bond to be redeemed at its address as it appeared on the 45th day prior to such redemption date; provided, however, that the failure to send, mail, or receive such notice, or any defect therein or in the sending or mailing thereof, shall not affect the validity or effectiveness of the proceedings for the redemption of any Bond, and it is hereby specifically provided that the publication of such notice as required above shall be the only notice actually required in connection with or as a prerequisite to the redemption of any Bonds or portions thereof. By the date fixed for any such redemption due provision shall be made with the Paying Agent/Registrar for the payment of the required redemption price for the Bonds or portions thereof which are to be so redeemed, plus accrued interest thereon to the date fixed for redemption. If such written notice of redemption is published and if due provision for such payment is made, all as provided above, the Bonds or portions thereof which are to be so redeemed thereby automatically shall be treated as redeemed prior to their scheduled maturities, and they shall not bear interest after the date fixed for redemption, and they shall not be regarded as being outstanding except for the right of the registered owner to receive the redemption price plus accrued interest from the Paying Agent/Registrar out of the funds provided for such payment. If a

portion of any Bond shall be redeemed a substitute Bond or Bonds having the same maturity date, bearing interest at the same rate, in any denomination or denominations in any integral multiple of \$5,000, at the written request of the registered owner, and in aggregate principal amount equal to the unredeemed portion thereof, will be issued to the registered owner upon the surrender thereof for cancellation, at the expense of the Issuer, all as provided in the Bond Resolution.

THIS BOND OR ANY PORTION OR PORTIONS HEREOF IN ANY INTEGRAL MULTIPLE OF \$5,000 may be assigned and shall be transferred only in the Registration Books of the Issuer kept by the Paying Agent/Registrar acting in the capacity of registrar for the Bonds, upon the terms and conditions set forth in the Bond Resolution. Among other requirements for such assignment and transfer, this Bond must be presented and surrendered to the Paying Agent/Registrar, together with proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment of this Bond or any portion or portions hereof in any integral multiple of \$5,000 to the assignee or assignees in whose name or names this Bond or any such portion or portions hereof is or are to be transferred and registered. The form of Assignment printed or endorsed on this Bond shall be executed by the registered owner or its duly authorized attorney or representative, to evidence the assignment hereof. A new Bond or Bonds payable to such assignee or assignees (which then will be the new registered owner or owners of such new Bond or Bonds), or to the previous registered owner in the case of the assignment and transfer of only a portion of this Bond, may be delivered by the Paying Agent/Registrar in conversion of and exchange for this Bond, all in the form and manner as provided in the next paragraph hereof for the conversion and exchange of other Bonds. The Issuer shall pay the Paying Agent/Registrar's standard or customary fees and charges for making such transfer, but the one requesting such transfer shall pay any taxes or other governmental charges required to be paid with respect thereto. The Paying Agent/Registrar shall not be required to make transfers of registration of this Bond or any portion hereof (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date, or, (ii) with respect to any Bond or any portion thereof called for redemption prior to maturity, within 45 days prior to its redemption date. The registered owner of this Bond shall be deemed and treated by the Issuer and the Paying Agent/Registrar as the absolute owner hereof for all purposes, including payment and discharge of liability upon this Bond to the extent of such payment, and the Issuer and the Paying Agent/Registrar shall not be affected by any notice to the contrary.

ALL BONDS OF THIS SERIES are issuable solely as fully registered bonds, without interest coupons, in the denomination of any integral multiple of \$5,000. As provided in the Bond Resolution, this Bond, or any unredeemed portion hereof, may, at the request of the registered owner or the assignee or assignees hereof, be converted into and exchanged for a like aggregate principal amount of fully registered bonds, without interest coupons, payable to the appropriate registered owner, assignee, or assignees, as the case may be, having the same maturity date, and bearing interest at the same rate, in any denomination or denominations in any integral multiple of \$5,000 as requested in writing by the appropriate registered owner, assignee, or assignees, as the case may be, upon surrender of this Bond to the Paying Agent/Registrar for cancellation, all in accordance with the form and procedures set forth in the Bond Resolution. The Issuer shall pay the Paying

Agent/Registrar's standard or customary fees and charges for transferring, converting, and exchanging any Bond or any portion thereof, but the one requesting such transfer, conversion, and exchange shall pay any taxes or governmental charges required to be paid with respect thereto as a condition precedent to the exercise of such privilege of conversion and exchange. The Paying Agent/Registrar shall not be required to make any such conversion and exchange (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date, or, (ii) with respect to any Bond or portion thereof called for redemption prior to maturity, within 45 days prior to its redemption date.

IN THE EVENT any Paying Agent/Registrar for the Bonds is changed by the Issuer, resigns, or otherwise ceases to act as such, the Issuer has covenanted in the Bond Resolution that it promptly will appoint a competent and legally qualified substitute therefor, and promptly will cause written notice thereof to be mailed to the registered owners of the Bonds.

IT IS HEREBY certified, recited, and covenanted that this Bond has been duly and validly authorized, issued, sold, and delivered; that all acts, conditions, and things required or proper to be performed, exist, and be done precedent to or in the authorization, issuance, and delivery of this Bond have been performed, existed, and been done in accordance with law; that this Bond is a special obligation of the Issuer, secured by and payable from a first lien on and pledge of the "Pledged Revenues", as defined in the Bond Resolution, which include (1) the Net Revenues of the Parking Facilities (which term includes interest income from the Revenue Fund, the Interest and Sinking Fund, and the Reserve Fund), (2) the gross collections of the Parking Facilities Fee, and (3) any additional revenues, income, receipts, rentals, rates, charges, fees, or other resources which may hereafter, at the option of the Issuer, be pledged to the payment of the Bonds and Additional Bonds, all as further defined in the Bond Resolution.

THE ISSUER has reserved the right, subject to the restrictions stated in the Bond Resolution, to issue Additional Bonds payable from and secured by a first lien on and pledge of the "Pledged Revenues" on a parity with this Bond and series of which it is a part.

THE REGISTERED OWNER hereof shall never have the right to demand payment of this Bond or the interest hereon out of any funds raised or to be raised by taxation or from any source whatsoever other than specified in the Bond Resolution.

BY BECOMING the registered owner of this Bond, the registered owner thereby acknowledges all of the terms and provisions of the Bond Resolution, agrees to be bound by such terms and provisions, acknowledges that the Bond Resolution is duly recorded and available for inspection in the official minutes and records of the governing body of the Issuer, and agrees that the terms and provisions of this Bond and the Bond Resolution constitute a contract between each registered owner hereof and the Issuer.

IN WITNESS WHEREOF, the Issuer has caused this Bond to be signed with the facsimile signature of the Chairman of the Issuer and countersigned with the facsimile signature of the Executive Secretary of the Issuer, and has caused the official seal of the Issuer to be duly impressed, or placed in

facsimile, on this Bond.

(facsimile signature)
Executive Secretary, Board of Regents, The University of Texas System

(facsimile signature)
Chairman, Board of Regents, The University of Texas System

(BOARD SEAL)

FORM OF PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

It is hereby certified that this Bond has been issued under the provisions of the Bond Resolution described in this Bond; and that this Bond has been issued in conversion of and exchange for or replacement of a bond, bonds, or a portion of a bond or bonds of an issue which originally was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas.

_____, TEXAS
Paying Agent/Registrar

Dated

Authorized Representative

FORM OF ASSIGNMENT:

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned registered owner of this Bond, or duly authorized representative or attorney thereof, hereby assigns this Bond to

(Assignee's Social Security or Taxpayer Identification Number) _____
(print or typewrite Assignee's name and address, including zip code)

_____ and hereby irrevocably constitutes and appoints

_____ attorney to transfer the registration of this Bond on the Paying Agent/Registrar's Registration Books with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

NOTICE: This signature must be guaranteed by a member of the New York Stock Exchange or a commercial bank or trust company.

Registered Owner
NOTICE: This signature must correspond with the name of the Registered Owner appearing on the face of this Bond.

Section 8. Throughout this Resolution the following terms as used herein shall have the meanings set forth below, unless the text hereof specifically indicates otherwise:

The term "University" shall mean The University of Texas at Austin, in Austin, Texas.

The terms "Issuer" and "Board" shall mean the Board of Regents of The University of Texas System.

The terms "Bond Resolution" and "Resolution" mean this resolution authorizing the Bonds.

The term "Bonds" means collectively the Initial Bond as described and defined in Section 1 of this Resolution, and all substitute bonds authenticated and delivered in exchange therefor and all other substitute bonds and replacement bonds issued pursuant to this Resolution.

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

The term "Project" shall mean the motor vehicle parking facilities to be acquired and constructed on the campus of the University with proceeds from the sale of the Initial Bond, to-wit: a reinforced concrete and steel multi-level parking garage to accommodate approximately 1,011 cars.

The term "Parking Facilities" shall mean and include the following:

- (a) The Project.
- (b) All existing revenue producing parking facilities on the campus of the University, all as described in the "Parking and Traffic Regulations & Information" for the University, effective September 1, 1984, and presently consisting of approximately 11,124 permit surface spaces and approximately 153 metered surface spaces.
- (c) All additions and improvements to and replacements of the foregoing (a) and (b).

The term "Current Expenses" shall mean all necessary operating and maintenance expenses of the Parking Facilities, including all expenses of reasonable upkeep and repair, the properly allocated share of insurance, and all other expenses incident to the operation and maintenance thereof, but shall exclude depreciation and all general administrative expenses of the University.

The term "Gross Revenues" shall mean all revenues, income, receipts, rentals, rates, charges, motor vehicle citation charges (including traffic control violation fines or charges), and fees (other than the Parking Facilities Fees) derived by the Board and/or the University from any sources due to, on account of, and from the operation and ownership of, the Parking Facilities and the parking and traffic control operations and regulations relating thereto, together with all interest income derived from the deposit or investment of money credited to Revenue Fund, the Interest and Sinking Fund, and the Reserve Fund maintained pursuant to this Resolution.

The terms "Net Revenues" and "Net Revenues of the Parking Facilities" shall mean all Gross Revenues derived from the Parking Facilities after deduction of the Current Expenses thereof.

The term "Parking Facilities Fee" shall mean the student fee, which shall be fixed, charged, and collected from all students (excepting any category of students now exempt by law) regularly enrolled at the University, for the general use and availability of the Parking Facilities, in the manner and to

the extent provided in this Resolution, and pledged to the payment of the Bonds and any Additional Bonds, as authorized by Chapter 55 of the Texas Education Code.

The term "Pledged Revenues" shall mean collectively (1) the Net Revenues of the Parking Facilities, (2) the gross collections of the Parking Facilities Fee, and (3) any additional revenues, income, receipts, rentals, rates, charges, fees, or other resources which may hereafter, at the option of the Board, be pledged to the payment of the Bonds and Additional Bonds.

The terms "bondholder" and "holder" shall mean any person or persons who is the registered owner of one or more of the Bonds or Additional Bonds.

Section 7. That the Bonds and any Additional Bonds, and the interest thereon, are and shall be secured by and payable from a first lien on and pledge of the Pledged Revenues, and such Pledged Revenues are further pledged to the establishment and maintenance of the Funds created by this Resolution.

Section 8. That there are hereby created and established the following Funds:

(a) The "Parking Facilities Revenue Fund" (herein called the "Revenue Fund"), which shall be established as a separate account on the books of the University, and to which all Gross Revenues, the Parking Facilities Fee, and all other Pledged Revenues shall be credited, except as otherwise provided herein with respect to interest income from the deposit or investment of other Funds created by this Resolution. The Current Expenses of the Parking Facilities shall be paid from the Gross Revenues in the Revenue Fund as a first charge against the Gross Revenues in the Revenue Fund.

(b) The "Parking Facilities Bonds Interest and Sinking Fund" (herein called the "Interest and Sinking Fund"), which shall be established as a separate fund at an official depository of the University (which must be a member of the Federal Deposit Insurance Corporation). The Interest and Sinking Fund shall be used to provide for the payment of the principal of and interest on the Bonds and Additional Bonds when due.

(c) The "Parking Facilities Bonds Reserve Fund" (herein called the "Reserve Fund"), which shall be established as a separate fund at an official depository of the University (which must be a member of the Federal Deposit Insurance Corporation). The Reserve Fund shall be used to retire the last of the outstanding Bonds and Additional Bonds, or to pay the principal of and interest on the Bonds and Additional Bonds if and to the extent the amounts in the Interest and Sinking Fund are insufficient for such purpose.

The Interest and Sinking Fund and the Reserve Fund shall constitute trust funds which shall be held in trust for the benefit of the holders of the Bonds and Additional Bonds.

Section 9. That money in any Fund established pursuant to this Resolution may, at the option of the Board, be placed in time deposits secured by obligations hereinafter described, or be invested in direct obligations of the United States of America, obligations guaranteed or insured by the United States of America, which, in the opinion of the Attorney General of the United States, are backed by its full faith and credit or

represent its general obligation, or in obligations of Federal governmental agencies, including, but not limited to, evidences of indebtedness issued, insured, or guaranteed by such governmental agencies as the Federal Land Banks, Federal Intermediate Credit Banks, Banks for Cooperatives, Federal Home Loan Banks, Government National Mortgage Association, United States Postal Service, Farmers Home Administration, Federal Home Loan Mortgage Association, Small Business Administration, Federal Housing Association, or Participation Certificates in the Federal Assets Financing Trust; provided that all such deposits and investments shall be made in such manner that the money required to be expended from any Fund will be available at the proper time or times. Such investments shall be valued in terms of current market value as of the last day of August of each year. Interest and income derived from such deposits and investments shall be credited to the Fund from which the deposit or investment was made and shall be used only for the purpose or purposes for which such Fund is required or permitted to be used. Such investments shall be sold promptly when necessary to prevent any default in connection with the Bonds or Additional Bonds.

Section 10. That money in all Funds created by this Resolution, to the extent not invested, shall be secured in the manner prescribed by law for securing funds of the Board, in principal amounts at all times not less than the amounts of money credited to such Funds, respectively.

Section 11. (a) That immediately after the delivery of the Bonds the Board shall deposit all accrued interest and any premium received from the sale and delivery of the Initial Bond, to the credit of the Interest and Sinking Fund.

(b) That the Board shall transfer or cause to be transferred from the Pledged Revenues in the Revenue Fund and deposit, or cause to be deposited, to the credit of the Interest and Sinking Fund the amounts, at the times, as follows:

(i) on or before the last day of May, 1985, and semiannually on or before the last day of each November and May thereafter, such amounts as will be sufficient, together with other amounts, if any, then on hand in the Interest and Sinking Fund and available for such purpose, to pay the interest scheduled to accrue and come due on the Bonds on the next succeeding interest payment date; and

(ii) on or before the last day of May, 1987, and semiannually on or before the last day of each November and May thereafter, such amounts, in approximately equal semiannual installments, as will be sufficient, together with other amounts, if any, then on hand in the Interest and Sinking Fund and available for such purpose, to pay the principal scheduled to mature and come due on the Bonds on the next succeeding December 1.

Section 12. That immediately after the delivery of the Initial Bond the Board shall deposit, from the proceeds received from the sale and delivery of the Initial Bond and/or other University funds then available to the Board, to the credit of the Reserve Fund an amount equal to the average annual principal and interest requirements of the Bonds. So long as the money and investments in the Reserve Fund are not less in market value than a required amount equal to the average annual principal and interest requirements of all then outstanding Bonds and Additional Bonds, no deposits need be made into the Reserve Fund; but if the Reserve Fund at any time contains less than said required amount in market value, then,

subject and subordinate to making the required deposits to the credit of the Interest and Sinking Fund, the Board shall transfer or cause to be transferred from the Pledged Revenues in the Revenue Fund and deposit, or cause to be deposited, to the credit of the Reserve Fund semiannually, on or before the last days of each May and November thereafter, a sum at least equal to 1/8th of the average annual principal and interest requirements of all then outstanding Bonds and Additional Bonds, until the Reserve Fund is restored to said required amount. So long as the Reserve Fund contains said required amount, any surplus in the Reserve Fund over said required amount shall be transferred and deposited into the Interest and Sinking Fund.

Section 13. (a) That if on any occasion there are not sufficient Pledged Revenues to make the required deposits into the Interest and Sinking Fund and the Reserve Fund, then such deficiency shall be made up as soon as possible from the next available Pledged Revenues, or from any other sources available for such purpose.

(b) Any Pledged Revenues in excess of those required to make the deposits required to be made to the credit of the Interest and Sinking Fund and the Reserve Fund may be used for any lawful purpose.

Section 14. (a) That the Board covenants and agrees to fix, levy, charge, and collect the Parking Facilities Fee on a uniformly applied basis from each student (excepting any student in a category now exempt from paying fees by the Texas Education Code) enrolled in the University at each regular fall and spring semester and at each term of each summer session, for the use and availability of the Parking Facilities, in such amounts, without any limitation whatsoever, as will be at least sufficient at all times to provide, together with other Pledged Revenues, the money for making when due all deposits required to be made to the credit of the Interest and Sinking Fund and the Reserve Fund in connection with the Bonds and any Additional Bonds, and to pay the principal of and interest on the Bonds and any Additional Bonds as the same mature and come due, and the Parking Facilities Fee shall be fixed, levied, charged, and collected in the full amounts required by this Resolution without regard to the actual use, availability, or existence of the Parking Facilities.

(b) Effective with the 1984 regular fall semester the Parking Facilities Fee for the general use and availability of the Parking Facilities has been and is hereby fixed and confirmed, and shall be levied, charged, and collected from each student regularly enrolled in the University (excepting any student in a category exempt from paying fees by the Texas Education Code), as follows:

\$0.30 (30¢) per registered Semester Credit Hour at each of the regular fall and spring semesters, and at each term of each summer session.

(c) That the Parking Facilities Fee shall be fixed, levied, charged, and collected pursuant to resolution of the Board when required by this Resolution, and shall be increased if and when required by this Resolution, and may be decreased or abrogated, so long as all Pledged Revenues are sufficient to provide the money for making when due all deposits specified or required to be made to the credit of the Interest and Sinking Fund and the Reserve Fund in connection with the Bonds and any Additional Bonds. All changes in the Parking Facilities Fee shall be made by resolution of the Board, but such procedure shall not constitute or be regarded as an amendment of this

Resolution, but merely the carrying out of the provisions and requirements hereof.

(d) It is specifically found and determined by the Board that the Bonds are issued pursuant to applicable Sections of the Texas Education Code, including specifically Section 55.17 thereof, to be secured by a pledge of an unlimited use fee (the Parking Facilities Fee), and that (1) the estimated maximum amount per semester hour of the pledged Parking Facilities Fee (based on current enrollment and conditions) during any future semester necessary to provide for the payment of the principal of and interest on the Bonds when due, together with (2) the aggregate amount of all use fees which were levied on a semester hour basis for the current semester to pay the principal of and interest on all bonds of any kind previously issued by the Board, do not exceed \$6.00 per semester hour. In arriving at the foregoing conclusion the Board has estimated that the aggregate of all available Pledged Revenues will be more than sufficient to obviate the necessity of levying any aforesaid use fees based on a semester hour basis in excess of an aggregate of \$6.00 per semester hour.

Section 15. On or before June 1, 1985, and on or before each December 1 and June 1 thereafter while any of the Bonds or Additional Bonds, or interest appertaining thereto, is outstanding and unpaid, there shall be made available to the Paying Agent/Registrar, out of the Interest and Sinking Fund, or the Reserve Fund if necessary, money sufficient to pay such interest on and such principal of the Bonds and Additional Bonds as will accrue or mature on each such December 1 and June 1. The Paying Agent/Registrar shall destroy all paid Bonds and Additional Bonds, and shall furnish the Board with an appropriate certificate of destruction.

Section 16. That whenever the total sum in the Interest and Sinking Fund and Reserve Fund shall be equivalent to (1) the aggregate principal amount of all Bonds and Additional Bonds plus (2) the aggregate amount of all unpaid interest thereto appertaining, unmatured and matured, no further payments need be made into the Interest and Sinking Fund or Reserve Fund. In determining the amount of Bonds and Additional Bonds outstanding, there shall be subtracted the amount of any Bonds or Additional Bonds which shall have been duly called for redemption and for which funds shall have been deposited with the Paying Agent/Registrar sufficient for such redemption.

Section 17. That the Bonds and any Additional Bonds, and the interest appertaining thereto, will constitute special obligations of the Board payable solely from the Pledged Revenues, and the holders of the Bonds and Additional Bonds, shall never have the right to demand payment of the principal thereof or interest thereon out of funds raised or to be raised by taxation.

Section 18. (a) The Board reserves and shall have the right and power to issue in one or more series "Additional Bonds" for any purpose authorized by law, including the refunding of any bonds or other obligations, which Additional Bonds, when issued, shall be secured by and payable from a lien on and pledge of the Pledged Revenues equally and ratably with, and in the same manner and to the same extent as, the Bonds and any other then outstanding Additional Bonds; and the Additional Bonds permitted by this Section, when issued, shall be payable from and secured by the Interest and Sinking Fund and the Reserve Fund and shall be in all respects of equal dignity and on a parity with the Bonds and any other then outstanding Additional Bonds. Each resolution under which Additional Bonds

are issued shall provide and require that, in addition to the amounts required by the provisions of this Resolution and the provisions of any other resolution or resolutions authorizing Additional Bonds to be deposited to the credit of the Interest and Sinking Fund, the Board shall transfer from Pledged Revenues and deposit to the credit of the Interest and Sinking Fund at least such amounts as are required for the payment of all principal of and interest on said Additional Bonds then being issued, as the same come due; and that the aggregate amount to be accumulated and maintained in the Reserve Fund shall be increased (if and to the extent necessary) to an amount not less than the average annual principal and interest requirements of all Bonds and Additional Bonds which will be outstanding after the issuance and delivery of the then proposed Additional Bonds; and that the required additional amount shall be so accumulated by the deposit in the Reserve Fund of all or any part of said required additional amount in cash immediately after the delivery of the then proposed Additional Bonds, or, at the option of the Board, by the deposit, from Pledged Revenues, of said required additional amount (or any balance of said required additional amount not deposited in cash as permitted above) in semiannual installments, made on or before the last day of each May and November following the adoption of the resolution authorizing the issuance of the then proposed Additional Bonds, of not less than 1/8th of said required additional amount (or 1/8th of the balance of said required additional amount not deposited in cash as permitted above).

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

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

(d) Any improvements and/or additions to the Parking Facilities acquired or constructed through the issuance of Additional Bonds shall be made a part of the Parking Facilities, and their revenues or fees charged for the use thereof shall be made Net Revenues pledged as additional security for all Bonds and Additional Bonds.

Section 19. Additional Bonds shall be issued only in accordance with this Resolution, but notwithstanding any provisions of this Resolution to the contrary, no installment, Series, or issue of Additional Bonds shall be issued or delivered unless:

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

(b) The State Auditor of the State of Texas, or any certified public accountant, signs a written certificate to the effect that, during either the next preceding fiscal year of The University of Texas System, or any twelve consecutive calendar month period ending not more than ninety days prior to the adoption of the resolution authorizing the issuance of the then proposed Additional Bonds, the Pledged Revenues were at least equal to 1.25 times the average annual principal and

interest requirements of all Bonds and Additional Bonds which were then outstanding during such period.

(c) The senior financial officer of the University signs a written certificate to the effect that the annual Pledged Revenues, including Net Revenues attributable to any facilities acquired or constructed with the proceeds of such Additional Bonds, are estimated to be at least equal to the greater of (i) the actual principal and interest requirements or (ii) 1.25 times the average annual principal and interest requirements, of all Bonds and Additional Bonds to be outstanding after the delivery of the then proposed Additional Bonds, during each fiscal year of The University of Texas System, respectively, while said Bonds or Additional Bonds are outstanding, commencing with the next complete fiscal year after delivery of the then proposed Additional Bonds, or in case any facilities are added to the Parking Facilities by the resolution authorizing the then proposed Additional Bonds, commencing with the first complete fiscal year after such facilities are estimated to be placed in operation.

Section 20. That it is hereby covenanted and agreed by the Board that while any Bonds or Additional Bonds or interest appertaining thereto are outstanding and unpaid:

(a) It will faithfully perform at all times any and all covenants, undertakings, stipulations, and provisions contained in this Resolution and in each and every Bond and Additional Bond executed and delivered hereunder, that it will promptly pay or cause to be paid from the Pledged Revenues the principal of and interest on every Bond and Additional Bond issued hereunder, on the dates and at the places and manner prescribed in such Bond and Additional Bond and that it will, at the times and in the manner prescribed herein, deposit or cause to be deposited, from the Pledged Revenues, the amounts of money specified herein.

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

(c) It lawfully owns and is lawfully possessed of the land upon which the Parking Facilities is located and it has a good and indefeasible estate in such land in fee simple; it warrants that it has, and will defend, the title to the said land and every part thereof and improvements thereon, including the Parking Facilities, for the benefit of the holders and owners of the Bonds and Additional Bonds against the claims and demands of all persons whomsoever; it is lawfully qualified to pledge the Pledged Revenues herein pledged in the manner prescribed herein, and has lawfully exercised such right.

(d) It will from time to time, and before the same become delinquent, pay and discharge all taxes, assessments, and governmental charges, if any, which shall be lawfully imposed upon it, or upon the Parking Facilities, that it will pay all lawful claims for rents, royalties, labor, materials, and supplies which, if unpaid, might by law become a lien or charge upon said structures, or any part of them, the lien of which would be prior to or interfere with the lien hereof, so that the priority of the lien granted hereunder shall be fully preserved in the manner provided herein, and that it will not create or suffer to be created any mechanic's, laborer's, materialman's, or other lien or charge which might or could be

prior to the lien hereof, or do or suffer any matter or thing whereby the lien hereof might or could be impaired; provided, however, that no such tax, assessment, or charge, and that no such claim which might be used as the basis of a mechanic's, laborer's, materialman's, or other lien or charge, shall be required to be paid so long as the validity of the same shall be contested in good faith by the Board.

(e) It will not do or suffer any act or thing whereby the Parking Facilities might or could be impaired, and that it will at all times maintain, preserve, and keep the real and tangible property of the Parking Facilities and every part thereof in good condition, repair, and working order and operate, maintain, preserve, and keep all buildings, structures, and equipment pertaining thereto and every part and parcel thereof in good condition, repair, and working order; and at all times while the Bonds or Additional Bonds are outstanding, casualty and other insurance will be maintained with respect to the Parking Facilities of such kind and amounts customarily carried by public or governmental agencies operating like properties.

(f) While the Bonds or Additional Bonds are outstanding and unpaid, it will not sell, convey, mortgage, or in any manner transfer title to, or lease, or otherwise dispose of the property constituting the Parking Facilities, except that whenever the Board deems it necessary to dispose of any fixtures or equipment of such facilities, it may sell or otherwise dispose of such fixtures or equipment when it has made arrangements to replace the same or provide substitutes therefor, unless the Board finds that such replacement or substitution is unnecessary; provided however, that property constituting part of the Parking Facilities may be sold at fair market value, permanently abandoned, or otherwise removed from the Parking Facilities, provided that:

(i) The senior financial officer of the University certifies that no default exists with respect to any covenant or undertaking in connection with all Bonds and Additional Bonds then outstanding or the resolution or resolutions authorizing same;

(ii) The net proceeds of any sale of such property are applied to either (1) redemption of outstanding Bonds or Additional Bonds in accordance with the provisions governing prepayment of the Bonds or Additional Bonds in advance of maturity, or (2) replacement of the property so sold by other property which shall be incorporated into the Parking Facilities;

(iii) The senior financial officer of the University certifies, prior to any abandonment or removal of the property, that the property to be abandoned or removed is either of substandard quality, and is no longer capable of producing more than marginal Net Revenues, or that the abandonment or removal is necessary to carry out the University's campus master plan; and

(iv) The Board of Regents approves a certification by the senior financial officer of the University that:

(1) Pledged Revenues for either the preceding fiscal year or the 12-month period immediately preceding such sale, abandonment, or removal would have been at least 125% of the average annual principal and interest requirements on all outstanding Bonds and Additional Bonds, if such sale, abandonment, or removal had occurred at the beginning of such fiscal year or 12-month period; and

(2) Beginning with the fiscal year next following such sale, abandonment, or removal, Pledged Revenues for each fiscal year during the scheduled term of all outstanding Bonds and Additional Bonds are estimated, taking into account any revenues and expenses expected to be attributable to any property to be added to the Parking Facilities, to be at least 125% of the average annual principal and interest requirement on all outstanding Bonds and Additional Bonds.

(g) It will establish and maintain rates and charges for services, use, and availability of the Parking Facilities that will produce Gross Revenues sufficient to pay the Current Expenses of the Parking Facilities and sufficient, together with other Pledged Revenues, to pay the interest on and principal of the Bonds and any Additional Bonds, and maintain the Reserve Fund, all as required by this Resolution. It will fix, charge, and collect the Parking Facilities Fee, if necessary, in amounts which, together with other Pledged Revenues, will be sufficient to pay the interest on and principal of the Bonds and Additional Bonds and maintain the Reserve Fund.

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

(i) Proper books of record and account will be kept in which full, true, and correct entries will be made of all dealings, activities, and transactions relating to the Parking Facilities and the Pledged Revenues, and each year while any of the Bonds is outstanding, the University will prepare from such books of record and account a preliminary financial report containing statements of (i) Gross Revenues, Current Expenses, and Net Revenues, (ii) year end balances in funds maintained pursuant to the Resolution and changes in such fund balances from the previous fiscal year, and (iii) a schedule of insurance policies, based on the fiscal year of the University beginning on September 1 of each year and ending on August 31 of the following year. Such preliminary reports shall be furnished to the original purchasers of the Bonds, the Municipal Advisory Council of Texas, the principal municipal bond rating agencies, and any holder of the Bonds who shall request same.

(j) That each year while any of the Bonds or Additional Bonds is outstanding, an audit will be made of its books and accounts relating to the Parking Facilities and the Pledged Revenues by the State Auditor of the State of Texas, or a certified public accountant, such audit to be based on the fiscal year of the University beginning on September 1 of each year and ending on August 31 of the following year. As soon as practicable after the close of each such fiscal year, and when said audit has been completed and made available to the Board, a copy of such audit for the preceding fiscal year shall be mailed to the original purchasers of the Bonds, and to all other bondholders who shall so request. Such annual audit reports shall be open to the inspection of the bondholders and their agents and representatives at all reasonable times.

(k) That any holder or holders of twenty-five (25%) per centum in aggregate amount of the Bonds and Additional Bonds at the time then outstanding, shall have the right at all reasonable times to inspect the Parking Facilities and all records, accounts, and data of the Board relating thereto.

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

Section 21. (a) That any Bond or Additional Bond shall be deemed to be paid, retired, and no longer outstanding within the meaning of this Resolution when payment of the principal of, redemption premium, if any, on such Bond or Additional Bond, plus interest thereon to the due date thereof (whether such due date be by reason of maturity, upon redemption, or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof (including the giving of any required notice of redemption), or (ii) shall have been provided by irrevocably depositing with or making available to a Paying Agent/Registrar therefor, in trust and irrevocably set aside exclusively for such payment (1) money sufficient to make such payment or (2) Government Obligations which mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money to make such payment, and all necessary and proper fees, compensation, and expenses of such Paying Agent/Registrar pertaining to the Bonds and Additional Bonds with respect to which such deposit is made shall have been paid or the payment thereof provided for to the satisfaction of such Paying Agent/Registrar. At such time as a Bond or Additional Bond shall be deemed to be paid hereunder, as aforesaid, it shall no longer be secured by or entitled to the benefits of this Resolution or a lien on and pledge of the Pledged Revenues, and shall be entitled to payment solely from such money or Government Obligations.

(b) That any moneys so deposited with a paying agent may at the direction of the Board also be invested in Government Obligations, maturing in the amounts and times as hereinbefore set forth, and all income from all Government Obligations in the hands of the paying agent pursuant to this Section which is not required for the payment of the Bonds and Additional Bonds, the redemption premium, if any, and interest thereon, with respect to which such money has been so deposited, shall be turned over to the Board or deposited as directed by the Board.

(c) That for the purpose of this Section, the term "Government Obligations" shall mean direct obligations of the United States of America, including obligations the principal of and interest on which are unconditionally guaranteed by the United States of America, which may or may not be in book-entry form.

(d) Notwithstanding the foregoing, the Issuer covenants that with respect to the Bonds it will provide a Paying Agent/Registrar to perform the services of Paying Agent/Registrar for the Bonds as provided in this Resolution the same as if they had not been defeased, and the Issuer shall make proper arrangements to provide and pay for such services.

Section 22. DAMAGED, MUTILATED, LOST, STOLEN, OR DESTROYED BONDS. (a) Replacement Bonds. In the event any outstanding Bond is damaged, mutilated, lost, stolen, or destroyed, the Paying Agent/Registrar shall cause to be printed, executed, and delivered, a new bond of the same principal amount, maturity, and interest rate, as the damaged, mutilated, lost, stolen, or destroyed Bond, in replacement for such Bond in the manner hereinafter provided.

(b) Application for Replacement Bonds. Application for replacement of damaged, mutilated, lost, stolen, or destroyed Bonds shall be made by the registered owner thereof to the Paying Agent/Registrar. In every case of loss, theft, or destruction of a Bond, the registered owner applying for a replacement bond shall furnish to the Issuer and to the Paying Agent/Registrar such security or indemnity as may be required by them to save each of them harmless from any loss or damage with respect thereto. Also, in every case of loss, theft, or destruction of a Bond, the registered owner shall furnish to the Issuer and to the Paying Agent/Registrar evidence to their satisfaction of the loss, theft, or destruction of such Bond, as the case may be. In every case of damage or mutilation of a Bond, the registered owner shall surrender to the Paying Agent/Registrar for cancellation the Bond so damaged or mutilated.

(c) No Default Occurred. Notwithstanding the foregoing provisions of this Section, in the event any such Bond shall have matured, and no default has occurred which is then continuing in the payment of the principal of, redemption premium, if any, or interest on the Bond, the Issuer may authorize the payment of the same (without surrender thereof except in the case of a damaged or mutilated Bond) instead of issuing a replacement Bond, provided security or indemnity is furnished as above provided in this Section.

(d) Charge for Issuing Replacement Bonds. Prior to the issuance of any replacement bond, the Paying Agent/Registrar shall charge the registered owner of such Bond with all legal, printing, and other expenses in connection therewith. Every replacement bond issued pursuant to the provisions of this Section by virtue of the fact that any Bond is lost, stolen, or destroyed shall constitute a contractual obligation of the Issuer whether or not the lost, stolen, or destroyed Bond shall be found at any time, or be enforceable by anyone, and shall be entitled to all the benefits of this Resolution equally and proportionately with any and all other Bonds duly issued under this Resolution.

(e) Issuer for Issuing Replacement Bonds. In accordance with Section 6 of Vernon's Ann. Tex. Civ. St. Art. 717k-6, this Section of this Resolution shall constitute authority for the issuance of any such replacement bond without necessity of further action by the governing body of the Issuer or any other body or person, and the duty of the replacement of such bonds is hereby authorized and imposed upon the Paying Agent/Registrar, and the Paying Agent/Registrar shall authenticate and deliver such Bonds in the form and manner and with the effect, as provided in Section 6(d) of this Resolution for Bonds issued in conversion and exchange for other Bonds.

Section 23. CONSTRUCTION ACCOUNT. That there shall be created in a depository of the University a special account which shall be entitled "The University of Texas at Austin Parking Facilities Construction Account" (hereinafter called the "Construction Account"), into which shall be deposited the proceeds from the sale of the Initial Bond, less (i) bond issuance expenses which shall be paid directly, (ii) the amount

of accrued interest and any premium received on the sale of such Initial Bond, which shall be deposited in the Interest and Sinking Fund, and (iii) any amount required from Bond proceeds to make the required deposit into the Reserve Fund. In addition to such proceeds, an amount of lawfully available money which, together with the proceeds of the Bond, will be sufficient to complete the construction and equipment of the Project, shall be deposited to the credit of the Construction Account. The money in the Construction Account shall be secured by the pledge of direct obligations of the United States Government or obligations unconditionally guaranteed by the United States Government in a principal amount at all times not less than the amount of money on deposit in the Construction Account. Such pledged security shall be deposited with the bank where the Construction Account is maintained. The money in the Construction Account shall be paid out from time to time on estimates and vouchers approved by the manager of construction charged with the supervision of the construction for costs of constructing and equipping the Project. After the completion of the Project any residue of the proceeds of the Bonds remaining in the Construction Account shall be transferred to the Interest and Sinking Fund. The proper officers of the University of Texas System are directed to take all steps necessary to accomplish the transfer of such residue, if any, to the Interest and Sinking Fund.

Section 24. CUSTODY, APPROVAL, AND REGISTRATION OF INITIAL BOND; BOND COUNSEL'S OPINION, AND CUSIP NUMBERS. The Chairman of the Issuer is hereby authorized to have control of the Initial Bond issued hereunder and all necessary records and proceedings pertaining to the Initial Bond pending its delivery and its investigation, examination, and approval by the Attorney General of the State of Texas, and its registration by the Comptroller of Public Accounts of the State of Texas. Upon registration of the Initial Bond said Comptroller of Public Accounts (or a deputy designated in writing to act for said Comptroller) shall manually sign the Comptroller's Registration Certificate on the Initial Bond, and the seal of said Comptroller shall be impressed, or placed in facsimile, on the Initial Bond. The approving legal opinion of the Issuer's Bond Counsel and the assigned CUSIP numbers may, at the option of the Issuer, be printed on the Initial Bond or on any Parity Bonds issued and delivered in conversion of and exchange or replacement of any Bond, but neither shall have any legal effect, and shall be solely for the convenience and information of the registered owners of the Bonds.

Section 25. SALE OF INITIAL BOND. The Initial Bond is hereby sold and shall be delivered to _____, for cash for the par value thereof and accrued interest thereon to date of delivery, plus a premium of \$_____. It is hereby officially found, determined, and declared that the Initial Bond has been sold at public sale to the bidder offering the lowest interest cost, after receiving sealed bids pursuant to an Official Notice of Sale and Bidding Instructions and Official Statement dated November 12, 1984, prepared and distributed in connection with the sale of the Initial Bond. Said Official Notice of Sale and Bidding Instructions and Official Statement, and any addenda, supplement, or amendment thereto have been and are hereby approved by the Issuer, and their use in the offer and sale of the Bonds is hereby approved. It is further officially found, determined, and declared that the statements and representations contained in said Official Notice of Sale and Official Statement are true and correct in all material respects, to the best knowledge and belief of the Issuer.

Section 26. FURTHER PROCEDURES. The Chairman of the Issuer, the Executive Secretary of the Issuer, and all other officers, employees, and agents of the Issuer, and each of them, shall be and they are hereby expressly authorized, empowered, and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge, and deliver in the name and under the corporate seal and on behalf of the Issuer all such instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Bond Resolution, the Bonds, the sale of the Bonds, and the Notice of Sale and Official Statement. In case any officer whose signature shall appear on any Bond shall cease to be such officer before the delivery of such Bond, such signature shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

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**Executive
Committee**

EXECUTIVE COMMITTEE
Committee Chairman Newton

Date: December 13, 1984

Time: Following the 1:00 p.m. Session of the Board of Regents

Place: The Union-East, Room 308, U. T. El Paso

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1. Permanent University Fund: Recommendation to Reduce Minimum Rental on Seven Flexible Grazing Leases Because of the Extreme Drought Conditions in West Texas (Exec. Com. Letter 85-3).--

RECOMMENDATION

The Executive Committee concurs in the recommendation of the Office of the Chancellor that the minimum annual rental on the following flexible grazing leases on Permanent University Fund lands in West Texas be reduced to one-half, effective July 1, 1984, and remain in effect until the University's lessees are able to restock their pastures:

<u>Lessee</u>	<u>Lease No.</u>	<u>Current</u>	<u>Recommended</u>
Weatherby, John	84	\$ 2,679.21	\$1,339.61
Weatherby, John	94	318.13	159.07
Hodge, Bill	120	2,379.42	1,189.71
Hodge, Hubert	51	1,885.99	943.00
Lindsey, Dwayne	132	7,794.18	3,897.09
O'Bryan, Jim	123	492.28	246.14
Kiehne, Jim	121	4,749.11	2,374.56

BACKGROUND INFORMATION

The extreme drought conditions in West Texas forced the seven named University lessees to sell all of their livestock prior to July 1, 1984, in order to protect the remaining vegetation and to assure reseeding. Elimination of all livestock during drought conditions is in the best interests of the University lands and justifies reduction of the minimal rentals.

2. Permanent University Fund: Recommendation for Surface Lease on Approximately One Acre in Big Lake, Reagan County, Texas (Exec. Com. Letter 85-5).--

RECOMMENDATION

The Executive Committee concurs in the recommendation of the Office of the Chancellor that the U. T. Board of Regents grant a surface lease covering approximately one acre located in Big Lake, Reagan County, Texas, to Mr. Jim Hardy and Mr. Jimmy Martin, both of Big Lake, Texas. This surface lease would be for a term of ten years at an annual rental of \$6,000.

BACKGROUND INFORMATION

The purposed lessees plan to construct a 36-unit motel on this land. The land had previously been under lease for an

automotive service center that was never built. The old lease provided annual rental of only \$1,500. Approval was requested by Executive Committee Letter because the proposed lessees would like to commence construction of the motel units in early November before the winter weather prevents outside construction.

3. U. T. Austin: Request for Permission for Individual to Serve on the Governor's Advisory Panel on Offshore Oil and Chemical Spill Responses [Regents' Rules and Regulations, Part One, Chapter III, Section 13, Subsections 13.(10) and 13.(11)] (Exec. Com. Letter 85-5).--

RECOMMENDATION

The Executive Committee concurs in the recommendation of President Flawn and the Office of the Chancellor that Dr. Patrick L. Parker, Research Scientist, U. T. Marine Science Institute at Port Aransas, and Professor of Chemistry at U. T. Austin, be granted permission to serve on the Governor's Advisory Panel on Offshore Oil and Chemical Spill Responses.

It is further recommended that the U. T. Board of Regents find that: (1) the holding of this office by this individual is of benefit to the State of Texas; and (2) there is no conflict between the position this individual holds at U. T. Austin and his membership on the Governor's Advisory Panel on Offshore Oil and Chemical Spill Responses.

BACKGROUND INFORMATION

The Advisory Panel was established by Governor White in August 1984 to review the causes and effects of the recent major oil spill in the Gulf of Mexico and to recommend possible preventive measures and responses by the state, and means of coordinated interaction with federal, local, and private entities in the event of any oil or chemical spill incidents in the future. A complete written report to the Governor and the Texas Legislature must be made on or before December 1, 1984. Dr. Parker's appointment and his service are to be 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.

4. U. T. Austin: Salary Increases Requiring Advance Regental Approval Under Budget Rules and Procedures No. 2 (Exec. Com. Letter 85-2).--

RECOMMENDATIONS

The Executive Committee concurs in the recommendation of President Flawn and the Office of the Chancellor that the U. T.

Board of Regents approve the following salary increases at The University of Texas at Austin:

College of Liberal Arts

Office of the Dean, Linguistics and Rapoport Centennial Professorship of Liberal Arts

Increase the annual budget rate of Dean and Rapoport Centennial Professor Robert D. King (Tenure) from \$79,000 to \$86,667, and the academic budget rate from \$59,250 to \$65,000. There will be no change in the \$7,000 Professorship stipend.

(RBC#s 17, 18, 19, 20, 21)

College of Engineering

Aerospace Engineering and Engineering Mechanics

Increase the academic budget rate of Professor Bob E. Schutz (Tenure) from \$40,700 to \$46,000 effective September 1, 1984.

(RBC# 5)

Change the status and increase the academic budget rate of Professor Byron D. Tapley (Tenure), holder of the Clare Cockrell Williams Centennial Chair in Engineering, from \$66,000 with an additional \$6,000 stipend from the Chair to an academic rate of \$72,000 effective September 1, 1984. (On September 1, 1984, Professor Tapley relinquished the W. R. Woolrich Professorship in Engineering.)

(RBC#s 147, 148, 149)

BACKGROUND INFORMATION

Dean King has provided and continues to provide outstanding administrative leadership for the College of Liberal Arts. The College of Liberal Arts, which has more departments than any other college at U. T. Austin and which teaches students in all colleges and schools, has advanced in national stature and reputation under his guidance and direction. Dean King also has taken major steps in planning effectively for the long-range development of the College of Liberal Arts.

The University of Colorado has proposed to recruit as a group two of our faculty, Professor Byron Tapley and Professor Bob Schutz, and a Research Scientist (also Senior Lecturer), George Born. The three individuals represent the core of U. T. Austin's research program in orbital mechanics and satellite geodesy. Colorado's interest is a part of a comprehensive effort to develop a leading center of research in space science and space applications, an area in which Colorado has already great strengths. The offers from Colorado are:

- Tapley - \$72,000 academic rate in an endowed chair
- Schutz - \$48,000 academic rate
- Born - Appointment as Professor at an academic rate of \$35,000

Additional elements of the Colorado offer include technical staff support, computer support and partial return of funds generated via indirect costs on grants/contracts.

Dean Gloyna proposes the following counter-offer:

	<u>1984-85 Budget</u>	<u>Proposed Counter-offer</u>
Tapley	\$60,000 academic rate 6,000 supplement from Woolrich Professorship	\$72,000 academic rate Appointment to Clare Cockrell Williams Centennial Chair (50% of appointment to be funded from Chair)
Schutz	\$40,700 academic rate	\$46,000 academic rate

No counter-offer will be made to Born but he will be considered for appointment as Professor in the course of 1984-85 with probable appointment to be effective September 1985.

Dean Gloyna will also pledge to assist Tapley in replacing the computer system of the Center for Space Research with a newer model. He will also seek, separately, authorization to rent off-campus space for temporary use of the Center until University space can be provided.

Both Tapley and Schutz are excellent members of the faculty and U. T. Austin should seek to retain them. The instructional program in aerospace engineering is sound and effective. Also, the research programs of the Center for Space Research have gained national recognition for quality and have been well funded via grants/contracts. Some aspects of the research programs also enhance, via collaborative work, the programs in Geophysics and at Applied Research Laboratory.

5. U. T. Austin: Salary Increase Requiring Advance Regental Approval Under Budget Rules and Procedures No. 2 (Exec. Com. Letter 85-3).--

RECOMMENDATION

The Executive Committee concurs in the recommendation of President Flawn and the Office of the Chancellor that the U. T. Board of Regents approve the following salary increase at The University of Texas at Austin:

College of Liberal Arts

Department of Psychology

Increase the academic budget rate of Associate Professor Judith P. Langlois (Tenure) from \$30,400 to \$35,000 effective September 1, 1984.

(RBC# 2)

BACKGROUND INFORMATION

Associate Professor Judith Langlois has an offer of appointment at the University of New Mexico effective September 1, 1984, at an academic rate of \$35,000. Dr. Langlois has been at

U. T. Austin since 1973. Her area of specialty is developmental psychology as related to infants and small children. She has a very good record of scholarly work and has gained substantial recognition in her field. She serves as Associate Editor of the professional journal "Contemporary Psychology" and as a member of the editors board of "Developmental Psychology." She is also active in several professional organizations relating to her field. Her research activities have been well supported by grants from the Spencer Foundation, the National Institute of Mental Health, the Hogg Foundation, etc. Given the record of her accomplishments and the fact of an outside offer, the increase in salary can be justified. Although the University of New Mexico has only a modest standing in most academic areas, it has a surprisingly good standing in the area of Psychology.

6. U. T. Dallas: Transfer from Unappropriated Educational and General Funds Balance that Under Budget Rules and Procedures No. 2 Requires Advance Regental Approval (Exec. Com. Letter 85-5).--

RECOMMENDATION

The Executive Committee concurs in the recommendation of President Rutford and the Office of the Chancellor that the U. T. Board of Regents approve the following transfer of funds at The University of Texas at Dallas:

Educational and General Funds

Amount of Transfer - \$100,000

From: Unappropriated Balance (via Estimated Income) -
1984-85

To: Callier Center

(RBC# 81)

BACKGROUND INFORMATION

This increase in the budget results from additional income related to expanded service contracts and changes in teacher salaries which are set in conformity with the rates used by the Dallas Independent School District.

7. U. T. El Paso: Salary Increase Requiring Advance Regental Approval Under Budget Rules and Procedures No. 2 (Exec. Com. Letter 85-5).--

RECOMMENDATION

The Executive Committee concurs in the recommendation of President Monroe and the Office of the Chancellor that the U. T. Board of Regents approve the following salary increase at The University of Texas at El Paso:

Center for Professional Development

Increase the annual salary rate of Director Erma Lee Nelsen from \$18,282 to \$25,900 effective October 1, 1984.

BACKGROUND INFORMATION

Since Dr. Nelsen was appointed Director of the Center for Professional Development, there has been a significant increase in income from Extension and Public Services that can be directly attributed to Dr. Nelsen's efforts and organizational ability. An analysis of Dr. Nelsen's educational background and experience, her responsibilities as Director, a comparison of her position and salary with the salaries of other program directors on this campus as well as those of similar positions at other institutions, indicates an immediate need to make an adjustment.

8. U. T. Tyler: Sam A. Lindsey Endowment Fund - Recommendation for Oil and Gas Lease Covering Undivided Interest in Moore County, Texas, to Mr. Chris H. Negem, Tyler, Texas (Exec. Com. Letter 85-4).--

RECOMMENDATION

The Executive Committee concurs in the recommendation of President Hamm and the Office of the Chancellor that the U. T. Board of Regents approve an oil and gas lease covering an undivided 1/2 mineral interest in Section 368, Block 44, H & TC RR Survey, Moore County, Texas (Sam A. Lindsey Endowment Fund - The University of Texas at Tyler), to Mr. Chris H. Negem, Tyler, Texas. The lease provides for an annual delay rental of \$5 per net mineral acre, a \$25 per net mineral acre bonus, a 3/16 royalty, and a term of two years.

BACKGROUND INFORMATION

This mineral interest was acquired through a bequest from the Estate of Louise Lindsey Merrick and was accepted by the U. T. Board of Regents at its meeting of October 7 - 8, 1982. The Sam A. Lindsey Endowment Fund was established in accordance with the bequest at that time. This fund also holds mineral interests in various other counties which are presently income producing.

Three grandsons of Mrs. Merrick, who own the remaining undivided 1/2 mineral interest, have already leased their interest on these terms and have requested approval by the U. T. Board of Regents.

9. U. T. Institute of Texan Cultures - San Antonio: Remodeling for Life Safety Requirements - Report of Bids, Recommendation to Reject All Bids, and Recommendation to Rebid the Work (Exec. Com. Letter 85-4).--

RECOMMENDATION

The Executive Committee concurs in the recommendation of Executive Director Maguire and the Office of the Chancellor that all bids received for Remodeling for Life Safety Requirements for the U. T. Institute of Texan Cultures - San Antonio be rejected and that authorization be given to rebid the work.

BACKGROUND INFORMATION

In accordance with authorization given by the U. T. Board of Regents on October 14, 1983, bids were received and opened on September 27, 1984, for Remodeling for Life Safety Requirements for the U. T. Institute of Texan Cultures - San Antonio. The bids were as follows:

	<u>Base Bid</u>	<u>Alt. #1 Fire Alarm System</u>	<u>Alt. #2 Fire Alarm System</u>
Stoddard Construction Company San Antonio, Texas	\$538,000	\$68,000	\$103,000
Forgy Construction Company San Antonio, Texas	543,988	66,000	103,000
J. F. Falbo Company San Antonio, Texas	555,555	72,345	112,345

(Alternate Bids #1 and #2 were mutually exclusive and represented different qualities of Fire Alarm Systems.)

All bids received exceeded the funds available for the project and the estimated project cost by an amount in excess of \$100,000. Investigation after the bid opening showed that the principal cause for the high bids was the fire sprinkler system which was far in excess of its reasonable value. In addition, there was a lack of competition for this part of the work. Rebidding the work, together with solicitation of additional bids for the fire sprinkler work, should produce bids within the funds available.

10. U. T. Health Science Center - Dallas (U. T. Southwestern Medical School - Dallas): Proposed Appointment to the Fouad A. Bashour Chair in Cardiovascular Physiology Effective October 12, 1984 (Exec. Com. Letter 85-4).--

RECOMMENDATION

The Executive Committee concurs in the recommendation of President Sprague and the Office of the Chancellor that the U. T. Board of Regents appoint Dr. Fouad A. Bashour as the initial holder of the Fouad A. Bashour Chair in Cardiovascular Physiology effective October 12, 1984.

BACKGROUND INFORMATION

Dr. Bashour has been a faculty member at the U. T. Health Science Center - Dallas (U. T. Southwestern Medical School - Dallas) since 1959 and is currently Professor of Medicine in the Department of Internal Medicine. He is a distinguished physician in the field of cardiovascular physiology and is eminently qualified to hold this Chair.

The Fouad Bashour Professorship in Cardiovascular Physiology was established by the U. T. Board of Regents on June 11-12, 1981, and upgraded to a Chair on October 11 - 12, 1984.

11. U. T. Health Science Center - Dallas: Salary Increases Requiring Advance Regental Approval Under Budget Rules and Procedures No. 2 (Exec. Com. Letter 85-5).--

RECOMMENDATION

The Executive Committee concurs in the recommendation of President Sprague and the Office of the Chancellor that the U. T. Board of Regents approve the following salary increases at The University of Texas Health Science Center at Dallas:

Family Practice and Community Medicine

Increase the annual compensation rate of Dr. Clifford Burross, M.D., Clinical Associate Professor (Nontenure) and Program Director, U. T. Southwestern Medical School - Wichita Falls Family Practice Residency Program, from \$62,700 to \$80,600 effective October 1, 1984.

Source of Funds:

State:	\$52,700	Family Practice and Community Medicine Faculty Salaries
Other:	<u>27,900</u>	North Central Texas Medical Foundation
	<u>\$80,600</u>	Total Compensation

(RBC# 207)

Obstetrics and Gynecology

Increase the annual compensation rate of Assistant Professor Thomas W. Lowe (Nontenure) from \$68,000 to \$79,000 effective October 1, 1984.

Source of Funds:

State:	\$53,100	Obstetrics and Gynecology Faculty Salaries
Other:	<u>7,900</u>	Family Planning Operating Funds
	<u>\$61,000</u>	Total Salary
Augmentation:	<u>18,000</u>	MSRDP
	<u>\$79,000</u>	Total Compensation

(RBC# 147)

Increase the annual compensation rate of Assistant Professor David S. Guzick (Nontenure) from \$68,000 to \$74,000 effective October 1, 1984.

Source of Funds:

State:	\$53,600	Obstetrics and Gynecology Faculty Salaries
Other:	<u>7,400</u>	Family Planning Operating Fund
	<u>\$61,000</u>	Total Salary
Augmentation:	<u>13,000</u>	MSRDP
	<u>\$74,000</u>	Total Compensation

(RBC# 148)

Internal Medicine

Increase the annual compensation rate of Associate Professor Brian G. Firth (Tenure) from \$85,000 to \$97,000 effective October 1, 1984.

Source of Funds:

State:	\$69,172	Internal Medicine Faculty Salaries
Other:	10,828	NIH Grant
	<u>\$80,000</u>	Total Salary
Augmentation:	17,000	MSRDP
	<u>\$97,000</u>	Total Compensation

(RBC# 213)

Increase the annual compensation rate of Assistant Professor Michael D. Winniford (Nontenure) from \$62,700 to \$70,300 effective October 1, 1984.

Source of Funds:

State:	\$42,202	Internal Medicine Faculty Salaries
Other:	17,498	NIH Grant
	<u>\$59,700</u>	Total Salary
Augmentation:	10,600	MSRDP
	<u>\$70,300</u>	Total Compensation

(RBC# 214)

Increase the annual compensation rate of Marynell and Ralph B. Rogers Professor in Cardiology, Professor of Internal Medicine and Radiology James T. Willerson (Tenure) from \$123,500 to \$131,100 effective October 1, 1984.

Source of Funds:

State:	\$ 81,500	Internal Medicine Faculty Salaries
Other:	18,064	NIH Grant
	6,500	Rogers Foundation Grant
	7,436	Harry S. Moss Estate
	5,000	MSRDP Grant
	<u>\$118,500</u>	Total Salary
Augmentation:	12,600	MSRDP
	<u>\$131,100</u>	Total Compensation

(RBC# 179)

BACKGROUND INFORMATION

The status of Dr. Clifford Burross, M.D., Clinical Associate Professor of Family Practice and Community Medicine and Director of the Wichita Falls Family Practice Residency Program, has been changed from part-time to full-time effective October 1, 1984. In conjunction with assuming full-time status, Dr. Burross will also be assuming still greater responsibilities for overseeing all aspects of the Wichita Falls program.

The other recommended increases relate to compensation for five faculty members who are undertaking increased clinical activities, effective October 1, 1984. These increases will be in the "augmentation" component of compensation, funded from MSRDP. The faculty members understand that continuation of this component is dependent on their maintaining their increased level of clinical activity, as well as on there being sufficient MSRDP funds to continue to cover the increases. In each case, the department chairman has documented that a substantive change in activities is being made (and with it, an overwhelming likelihood that increased MSRDP funds will be generated that are more than sufficient to cover the costs).

In the case of Dr. Lowe, he has assumed heavy clinical commitments, mid-trimester amniocenteses and genetic counseling, as well as maternal-fetal medicine consultations both at St. Paul Hospital and the Aston Center.

In the case of Dr. Guzick, he has been involved with the invitro fertilization clinic that opens this month at the Aston Center.

In the cases of Drs. Firth, Winniford, and Willerson, their clinical referrals have increased significantly by means of seeing private patients in the Aston Center as well as extending their time in the Myocardial Intensive Care Unit.

12. U. T. Medical Branch - Galveston (U. T. Hospitals - Galveston) - Remodeling of John Sealy Hospital (Old Building) - Remodeling of First Floor of Clinical Science Building for the Departments of Pharmacy and Social Services (Project No. 601-578): Recommended Award of Construction Contract to Stone Construction Company, Inc., Houston, Texas, and Approval of Revised Total Project Cost (Exec. Com. Letter 85-4).--

RECOMMENDATIONS

The Executive Committee concurs with the recommendations of President Levin and the Office of the Chancellor that the U. T. Board of Regents:

- a. Award a construction contract for the Remodeling of the First Floor of Clinical Science Building for the Departments of Pharmacy and Social Services, U. T. Medical Branch - Galveston, to the lowest responsible bidder, Stone Construction Company, Inc., Houston, Texas, in the amount of \$1,265,000
- b. Approve a revised total project cost of \$1,700,000 to cover the recommended contract award, fees, furniture and equipment, and related expenses. (The previously authorized total project cost was \$2,300,000 funded by a grant from The Sealy & Smith Foundation.)

BACKGROUND INFORMATION

In accordance with authorization given by the U. T. Board of Regents on June 14, 1984, bids were received and opened on September 27, 1984, as shown on Page Ex.C 13 for the Remodeling of John Sealy Hospital (Old Building) - Remodeling

of First Floor of Clinical Science Building for the Departments of Pharmacy and Social Services. A contract award to Stone Construction Company, Inc., in the amount of \$1,265,000 can be made within the revised total project cost of \$1,700,000. The total project cost had been funded with an appropriation of \$2,300,000 from a grant from The Sealy & Smith Foundation. The appropriation from the grant may now be reduced to \$1,700,000 and still provide funds adequate to meet the total project cost.

<u>Bidder</u>	<u>Base Bid</u>
Stone Construction Company, Inc. Houston, Texas	\$1,265,000
Comex Corporation Deer Park, Texas	1,283,000
W. J. Hessert Construction Company, Inc. Houston, Texas	1,290,000
C.I.T. Construction Incorporated of Texas, Stafford, Texas	1,299,800
Wil-Freds Construction/Southwest, Inc., Houston, Texas	1,327,000
John Gray Company, Inc. Galveston, Texas	1,345,900
Partners Construction, Inc./Medical Houston, Texas	1,355,500
Paramount Contracting Inc., DBA S&S Contracting Co., and Saul Friedman a Joint Venture, Houston, Texas	1,360,000
ACMAT Corporation, Houston, Texas	1,381,000
Circle Double "C" Enterprises Inc. Conroe, Texas	1,385,000
P. G. Bell Co., Houston, Texas	1,388,000
C & H Construction, Inc., Galveston, Texas	1,415,414

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

Construction Cost	\$1,265,000
Air Balancing Allowance	20,000
Fees and Administrative Expenses	121,600
Project Contingency	83,400
Miscellaneous Expenses	10,000
Furniture and Equipment	<u>200,000</u>
Total Project Cost	\$1,700,000

13. U. T. Medical Branch - Galveston (U. T. Medical School - Galveston): Agnes Thelma Anderson Fund for Student Aid - Recommendation for Oil and Gas Lease Covering Undivided Interest in Reagan County, Texas, to Black Stone Oil Company, Houston, Texas (Exec. Com. Letter 85-4).--

RECOMMENDATION

The Executive Committee concurs in the recommendation of President Levin and the Office of the Chancellor that the U. T. Board of Regents approve an oil and gas lease covering an undivided 2.12% mineral interest in 4,428.4 acres, B. Escobeda Survey, A-30, Polk County, Texas (Agnes Thelma Anderson Fund for Student Aid - The University of Texas Medical Branch at Galveston), to Black Stone Oil Company, Houston, Texas. The lease provides for an annual delay rental of \$15 per net mineral acre, a bonus of \$50 per net mineral acre plus an additional \$50 per net mineral acre if title is determined to be in the Thomas heirs, a 1/5 royalty until payout of each well at which time the royalty will increase to 1/4, and a term of three years.

BACKGROUND INFORMATION

This mineral interest was acquired through a bequest from the Estate of Agnes Thelma Anderson and was accepted by the U. T. Board of Regents at its meeting of July 27, 1973. The Agnes Thelma Anderson Fund for Student Aid was established in accordance with the bequest at that time. This fund also holds mineral interests in Chambers County, Texas, which are presently income producing.

14. U. T. Medical Branch - Galveston: Transfer from Unappropriated Educational and General Funds Balance that Under Budget Rules and Procedures No. 2 Requires Advance Regental Approval (Exec. Com. Letter 85-2).--

RECOMMENDATION

The Executive Committee concurs in the recommendation of President Levin and the Office of the Chancellor that the U. T. Board of Regents approve the following transfer of funds at The University of Texas Medical Branch at Galveston:

Educational and General Funds

Amount of Transfer - \$8,500,000

From:	Unappropriated Balance (via Estimated Income) - 1983-84	
To:	Hospital Equipment	\$3,000,000
	Hospital Renovations (Minor)	1,000,000
	Department of Pathology - Laboratory Renovation and Teaching Equipment	1,500,000
	Department of Internal Medicine - Medicine Laboratory Renovation and Teaching Equipment	2,500,000
	Hurricane Alicia Damage	500,000
		<u>\$8,500,000</u>

(RBC# 574)

BACKGROUND INFORMATION

U. T. Medical Branch - Galveston anticipates exceeding estimated Educational and General Income by \$8,500,000 for the 1983-84 budget year. This amount is within the 20% restriction allowed in the 1983-84 Appropriation Bill.

- a. Hospital Equipment \$3,000,000

It is recognized by the health care industry that an average of 5% to 6% of a hospital budget should be set aside for replacing worn out and obsolete patient care equipment. The legislative appropriation for fiscal year 1984-85 provides a total of only \$2,000,000 for this purpose. These additional funds will enable the U. T. Hospitals - Galveston to continue their planned program in equipment replacement.

- b. Hospital Renovations (Minor) 1,000,000

Minor renovation within the U. T. Medical Branch - Galveston hospital complex is a constant and ongoing program. Preparation of areas for short-term operations is necessary in order to complete the major renovations that are in progress at the John Sealy Hospital, 1954 Sector. It is imperative that funds be provided to repair or renovate areas as required by the Joint Commission on Accreditation of Hospitals, such as renovate existing linen chutes and trash collection rooms, install positive latching devices on stairwell doors, sprinkle soiled linen collection rooms, install one-hour fire-rated doors in soiled and clean linen rooms, plus various other small items that need to be corrected in order to comply with life safety standards in patient areas.

- c. Department of Pathology
Laboratory Renovation and Teaching Equipment 1,500,000

- d. Department of Internal Medicine
Medicine Laboratory Renovation and Teaching Equipment 2,500,000

The two educational departments in items c. and d. are those in which new chairmen currently are being recruited by the U. T. Medical Branch - Galveston. The need for additional funds to supplement the teaching and research activities of these two departments are critical. These departments represent two large teaching services to the medical students' clinical experience in their academic program. To provide the necessary teaching emphasis in the clinical years requires the upgrading of teaching and research equipment.

- e. Hurricane Alicia Damages 500,000

The funds will be used to complete the cost and payment for damages resulting from Hurricane Alicia which occurred on August 17-18, 1983.

15. U. T. Health Science Center - Houston: Salary Increase Requiring Advance Regental Approval Under Budget Rules and Procedures No. 2 (Exec. Com. Letter 85-5)--

RECOMMENDATION

The Executive Committee concurs in the recommendation of President Bulger and the Office of the Chancellor that the U. T. Board of Regents approve the following salary increase at The University of Texas Health Science Center at Houston:

Microbiology

Increase the annual salary rate of Assistant Professor John J. Mathewson (Nontenure) from \$25,000 to \$34,000 effective September 1, 1984.

Source of Funds:

State:	\$25,740	Microbiology Faculty Salaries
Other:	8,260	Grant Funds
	<u>\$34,000</u>	Total Salary

(RBC# 95)

BACKGROUND INFORMATION

Dr. Mathewson is the only bacteriologist in the department. He has been offered employment in private industry and is seriously considering leaving the institution. His contributions are important to the program in infectious disease, his research is creative, his teaching skills are excellent and to lose him at this point would be detrimental to the education of his students.

**Finance and
Audit Committee**

FINANCE AND AUDIT COMMITTEE
Committee Chairman Rhodes

Date: December 13, 1984
Time: Following the meeting of the Executive Committee
Place: The Union-East, Room 308, U. T. El Paso

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PART I: AGENDA ITEMS FOR ACTION

1. U. T. System: Docket No. 19 of the Office of the Chancellor.--

RECOMMENDATION

It is recommended that Docket No. 19 of the Office of the Chancellor be approved.

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

2. U. T. Board of Regents: Proposed Amendments to the Regents' Rules and Regulations, Part Two, Chapter V, Section 2, Subsection 2.2 (Maternity Leave).--

RECOMMENDATION

The Office of the Chancellor recommends that Part Two, Chapter V, Section 2, Subsection 2.2 of the Regents' Rules and Regulations be amended to read as follows:

- 2.2 Medical Disability [Maternity] Leave.
- 2.21 Temporary disabilities caused or contributed to by pregnancy, childbirth, or related medical conditions shall be treated in the same manner as other temporary medical disabilities. Except as provided under Subsection 2.220 of this Section, [A] any employee, whether faculty, classified, or administrative, who expects to be, or who becomes temporarily disabled as a result of injury, illness or pregnancy [due to pregnancy, or a pregnancy related illness], may request and receive a leave of absence without pay for a "reasonable period" of time, provided the request is made under the following terms and conditions:
- 2.211 The employee shall provide the department head with a physician's certification establishing the medical disability and the anticipated period of absence. [If possible, the employee must notify the department head at least three (3) months prior to the beginning date for the maternity leave.]
- 2.212 The employee and the department head will submit a request to the chief administrative officer through proper channels. The request will include a statement from the department head detailing the manner in which the responsibilities of

- the employee will be assumed. A statement encompassing the details of the medical disability [a maternity] leave shall be entered in the remarks section of the appropriate personnel action form.
- 2.213 "Reasonable period," as used in this Section [herein], is defined as the length of the leave as determined by the employee's medical disability. The period shall normally not exceed six (6) weeks [months], following incapacitation or after delivery in the case of maternity. Leave without pay shall be authorized only after the employee has exhausted all accumulated paid leave entitlements (sick leave and then vacation leave). Following a six week absence, the chief administrative officer may authorize an additional reasonable period of time for medical disability leave without pay on an individual basis after review of the merits of each particular case, and subject to the requirement of exhaustion of accumulated paid leave. Total leave without pay for medical disability shall not exceed twelve months. [provided the six (6) months period may be extended upon proper medical evidence.]
- 2.214 [Accrued sick leave and vacation leave shall be granted in conjunction with maternity leave and shall be governed by the current law and policy on sick leave and vacation leave. Also,] [✓]Vacation leave and sick leave do not accrue while on medical disability [maternity] leave without pay.
- 2.215 [An employee, returning from temporary disability leave, shall have the right to return to the former position or to a position of like nature and salary class.] Subject to fiscal constraints, approval of medical disability leave shall constitute a guarantee of employment for the period of the medical disability leave.
- 2.216 The employee returning from medical disability leave will furnish a statement from a duly licensed physician certifying that the employee is medically capable of resuming normal working duties.
- 2.217 In the case of faculty on medical disability [maternity] leave, the date for return to work will coincide with the beginning of the next semester, following the period of absence, if the chief administrative officer, or his/her delegate, determines that such beginning

- date is necessary in order to obtain a temporary replacement or to maintain the integrity of the academic program of the institution.
- 2.218 A replacement may be provided on a temporary basis during the absence of an employee on medical disability [maternity] leave.
 - 2.219 An employee on medical disability leave without pay is entitled to continue optional group insurance coverages at his/her own expense.
 - 2.220 If an employee is unable to return to work because of an on-the-job injury covered by Workers' Compensation Insurance, the employee may remain on the payroll until vacation and sick leave are exhausted, or may designate in writing that a portion of such leave may be used for this purpose.

BACKGROUND INFORMATION

In the past, there have been minor differences between the text of the Appropriations Bill and the applicable Regents' Rules and Regulations concerning maternity or pregnancy leave. The law has been changing in recent years concerning maternity leave. The passage of the Pregnancy Discrimination Act, Pub. L. 95-555, 92 Stat. 2076, which amended Title VII of the Civil Rights Act of 1964, to require, among other things, that pregnancy be treated in the same manner by employers as other temporary disabilities, followed by the decision of the U.S. Supreme Court in Newport News Shipbuilding and Dry Dock Co. v. EEOC, 103 S. Ct. 2622 (1983), have drawn national attention to the manner in which employers treat pregnancy leave. Accordingly, it is timely to amend the Regents' Rules and Regulations to clarify the current policies on pregnancy and disability leave.

3. U. T. System: Proposed Amendments to Standard Trademark License Agreement.--

RECOMMENDATION

The Office of the Chancellor recommends that the Standard Trademark License Agreement be amended as set forth below:

Paragraph 2.1 to read as follows:

- 2.1 BOARD OF REGENTS owns rights in certain marks now and previously used by THE UNIVERSITY OF TEXAS _____, [AT] identified in Attachment A hereto, and has acquired public recognition and goodwill through the use of such marks.

Paragraph 3.4 to read as follows:

- 3.4 TERRITORY means the United States of America [~~area-specified-in-Attachment-C hereto~~].

Paragraph 3.5 to read as follows:

- 3.5 GROSS SALES PRICE means LICENSEE'S billing price to customers or distributors, less (1) discounts which are given and which are customary in the trade, (2) returns, (3) transportation charges on returns if paid by LICENSEE, [and] (4) taxes, and (5) prepaid transportation charges on LICENSED PRODUCTS shipped by LICENSEE.

Paragraph 3.9 to read as follows:

- 3.9 QUALITY means an acceptable level of quality to BOARD OF REGENTS. QUALITY for LICENSED PRODUCTS is more specifically defined in paragraph 11.1 hereof [~~Attachment-D-hereto~~].

Paragraph 5.1 to read as follows:

- 5.1 On or before the EFFECTIVE DATE, LICENSEE shall pay to BOARD OF REGENTS a License Issue Fee of \$ _____. Said Issue Fee is not an advance toward royalties that may become due during any calendar quarter of the TERM and LICENSEE shall not deduct the amount of the License Issue Fee from any royalties that may become due from the sale of LICENSED PRODUCTS.

Paragraph 5.2 to read as follows:

- 5.2 In addition to the License Issue Fee, [~~thereto~~] LICENSEE shall pay to BOARD OF REGENTS a continuing royalty of _____% of the GROSS SALES PRICE of all LICENSED PRODUCTS SOLD by LICENSEE or any of its subsidiaries, divisions, or affiliates. If LICENSED PRODUCTS are sold to an entity that is owned or controlled by BOARD OF REGENTS for the purpose of resale, LICENSEE shall pay the royalty on such sales [~~and the invoice price for such LICENSED PRODUCTS includes therein an amount corresponding to the continuing royalty due hereunder, then in lieu of the payment of such royalty LICENSEE may credit the amount of said royalty against the invoice price charged to such entity, otherwise, LICENSEE shall pay the royalty to BOARD OF REGENTS on such sales. -- it shall be presumed that the invoice price for such LICENSED PRODUCTS includes therein an amount corresponding to the continuing royalty if said LICENSED PRODUCTS are sold to another entity (i.e., an entity not owned or controlled by BOARD OF REGENTS) for a price that does not exceed the price charged to the entity owned or controlled by the BOARD~~].

~~OF-REGENTS-by-at-least-the-percentage-of-the royalty-that-is-due-hereunder~~]. If LICENSEE sells any LICENSED PRODUCTS to any party affiliated with LICENSEE, or in any way directly or indirectly related to or under common control with LICENSEE, at a price less than the regular price charged to other parties, the royalties payable hereunder shall be computed on the basis of the regular price charged to other parties. There shall be no deduction from the royalties owed for uncollectible accounts or for advertising or other expenses of any kind which may be incurred or paid by LICENSEE, except those specifically enumerated in paragraph 3.5 above.

Paragraph 5.3 to read as follows:

- 5.3 LICENSEE agrees to pay to BOARD OF REGENTS a Minimum Royalty of \$ _____ during each CONTRACT YEAR of the TERM, other than a CONTRACT YEAR of less than six months [pursuant-to-the-schedule-attached hereto-as-Attachment-E], as a minimum guarantee against royalties to be paid during each CONTRACT YEAR. The remedy of BOARD OF REGENTS for failure of LICENSEE to make payment of said Minimum Royalty shall be limited to termination of this agreement pursuant to the termination provisions below.

Paragraph 6.1 to read as follows:

- 6.1 LICENSEE shall submit quarterly statements to BOARD OF REGENTS in the format and containing the information specified in Attachment C [F] hereto. LICENSEE may use an alternate form for the quarterly statement provided that it contains all information specified in Attachment C and has been approved by the Trademark Licensing Department, Office of General Counsel, The University of Texas System. Such a statement shall be submitted to BOARD OF REGENTS within thirty (30) days after the end of each calendar quarter and shall be accompanied by [contain] payment of continuing royalties payable pursuant to paragraph 5.2 above for that calendar quarter. If in any CONTRACT YEAR the Minimum Royalty specified in paragraph 5.3 above has not been met by payments of continuing royalty during such CONTRACT YEAR, then the balance due shall accompany the statement submitted for the fourth quarter of the CONTRACT YEAR.

Paragraph 8 to read as follows:

8. EFFECT OF EXPIRATION OR TERMINATION
~~[EFFECT-OF-TERMINATION]~~

Paragraph 8.2 to read as follows:

- 8.2 Upon expiration or termination of this agreement, LICENSEE shall not operate its business in any manner which would falsely suggest to the public that this agreement is still in force or that any relationship exists between LICENSEE and BOARD OF REGENTS. LICENSEE shall have the right, after expiration or termination of this agreement, to ship and distribute those LICENSED PRODUCTS of QUALITY which were manufactured and in LICENSEE'S inventory prior to expiration or termination, provided that no such products shall be shipped more than one hundred twenty (120) days after date of expiration or termination.

Paragraph 11.1 to read as follows:

- 11.1 All LICENSED PRODUCTS shall be QUALITY goods. LICENSEE acknowledges that if LICENSED PRODUCTS manufactured and sold by it were of inferior quality in design, material or workmanship, the substantial goodwill which BOARD OF REGENTS possesses in MARKS would be impaired. Accordingly, LICENSEE agrees that all LICENSED PRODUCTS shall be of high quality. To this end, LICENSEE shall, before it sells or distributes any of the LICENSED PRODUCTS, furnish to BOARD OF REGENTS, free of cost, for its approval, a sample of each LICENSED PRODUCT, together with any carton or container, packing or wrapping material. BOARD OF REGENTS shall have two (2) weeks from receipt of each LICENSED PRODUCT in which to reject the sample. In absence of rejection, or upon earlier written acceptance the sample shall be deemed as accepted as an example of the quality for that LICENSED PRODUCT. The LICENSED MARKS may be applied by LICENSEE only to such LICENSED PRODUCTS as are manufactured in accordance with the corresponding samples accepted hereunder and which have substantially the same relative quality position in the market place as do the samples thereof; provided, however, that LICENSEE may furnish to BOARD OF REGENTS a further sample of any LICENSED PRODUCT of which it desires to change the quality, style and/or appearance and BOARD OF REGENTS shall have two (2) weeks from receipt thereof in which to reject in writing said further sample. Failure to reject shall be deemed as approval thereof as an example of quality for that LICENSED PRODUCT. BOARD OF REGENTS shall have the right through its employee(s) or designated representative(s) during normal business hours to inspect the facilities and product inventory of LICENSEE to assure itself that QUALITY is being maintained at all times [and ~~to verify compliance with the criteria specified in Attachment D hereto~~].

Paragraph 11.2 to read as follows:

- 11.2 All packaging and advertising bearing the LICENSED MARKS shall be subject to the approval of BOARD OF REGENTS. LICENSEE shall furnish packaging and promotional materials to BOARD OF REGENTS in accordance with paragraph 10.3. In addition, LICENSEE shall furnish to BOARD OF REGENTS one (1) copy of any advertisement of LICENSED PRODUCT used by LICENSEE. BOARD OF REGENTS shall have two (2) weeks from receipt thereof in which to reject in writing the packaging or advertising materials. In the absence of rejection, or upon earlier written acceptance, the packaging and advertising materials will be deemed as accepted. LICENSEE shall furnish to BOARD OF REGENTS a further sample of packaging and advertising if it desires to change the packaging or advertising. BOARD OF REGENTS will have two (2) weeks to reject the packaging and advertising. Failure to reject will be deemed acceptance. [Packaging and advertising approval procedures are specified in Attachment G hereto.]

BACKGROUND INFORMATION

At their June 11-12, 1981 meeting, the U. T. Board of Regents approved a program to protect and license the trademarks of the component institutions of The University of Texas System which specifically included the following:

1. Filing applications for registration of University trademarks in the name of the U. T. Board of Regents.
2. Approval of a Standard Trademark License Agreement permitting commercial firms to use University trademarks on imprinted goods in exchange for a continuing royalty on the sale of such goods.
3. Delegation of authority to the Chancellor to execute trademark license agreements on behalf of the U. T. Board of Regents.
4. Placing responsibility for administering the trademark licensing program in the Office of General Counsel.

Since the program was established, the Office of General Counsel has negotiated 272 trademark license agreements, and the program has generated revenues of \$236,652 from continuing royalties and license issue fees.

It has become apparent from experience in operating under the current trademark license agreement that various changes should be made in order to incorporate into the agreement matters that have previously been included in attachments to the agreement and to clarify provisions that have been misinterpreted by licensees. The rationale for the recommended changes, other than where intent is self-evident in context, is as follows:

1. Paragraph 3.4 of the license agreement is amended to incorporate into the body of the agreement a defined territory for the license rather than continuing the present practice of doing this in an attachment to the agreement.

2. Paragraph 3.5 is amended to add prepaid transportation charges on licensed goods shipped by licensee as an exclusion from the gross sales price used to calculate royalties due from licensee.

3. The amendment to paragraph 3.9 incorporates a reference to paragraph 11.1 for a definition of quality for the licensed product rather than continuing the present practice of defining quality in an attachment to the agreement.

4. The amendment to paragraph 5.1, regarding the license issue fee, is to make it clear that the license issue fee is not an advance royalty payment that licensee is entitled to deduct from future royalty payments.

5. Paragraph 5.2 is amended to change the present practice of exempting licensees from royalty payments on those licensed products purchased for the purpose of resale by entities owned or controlled by the University.

6. The amendment to paragraph 5.3, sets forth the minimum royalties payable by a licensee in the body of the agreement and eliminates the present practice of using an attachment for that purpose.

7. The amendment to paragraph 6.1, regarding quarterly royalty statements, gives flexibility as to the format of quarterly statements.

8. The amendment to paragraph 8.2, regarding the sale of licensed products after termination or expiration, limits the licensee to a specified period of time to liquidate an existing inventory after termination or expiration of the agreement.

9. The amendment to paragraph 11.1 defines quality criteria for licensed products and eliminates the present practice of using an attachment to the agreement for that purpose.

10. The amendment to paragraph 11.2 incorporates into the body of the license agreement the criteria regarding packaging and advertising approval and eliminates the current practice of using an attachment to the agreement for that purpose.

**Academic
Affairs Com.**

ACADEMIC AFFAIRS COMMITTEE
Committee Chairman Baldwin

Date: December 13, 1984

Time: Following the meeting of the Finance and Audit Committee

Place: The Union-East, Room 308, U. T. El Paso

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PART I: AGENDA ITEMS FOR ACTION

1. U. T. Board of Regents: Proposed Amendments to Part One, Chapter VI, Section 3 of the Regents' Rules and Regulations Concerning Student Conduct and Discipline.--

RECOMMENDATION

The Office of the Chancellor recommends the following amendments to Part One, Chapter VI, Section 3 of the Regents' Rules and Regulations concerning student conduct and discipline:

- a. Add a new Subsection 3.3 to read as follows:

3.3 Individuals who are not currently enrolled at a component institution of The University of Texas System remain subject to the disciplinary process for conduct that occurred during any period of enrollment, and for statements, acts or omissions related to application for enrollment or the award of a degree.
[~~Reserved-for-future-use~~]

- b. Amend Subsection 3.5 to read as follows:

3.5 No former student who has been suspended or expelled for disciplinary reasons from a component institution of the System shall be permitted on the campus of any component institution during the period of such suspension or expulsion without the prior written approval of the chief administrative officer of that institution.

- c. Amend Subsection 3.(10) to read as follows:

3.(10) The Dean of Students shall have primary authority and responsibility for the administration of student discipline at each [his] institution. It shall be the Dean's [his] duty to investigate allegations that a student has violated the Regents' Rules and Regulations, the rules and regulations of the institution, or specific orders and instructions issued by an administrative official of the institution in the course of his or her duties.

3.(10)1 If the Dean of Students determines that such allegations are not unfounded, the Dean [he] shall prepare a written statement of charges, a statement of the evidence supporting such charges, including a list of witnesses and brief summary of the testimony to be given by each, and shall send such charges and statement to the accused student by certified mail, return receipt requested, addressed to the address appearing in the registrar's records.

3.(10)2 In any case where the accused student does not dispute the facts upon which the charges are based and executes a written waiver of the hearing procedures specified in Subsection 3.(11), the Dean of Students shall assess a penalty pursuant to Subsection 3.(13) that is appropriate to the charges and inform the student of such action in writing. The decision of the Dean of Students on penalty may be appealed as in the case of a decision rendered subsequent to a hearing in accordance with Subsection 3.(11). The appeal is limited to the issue of penalty and no transcript will be required.

d. Amend Subsection 3.(13) to read as follows:

3.(13) The Hearing Officer shall render and send to both parties a written decision which shall contain findings of facts and conclusions as to the guilt or innocence of the accused student and shall assess a penalty or penalties in accordance with the published disciplinary penalties of the institution or in accordance with the following prescribed penalties:

- 3.(13)1 Disciplinary probation.
- 3.(13)2 Withholding of grades, official transcript or degree.
- 3.(13)3 Bar against readmission.
- 3.(13)4 Restitution or reimbursement for damage to or misappropriation of institutional property.
- 3.(13)5 Suspension of rights and privileges, including participation in athletic or extracurricular activities.
- 3.(13)6 Failing grade.
- 3.(13)7 Denial of degree.
- 3.(13)8 Suspension from the institution for a period of time not to exceed one calendar year.
- 3.(13)9 Expulsion from the institution for a specific period of time not less than one year. Expulsion may be permanent.
- 3.(13)10 Revocation of degree and withdrawal of diploma.
- 3.(13)11 Other penalty as deemed appropriate under the circumstances.

e. Amend Subsection 3.(14) to read as follows:

3.(14) Within fourteen (14) days after the decision has been mailed to the parties, either or both parties may give notice of appeal to ~~[the appropriate-Executive-Vice-Chancellor through]~~ the chief administrative officer of the institution. The decision or decisions will be reviewed ~~[at-each-level-of-such appeal]~~ upon the basis of the transcript of the hearing. Both parties may, at the discretion of the chief administrative officer ~~[or-the-appropriate-Executive-Vice-Chancellor],~~

submit oral or written arguments to support their position. In order for the appeal to be considered, all the necessary documentation to be filed by the appealing party, including written arguments, when appropriate, must be filed with the chief administrative officer within twenty-one (21) days after notice of appeal is given.

f. Amend Subsection 3.(15) to read as follows:

3.(15) The chief administrative officer of the institution [~~or the appropriate Executive Vice Chancellor~~] may approve, reject, or modify the decision in question, or may require that the original hearing be reopened for the presentation of additional evidence and reconsideration of the decision.

The action of each reviewing authority shall be communicated in writing to the accused student and the Dean of Students. The decision of the chief administrative officer [~~appropriate Executive Vice Chancellor~~] shall be the final appellate review.

g. Amend Subsection 3.(18) to read as follows:

3.(18) The Dean of Students or [7] the chief administrative officer of the institution [~~or the appropriate Executive Vice Chancellor~~] may take immediate interim disciplinary action, including suspension pending a hearing, against a student for violation of a rule and regulation of the System or of the institution at which the accused is a student when the continuing presence of the student poses a danger to persons or property or an ongoing threat of disrupting the academic process. The Dean may authorize interim withholding of the student's grades, degree or official transcript when such withholding would be in the best interest of the institution.

h. Amend Subsection 3.(20) to read as follows:

3.(20) Every student is expected to obey all federal, state, and local laws and is expected to familiarize himself/herself with the requirements of such laws. Any student who engages in conduct that violates any provision of those laws is subject to disciplinary action, including expulsion, notwithstanding any action taken by civil authorities or agencies charged with the enforcement of criminal laws on account of the violation. If disciplinary action is taken, the Dean of Students shall proceed with action in the same manner as in the case of a violation of any other provision of these Rules and Regulations or a provision of any institutional rule.

i. Delete Subsection 3.(22) as follows:

~~[3.(22) The minimum standards of individual conduct required by the penal statutes of Texas or the United States are both expected and required of every student attending any component institution of the System. -- Any student who violates such standards of conduct is subject to discipline by the Dean of Students, regardless of whether or not any action is taken against the student by civil authorities on account of such violation. -- If disciplinary action is taken, the Dean of Students shall proceed with action in the same manner as he would in the case of a violation of any other provision of these rules and regulations or a provision of any Handbook of Operating Procedures.]~~

This item requires the concurrence of the Health Affairs Committee.

BACKGROUND INFORMATION

Experience with the application of current disciplinary procedures to recurring situations at the various component institutions has revealed that current procedures and penalties should be amended in order to clarify their application in certain circumstances.

The proposed addition of Subsection 3.3 makes it clear that disciplinary action may be taken for conduct occurring during active enrollment periods or during the admissions process even though the individual is not enrolled at the time the disciplinary process takes place.

Subsection 3.5 currently prohibits students who have been suspended from coming onto the campus without the written permission of the president of the institution. The proposed amendment to Subsection 3.5 extends this bar to students who have been expelled.

The proposed amendments to Subsection 3.(10) substitute non-gender based pronouns for current language and clarify current interpretation of the Regents' Rules and Regulations to specifically provide that only the issue of penalty may be appealed when a student has acknowledged the conduct charged and waived a hearing on the charges.

The proposed amendments to Subsection 3.(13) allow withholding of grades, degree or official transcript; specifically provide that expulsion may be permanent; allow imposition of a punishment deemed appropriate by the hearing officer or Dean of Students; and allow the revocation of a degree and the withdrawal of a diploma for cause.

The recent case of Crook v. Baker, 584 F. Supp. 1531 (E.D. Mich. 1984) makes it clear that revocation of degree or withdrawal of diploma may be taken in the absence of a board rule or regulation expressly conferring such authority after full due process procedures.

Proposed amendments to Subsections 3.(14), 3.(15) and 3.(18) make the chief administrative officer of each institution the final level of appeal. Experience has shown that the hearing and review procedures adequately protect the rights of accused students without additional recourse to the Office of the Chancellor.

An additional proposed amendment to Subsection 3.(18) authorizes the interim withholding of grades, degree and official transcript when such withholding is in the best interest of the institution.

The proposed amendment to Subsection 3.(20) clarifies the procedure for handling disciplinary action if criminal charges or a civil action is based upon the alleged conduct.

The recommended additions to Subsection 3.(20) obviate the need to retain the repetitious provisions of Subsection 3.(22).

The recommended changes have been reviewed by appropriate component institutional representatives and meet with their general approval.

2. U. T. Austin: Proposed Appointment to the Eugene McDermott Centennial Visiting Professorship, School of Architecture, for the Spring Semester 1985 Effective January 16, 1985.--

RECOMMENDATION

The Office of the Chancellor concurs with President Flawn's recommendation that Professor Miguel Angel Roca, Professor of Architecture, National University of Cordoba in Argentina, be appointed as the initial holder of the Eugene McDermott Centennial Visiting Professorship in the School of Architecture at U. T. Austin for the Spring Semester 1985 effective January 16, 1985.

BACKGROUND INFORMATION

Professor Roca has been a faculty member at the National University of Cordoba since 1963, and has served as visiting professor or guest lecturer at universities in South America, Europe, and South Africa, as well as the University of Pennsylvania. He is internationally recognized for his contributions to the field of urban planning and design, and his design work has been widely published in major architectural journals in England, France, Italy, Japan, Germany, Switzerland, and the United States. Professor Roca has also written three books and has received numerous awards and prizes for his architectural designs.

The Eugene McDermott Centennial Visiting Professorship in the School of Architecture was established by the U. T. Board of Regents on October 8, 1982.

3. U. T. Austin: Proposed Appointment to the Rex A. and Dorothy B. Sebastian Centennial Professorship in Business Administration, College of Business Administration and Graduate School of Business, Effective January 16, 1985.--

RECOMMENDATION

The Office of the Chancellor concurs with President Flawn's recommendation that Dr. Timothy Ruefli, Professor of Management and Fayez Sarofim and Company Centennial Professor in Business at U. T. Austin, be appointed as the initial holder of the Rex A. and Dorothy B. Sebastian Centennial Professorship in Business Administration, College of Business Administration and Graduate School of Business, effective January 16, 1985. If this appointment is approved, Professor Ruefli will relinquish the Fayez Sarofim and Company Centennial Professorship in Business on January 15, 1985.

BACKGROUND INFORMATION

Professor Ruefli, a faculty member at U. T. Austin since 1968, is nationally recognized for his scholarly contributions on the behavior of large-scale corporations, managerial strategy, and management sciences. He has authored or co-authored over 50 research publications and reports, and is actively sought by both the private and public sector as a consultant. Dr. Ruefli is a highly respected teacher and has won the Beasley Award for Graduate Teaching and the College of Business Administration Foundation Award for Teaching Innovation. He currently serves as chairman of the Graduate Business Committee in the College of Business Administration.

The Rex A. and Dorothy B. Sebastian Centennial Professorship in Business Administration was established by the U. T. Board of Regents on August 11, 1983.

4. U. T. Austin: Proposed Appointments to Endowed Academic Positions in the College of Engineering Effective as Indicated.--

RECOMMENDATION

The Office of the Chancellor concurs with President Flawn's recommendation to approve the following appointments to endowed academic positions in the College of Engineering at U. T. Austin effective as indicated:

<u>Name of Proposed Appointee</u>	<u>Endowed Academic Position</u>
Delbert Tesar, Graduate Research Professor of Mechanical Engineering and Director of the Center for Intelligent Machines and Robotics, University of Florida, Gainesville, Florida	The Carol Cockrell Curran Chair in Engineering, established February 13, 1981; effective January 16, 1985

Lincoln F. Elkins, Visiting Professor and holder of the Getty Oil Company Centennial Professorship in Petroleum Engineering, Spring Semester 1984

W. A. "Monty" Moncrief Centennial Chair in Petroleum Engineering, established August 13, 1982; effective January 16, 1985, for the Spring Semester 1985 only

Morris E. Fine, Walter P. Murphy Professor of Materials Science and Engineering and Associate Dean for Graduate Studies and Research at Northwestern University, Evanston, Illinois

Robert B. Trull Chair in Engineering, established August 14, 1981; effective February 1, 1985 through February 28, 1985

BACKGROUND INFORMATION

Dr. Tesar, a faculty member at the University of Florida since 1964, will be joining U. T. Austin's faculty on January 16, 1985, as a Professor in the Department of Mechanical Engineering. Professor Tesar is internationally recognized for his scholarly accomplishments in the area of machine systems, especially interactive design and robotic manipulations, and has authored numerous papers and presented more than 180 invited lectures in the United States, Europe, and the Soviet Union. In 1982, he was elected to the Board of Directors of Robotics International of the Society of Manufacturing Engineers and was presented the American Society of Mechanical Engineers Machine Design Award.

Mr. Elkins, who left Sohio Petroleum Company in 1983, after thirty-six years of distinguished scientific service, is an internationally recognized applied petroleum reservoir engineer. He is a member of the National Academy of Engineering, and currently serves on its Peer Committee for Chemical/Petroleum Engineering. Mr. Elkins is also a former president of the Society of Petroleum Engineers, and since the late 1940's, has been an active member of the American Institute of Mining Engineering and the American Petroleum Institute. His effectiveness in communicating his knowledge and understanding of reservoir engineering will make him an important addition to the Department of Petroleum Engineering.

Dr. Fine, a faculty member at Northwestern University since 1954, is internationally regarded as the best metallurgist in the United States. He has previously held one-month appointments as a visiting professor at U. T. Austin under the Dula C. Cockrell Centennial Chair in Engineering (Spring 1983) and under the Robert B. Trull Chair in Engineering (Spring 1984). Professor Fine has authored approximately 150 technical publications and one book on the structure and properties of metals and ceramics. He was elected to the National Academy of Engineering in 1973, and also is a Fellow of the American Society for Metals, the American Physical Society, the American Ceramic Society, and the Metallurgical Society of the American Institute of Mining, Metallurgical and Petroleum Engineers.

5. U. T. Austin: Proposed Appointment to the A. W. Walker Centennial Chair in Law in the School of Law Effective January 16, 1985.--

RECOMMENDATION

The Office of the Chancellor concurs with President Flawn's recommendation that Dr. John F. Sutton, Jr., Earl Sheffield Centennial Professor in Law, School of Law at U. T. Austin, be appointed as the initial holder of the A. W. Walker Centennial Chair in Law effective January 16, 1985. If this appointment is approved, Professor Sutton will relinquish the Earl Sheffield Centennial Professorship in Law on January 15, 1985.

BACKGROUND INFORMATION

Professor Sutton has been a member of the U. T. Austin School of Law faculty since 1957, and was the Dean from 1979 through the 1983-84 academic year. His current research includes preparation of a casebook and textbook on professional responsibility and revision of a co-authored book entitled Cases & Materials on Evidence. He has had a number of articles published in law reviews and bar journals, and teaches the subjects of Evidence, Legal Ethics and Torts. He is a Fellow of the American Bar Foundation and a Life Fellow of the Texas Bar Foundation. He is also a member of the Code of Professional Responsibility Study Committee of the State Bar of Texas.

The A. W. Walker Centennial Professorship in Law in the School of Law was established by the U. T. Board of Regents on December 3, 1982, and was redesignated as the A. W. Walker Centennial Chair in Law on April 15, 1983.

6. U. T. Austin: Proposed Appointments to Endowed Academic Positions in the College of Liberal Arts Effective January 16, 1985.--

RECOMMENDATION

The Office of the Chancellor concurs with President Flawn's recommendation to approve the following appointments to endowed academic positions in the College of Liberal Arts at U. T. Austin effective January 16, 1985:

<u>Name of Proposed Appointee</u>	<u>Endowed Academic Position</u>
Lee Willerman, Professor, Department of Psychology, and Director of the Clinical Psychology Training Program	Sarah M. and Charles E. Seay Regents Professorship in Clinical Psychology, estab- lished August 9, 1984; initial appointment
Elsbeth D. Rostow, Professor, Lyndon B. Johnson School of Public Affairs and the Depart- ment of Government	Stiles Professorship in American Studies, estab- lished September 19, 1964

BACKGROUND INFORMATION

Dr. Willerman, a faculty member at U. T. Austin since 1971, is internationally recognized for his research and scholarship in the field of clinical psychology. He has authored or edited two books and more than fifty scholarly articles and book reviews. Professor Willerman is a Fellow of the American Psychological Association and a member of the Social Sciences Study Section of the March of Dimes. He also serves as associate editor of Contemporary Psychology and consulting editor of Developmental Psychology. During the Spring Semester 1983, he held an appointment as the Visiting Scheinfeld Professor at The Hebrew University of Jerusalem.

Dr. Rostow is nationally recognized for her contributions to the study of American policies and politics. She has been a faculty member at U. T. Austin since 1969, serving the institution effectively in several administrative positions including Dean of the Lyndon B. Johnson School of Public Affairs (1977-83) and Dean of the Division of General and Comparative Studies (1974-77). During the 1983-84 academic year, Professor Rostow was a Distinguished Fulbright Lecturer in India and a Visiting Fellow at St. Antony's College (Oxford, England), in addition to lecturing in thirty-four countries. Some of the other institutions in which she has held faculty positions are Georgetown University, American University, Massachusetts Institute of Technology, Cambridge University (England), and the University of Zurich (Switzerland).

7. U. T. Austin: Proposed Memorandum of Affiliation with the Kerrville Veterans Administration Medical Center, Kerrville, Texas.--

RECOMMENDATION

The Office of the Chancellor concurs with President Flawn's recommendation that approval be given to the Memorandum of Affiliation set out on Pages AAC 11 - 12 by and between U. T. Austin and the Kerrville Veterans Administration Medical Center, Kerrville, Texas.

BACKGROUND INFORMATION

This facility does not accept the standard affiliation agreement used by the U. T. System, but the proposed Memorandum of Affiliation is similar to other Veterans Administration agreements previously approved by the U. T. Board of Regents, and it has been reviewed and approved by the Office of General Counsel. This agreement will allow students in U. T. Austin's Master of Science in Social Work program to participate in clinical training activities.

MEMORANDUM OF AFFILIATION
BETWEEN
THE UNIVERSITY OF TEXAS AT AUSTIN
AND
KERRVILLE V. A. MEDICAL CENTER

It is mutually agreed by The University of Texas at Austin and the Kerrville V. A. Medical Center, Kerrville, Texas, that educational experience will be provided at the VA facility for students in the Social Work, M.S. (Clinical) Program.

The faculty of The University of Texas at Austin will assume responsibility in coordination with the VA staff for the assignment of students. There will be coordinated planning by the facility and the faculty members. While in the VA facility, students will be subject to VA rules and regulations.

The facility will retain full responsibility for the care of patients and will maintain administrative and professional supervision of students insofar as their presence affects the operation of the facility and/or the direct and indirect care of patients.

Students will receive an orientation to the facility. Faculty members and facility staff supervisors will evaluate the student's performance in mutual consultation and according to the guidelines outlined in the approved curriculum.

The University of Texas at Austin complies with title VI of the Civil Rights Act of 1964, title IX of the Education Amendments of 1972, Section 504 of the Rehabilitation Act of 1973, and title II of the Older Americans Amendments of 1975, and all related regulations, and assures that it does not and will not discriminate against any employee or applicant for employment or registration in the course of study because of race, color, sex, national origin, handicap, or age under any program or activity receiving Federal financial assistance from the Veterans Administration.

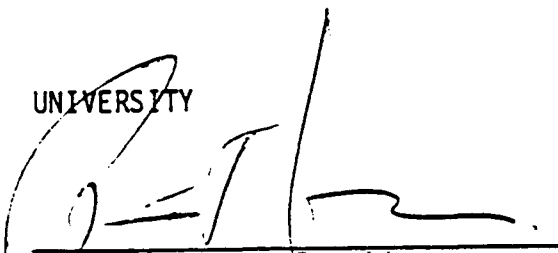
Nothing in the agreement is intended to be contrary to State or Federal laws. In the event of conflict between terms of this agreement and any applicable State or Federal law, that State or Federal law will supersede the terms of this agreement. In the event of conflict between State or Federal laws, Federal laws will govern.

A periodic review of program and policies will be conducted under the auspices of the Office of Academic Affairs.

This Memorandum of Affiliation may be terminated by either party on written notice to the other six months in advance of the next training agreement.

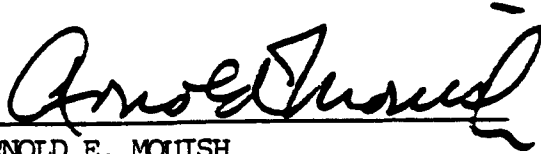
UNIVERSITY

Date Signed: 8-22-84


Peter T. Flawn, President
The University of Texas at Austin


FACILITY:

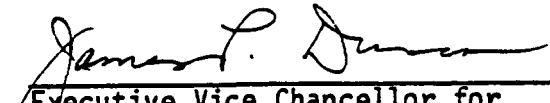
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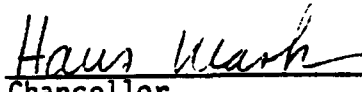

ARNOLD E. MOUSH
Director, VA Medical Center
Kerrville, Texas

FORM APPROVED

CONTENT APPROVED:


General Counsel
The University of Texas System


Executive Vice Chancellor for
Academic Affairs
The University of Texas System


Chancellor
The University of Texas System

ATTEST:

THE BOARD OF REGENTS OF THE
UNIVERSITY OF TEXAS SYSTEM

Executive Secretary, Board of
Regents
The University of Texas System

Chairman, Board of Regents
The University of Texas System

8. U. T. Austin: Development Board - Proposed Nominee Thereto (NO PUBLICITY UNTIL ACCEPTANCE IS RECEIVED).--

RECOMMENDATION

The Office of the Chancellor concurs with the recommendation of President Flawn for approval of the nomination of Mr. Jon P. Newton, Attorney, Austin, Texas, to the U. T. Austin Development Board when his term on the Board of Regents expires on February 1, 1985. Mr. Newton's proposed appointment will expire in 1986.

BACKGROUND INFORMATION

The nomination of Mr. Newton is to fill a vacancy due to the death of Mr. V. F. "Doc" Neuhaus.

In accordance with usual procedures, no publicity will be given to this nomination until an acceptance is received and reported for the record at a subsequent meeting of the U. T. Board of Regents.

9. U. T. Austin: McDonald Observatory and Department of Astronomy Board of Visitors - Proposed Nominee Thereto (NO PUBLICITY UNTIL ACCEPTANCE IS RECEIVED).--

RECOMMENDATION

The Office of the Chancellor concurs with the recommendation of President Flawn for approval of the nomination of Mr. Walter Mischer, Jr., Real Estate Developer, Houston, Texas, to the U. T. Austin McDonald Observatory and Department of Astronomy Board of Visitors for a three-year term expiring in 1987.

BACKGROUND INFORMATION

The nomination of Mr. Mischer is to a vacancy on the Board of Visitors which occurred when Mr. Walter Mischer, Sr. was unable to accept the nomination in the Fall due to business commitments.

In accordance with usual procedures, no publicity will be given to this nomination until an acceptance is received and reported for the record at a subsequent meeting of the U. T. Board of Regents.

10. U. T. El Paso: Request for Approval of Memorandum of Understanding with the El Dorados Organization, El Paso, Texas.--

RECOMMENDATION

The Office of the Chancellor concurs in the recommendation of President Monroe to approve the Memorandum of Understanding set out on Pages AAC 15 - 17 . The proposed Memorandum of Understanding memorializes the nature of the relationship between U. T. El Paso and the El Dorados Organization, a non-profit corporation formed to support U. T. El Paso Intercollegiate Athletics programs. Specifically, this Memorandum of Understanding sets out in writing the practice whereby the El Dorados Organization provides direct support to U. T. El Paso's Athletics Department as well as the obligations of the University under the agreement.

BACKGROUND INFORMATION

Attorney Generals' Opinions H-1309 (1978) and MW-373 (1981) have provided guidelines clarifying many questions concerning the relationship of foundations to state-supported universities in Texas. The U. T. Board of Regents has taken several steps to bring the U. T. System and its various component institutions within the guidelines set out in the Attorney Generals' Opinions and in the recently enacted Senate Bill 772, now compiled as Article 6252-11f, Vernon's Texas Civil Statutes. This article requires a state agency which is authorized to accept money from private donors or from "private organization[s] designed to further the purposes and duties of the agency" to adopt rules governing the relationship between the agency and such organizations or donors. The U. T. Board of Regents, on December 8, 1983, amended its Rules and Regulations to comply with this article. That action and the execution of this Memorandum of Understanding should bring U. T. El Paso's relationship with the El Dorados Organization into full compliance with Article 6252-11f, Vernon's Texas Civil Statutes, and Attorney Generals' Opinions H-1309 and MW-373.

MEMORANDUM OF UNDERSTANDING

By this Memorandum of Understanding, The University of Texas at El Paso ("University") and The University of Texas at El Paso El Dorados Organization ("Organization") agree as follows:

1. The Organization has engaged in development activities for the Intercollegiate Athletics programs of The University of Texas at El Paso ("University") and has provided various and substantial support for the Intercollegiate Athletics program of the University and other services to the University. The continuation of these activities is essential to the maintenance of the Intercollegiate Athletics program of the University. The University and Organization deem it appropriate to, and do hereby, memorialize the nature of the relationship between the Organization and the University, ratify and approve these past activities by the Organization, and agree mutually for the future regarding the respective roles, rights, and obligations of the University and the Organization in this relationship.

2. The Organization is a nonprofit corporation chartered in Texas, for the purposes of supporting the athletic programs of the University by soliciting, accepting and investing contributions received by it for the University. The policy of the Board of Directors of the Organization includes the activities of securing, holding in trust, and administering funds for the benefit of the Intercollegiate Athletics program of the University.

3. The Organization agrees that, during the term of this Memorandum of Understanding, the Organization will:

- (1) continue to invest and administer the funds presently on hand for the benefit of the University;
- (2) continue to accept gifts for the benefit of the University and its Intercollegiate Athletics programs, and by other reasonable means to enhance the prestige of, and to advance the University and utilize its expertise, resources, and personnel for such purposes;
- (3) continue to render other assistance to the University of the general nature of the assistance it has rendered in the past and to render other assistance to the University in the future as may mutually appear desirable; and

- (4) continue to recognize the University as the sole beneficiary of its development policy and its educational support.

4. The University agrees that, during the term of this Memorandum of Understanding, the University will:

- (1) provide reasonable space in or near its buildings, as approved by the University President, to the Organization for the purpose of carrying out its obligations hereunder and for its general operations on behalf of the University;
- (2) provide the utilities and telephone services reasonably needed by the Organization in carrying out its activities under this Memorandum of Understanding;
- (3) permit reasonable use of University equipment and personnel as needed to coordinate the activities of the Organization with the operations of the School and hereby expressly recognizes that the University President, officers, and employees may reasonably assist from time to time in development programs as may be needed or helpful in coordinating those Organization activities with the operations of the University; and
- (4) in conjunction with the Organization, execute annual written agreements specifying the use of University personnel to directly assist in the operation of the Organization, setting forth a reasonable sum to be paid by the Organization to the University for the assistance rendered by such personnel.

5. All funds, whether endowed, restricted, or unrestricted, accepted by the Organization shall be held, invested and managed by the Organization for the sole benefit of the University, subject to any restrictions placed thereon by particular donors.

This agreement is effective immediately upon execution by the parties and approval by the Board of Regents of The University of Texas System, and it shall remain in effect from year to year unless modified in writing by mutual agreement of the Organization and the University or terminated

by either the Organization or the University upon giving notice twelve (12) months prior to the end of a fiscal year of the University.

APPROVED by the Board of Regents of The University of Texas System on the _____ day of _____, 1984.

APPROVED by the Organization on the _____ day of _____, 1984.

THE UNIVERSITY OF TEXAS AT EL PASO,

By: _____
Haskell M. Monroe, President

THE UNIVERSITY OF TEXAS AT EL PASO
EL DORADOS

By: _____
President

Dated: _____, 1984

11. U. T. Tyler: Development Board - Proposed Nominee
Thereeto (NO PUBLICITY UNTIL ACCEPTANCE IS RECEIVED).--

RECOMMENDATION

The Office of the Chancellor concurs with the recommendation of President Hamm for approval of the nomination of Mr. Peyton McKnight, independent oil producer, Tyler, Texas, to the U. T. Tyler Development Board for a one-year term expiring in 1985.

BACKGROUND INFORMATION

The nomination of Mr. Peyton McKnight is to an unfilled term on the U. T. Tyler Development Board. Mr. McKnight was most influential in supporting the creation of what is now The University of Texas at Tyler and has been among its most consistent and enthusiastic supporters. Former Senator McKnight is known prominently for his outstanding service in the Texas Legislature and for his eminent leadership in this region and throughout the State.

In accordance with usual procedures, no publicity will be given to this nomination until an acceptance is received and reported for the record at a subsequent meeting of the U. T. Board of Regents.

PART II: OTHER ITEMS FOR INFORMATION AND CONSIDERATION

Report on Coordinating Board Approvals

**Health Affairs
Committee**

HEALTH AFFAIRS COMMITTEE
Committee Chairman Briscoe

Date: December 13, 1984
Time: Following the meeting of the Academic Affairs Committee
Place: The Union-East, Room 308, U. T. El Paso

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PART I: AGENDA ITEMS FOR ACTION

1. U. T. Health Science Center - Dallas: Subject to Certain Contingencies, Recommendation to Authorize the Execution of an Affiliation Agreement with University Medical Center, Inc., Dallas, Texas, for the Operation of University Hospital.--

EXPLANATION

Subject to certain contingent developments, President Sprague and the Office of the Chancellor will make specific recommendations, as reflected in the listed title, related to the approval of a non-standard affiliation agreement between the U. T. Health Science Center - Dallas and University Medical Center, Inc., Dallas, Texas, for operation of a proposed hospital as a joint effort between the U. T. Health Science Center - Dallas and University Medical Center, Inc.

The proposed hospital, to be owned by University Medical Center, Inc., and operated in conjunction with the Clinical Science Building, will provide facilities through which the U. T. Health Science Center - Dallas can strengthen and enhance its program of medical education, research, and patient care through utilization of a non-owned but jointly directed hospital facility. An integral part of the "proof of need" to be submitted to the Texas Health Facilities Commission for this hospital facility is the proposed affiliation agreement between these two entities. Completion of any of these related proposals is dependent upon approval of the hospital by the Texas Health Facilities Commission. A proposed sub-lease of land upon which the Clinical Science Building would be constructed is outlined in Item 9, Page B&G 11.

University Medical Center, Inc. is a non-profit hospital corporation being formed by a group of philanthropic members of the Dallas community in response to the existing need for a university-related facility. The U. T. Board of Regents at their October meeting approved a request for project planning authorization for a U. T. Health Science Center - Dallas Clinical Science Building.

At as early a date as possible, a mailing will be made to the U. T. Board of Regents, through the Office of the Executive Secretary to the Board of Regents, containing specific recommendations and background information on this item.

2. U. T. Medical Branch - Galveston: Request for Permission for Individual to Become a Member of the Board of Scientific Counselors, Division of Cancer Prevention and Control, National Cancer Institute [Regents' Rules and Regulations, Part One, Chapter III, Section 13, Subsections 13.(10) and 13.(11)].--

RECOMMENDATION

The Office of the Chancellor recommends approval for Dr. William C. Levin, President, U. T. Medical Branch - Galveston, to become a member of the Board of Scientific Counselors, Division of Cancer Prevention and Control, National Cancer Institute.

HEALTH AFFAIRS COMMITTEE

SUPPLEMENTAL MATERIAL

December 13-14, 1984

Page
HAC

1. U. T. Health Science Center - Dallas: Subject to Certain Contingencies, Recommendation to Authorize the Execution of an Affiliation Agreement with University Medical Center, Inc., Dallas, Texas, for the Operation of University Hospital

Below

-
1. U. T. Health Science Center - Dallas: Subject to Certain Contingencies, Recommendation to Authorize the Execution of an Affiliation Agreement with University Medical Center, Inc., Dallas, Texas, for the Operation of University Hospital.--

RECOMMENDATION

The Office of the Chancellor concurs with President Sprague's recommendation that the U. T. Board of Regents' approval be given to the attached affiliation agreement between University Medical Center, Inc., Dallas, Texas, and The University of Texas System, for and on behalf of The University of Texas Health Science Center at Dallas. The affiliation agreement is contingent upon University Medical Center, Inc. obtaining a Certificate of Need from the Texas Health Facilities Commission and upon the proposed hospital being constructed.

BACKGROUND INFORMATION

Subject to certain contingent developments, President Sprague and the Office of the Chancellor were to make specific recommendations related to the above-referenced non-standard affiliation agreement. The attached affiliation agreement, constitutes the specific recommendations and an executive summary of the agreement follows. Because the affiliation agreement is closely related to a management agreement between University Medical Center, Inc. and the Dallas County Hospital District, a copy of the Management Agreement is also attached for information purposes only. An executive summary of the management agreement is also attached. Both agreements have detailed tables of contents for ready reference.

The proposed hospital, to be owned by the University Medical Center, Inc., and operated in conjunction with a U. T. Health Science Center Clinical Science Building, now in the process of being planned, will provide facilities through which the U. T. Health Science Center - Dallas can strengthen and enhance its program of medical education, research, and patient care through utilization of a non-owned but jointly

directed hospital facility. An integral part of the "proof of need" to be submitted to the Texas Health Facilities Commission for this hospital facility is the proposed affiliation agreement between these two entities.

Completion of any of these related proposals is dependent upon approval of the hospital by the Texas Health Facilities Commission.

A proposed lease of land upon which the Clinical Science Building would be constructed is outlined in Item 9, Page B&G 11.

University Medical Center, Inc. is a nonprofit hospital corporation being formed by a group of philanthropic members of the Dallas community in response to the existing need for a university-related facility. The U. T. Board of Regents at their October 11-12, 1984 meeting approved a request for project planning authorization for a U. T. Health Science Center - Dallas Clinical Science Building.

EXECUTIVE SUMMARY
of
AFFILIATION AGREEMENT
between
UNIVERSITY MEDICAL CENTER, INC.
and
THE UNIVERSITY OF TEXAS SYSTEM,
for and on behalf of
THE UNIVERSITY OF TEXAS
HEALTH SCIENCE CENTER
AT DALLAS

GENERAL:

Through the Hospital, to be constructed by University Medical Center, Inc. (UMC), The University of Texas Health Science Center at Dallas (the University) desires to strengthen and enhance its programs of medical education, research and patient care. The Mission of the Hospital is stated as follows:

As soon as possible and given the necessary resources, the standard of patient care, education and research conducted at the Hospital will become comparable to that of the best university hospitals in the United States.

GOVERNANCE OF HOSPITAL:

UMC will be the governing body of the Hospital. It will be responsible for the operations of the Hospital and for development of policies with respect thereto.

HOSPITAL CONSTRUCTION:

UMC will construct the Hospital without cost to the State of Texas. It will operate the Hospital as a teaching hospital integrated with the medical program of the University. The University will not be obligated for funds for construction, equipment, maintenance or operation of the Hospital.

PATIENTS:

All patients of the Hospital will be available to the University's teaching programs.

RESPONSIBILITIES OF UMC:

UMC will be responsible for contracting with the Dallas County Hospital District (the District) for management of the Hospital and the District will appoint the Hospital Administrator. The appointment must have the concurrence of UMC and of the President of the Health Science Center. If the Health Science Center withdraws its approval of the Hospital Administrator, UMC will withdraw its approval upon U.T. presenting facts that are compelling in this regard. UMC, in conjunction with the University, will also appoint a Director of Medical Affairs. UMC will consult with the University prior to approval of the Hospital's annual budget. UMC will be responsible for the costs of house staff and support personnel.

RESPONSIBILITIES OF THE UNIVERSITY:

The University will be responsible for assigning to the Hospital sufficient number of qualified physicians, who are members of the University faculty and who shall constitute the "Organized Staff" (the Hospital's medical staff) to provide, direct and supervise medical services to all patients. The University will be responsible for the costs of the Organized Staff. The University will assign to the Hospital (but UMC will pay the costs of) appropriate number of resident physicians in training (house staff) to participate in patient care.

HOSPITAL ADMINISTRATOR:

The District will appoint the Hospital Administrator. The appointment must have the concurrence of UMC and of the President of the Health Science Center. If the Health Science Center withdraws its approval of the Hospital Administrator, UMC will withdraw its approval upon U.T. presenting facts that are compelling in this regard.

COOPERATION AMONG UMC, THE UNIVERSITY AND DISTRICT:

UMC and the University recognize the mutually interdependent relationship among UMC, the University and the District in carrying out the terms of the Affiliation Agreement and the management agreement.

JOINT CONFERENCE COMMITTEE:

UMC will appoint a Joint Conference Committee to recommend policies to UMC concerning all matters affecting the Hospital, other than management.

OPERATIONS REVIEW COMMITTEE:

UMC will appoint an Operations Review Committee to recommend policies to UMC affecting the management of the Hospital.

HOUSE STAFF; STUDENT ASSIGNMENTS; TEACHING:

The University will make all decisions relative to the following matters: appointments to the House Staff; rotation of the House Staff; number of medical students assigned to the Hospital; and teaching assignments in the Hospital.

COSTS OF HOUSE STAFF AND SUPPORT PERSONNEL:

UMC will bear all costs of house staff and support personnel.

CONSULTATION AND SUPPORT DEPARTMENTS:

UMC will maintain and provide appropriate consultation and support departments.

APPOINTMENTS TO ORGANIZED STAFF:

UMC will make all appointments to the Organized Staff only upon nomination by the Dean of the Southwestern Medical School.

COSTS OF ORGANIZED STAFF:

The University will bear all costs of the "Organized Staff".

TERM:

The initial term of the Affiliation Agreement will commence upon the date of issuance of a Certificate of Need by the Texas Health Facilities Commission authorizing construction of the Hospital and expiring on September 30, 1994 after which it shall continue for successive terms of ten years each.

NONASSIGNABILITY:

Neither UMC nor the University may assign the Affiliation Agreement without prior written consent of the other party.

NO PARTNERSHIP OR JOINT VENTURE:

Neither a partnership nor a joint venture is intended nor created by the Affiliation Agreement.

AMENDMENTS:

The Affiliation Agreement may be amended only in writing by authorized signatories for UMC and the University.

November 27, 1984

AFFILIATION AGREEMENT

between

UNIVERSITY MEDICAL CENTER, INC.

and

THE UNIVERSITY OF TEXAS SYSTEM,

for and on behalf of

THE UNIVERSITY OF TEXAS

HEALTH SCIENCE CENTER

AT DALLAS

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AFFILIATION AGREEMENT

This Affiliation Agreement (this "Agreement") is entered into and effective upon the date of the last execution below between the Board of Regents of The University of Texas System (the "University"), for and on behalf of its component institution, The University of Texas Health Science Center at Dallas (the "Health Science Center"), and University Medical Center, Inc., a Texas non-profit corporation ("UMC"), in multiple counterparts, each of which shall be deemed an original.

W I T N E S S E T H:

WHEREAS, UMC was organized for the purpose of constructing, equipping and operating a hospital (the "Hospital") for the benefit of the people of Dallas County, the State of Texas, and other citizens as may from time to time have need of its services; and

WHEREAS, UMC was organized for the additional purpose of providing hospital facilities to support and extend programs of excellence at the Health Science Center in patient care, education and research; and

WHEREAS, the University operates at the Health Science Center: the Southwestern Medical School (the "School"); a graduate school; and a school of allied health sciences for the education of physicians and other health care professionals, which schools engage in research and other activities incident to their operation; and

WHEREAS, through the Hospital, the University desires to strengthen and enhance its programs of medical education, research and patient care; and

WHEREAS, the University and UMC contemplate that UMC will enter into a Management Agreement with the Dallas County Hospital District (the "District") to manage the operations of the Hospital,

IT IS, THEREFORE, MUTUALLY AGREED AS FOLLOWS:

Section 1: GOVERNANCE OF HOSPITAL

Notwithstanding anything to the contrary in this Agreement, the parties agree that UMC shall be the governing body of the Hospital and shall be accountable and responsible for the operations of the Hospital and for the development of policies with respect to the Hospital.

Section 2: HOSPITAL CONSTRUCTION

- (a) UMC hereby agrees to construct the Hospital on land leased from the District, subject to obtaining all necessary approvals and funding.
- (b) The Hospital shall be constructed without cost to the State of Texas, operated as a teaching hospital fully integrated with the medical program of University and shall be made available as a full-time teaching facility of the School in Dallas, Texas.

- (c) University shall not be obligated to expend any funds for the construction, equipment, maintenance or operation of the Hospital.

Section 3: PATIENTS

- (a) All patients of the Hospital shall be available to University's teaching programs.
- (b) UMC shall retain final decision-making authority over the admission of patients and the assignment of beds.

Section 4: RESPONSIBILITIES OF UMC

For purposes of this Agreement, UMC shall:

- (a) contract with the District to manage the operations of the Hospital through a Hospital Administrator (so called herein), appointed pursuant to Section 6 below;
- (b) review credentials and annually appoint the Hospital's Organized Staff (as described in Article 7 of the Bylaws of UMC) in accordance with the provisions of Section 11 below;
- (c) approve Bylaws of the Organized Staff;
- (d) appoint, with the concurrence of the University and the District, a director of medical affairs of the Hospital (the "Director of Medical Affairs"), who shall serve as chairman of the Organized Staff; such Director of Medical Affairs shall be a member of the full-time faculty of the School; the salary and

benefits of such Director of Medical Affairs shall be funded equally by UMC and the University in amounts determined annually by them;

- (e) assign as chairman or chief of each department or division of the Hospital such person who is the chairman or chief of the corresponding department or division of the School, unless otherwise determined by the dean of the School (the "Dean"); and
- (f) consult with the University prior to approval of the annual budget.

Section 5: RESPONSIBILITIES OF THE UNIVERSITY

For purposes of this Agreement, the University shall:

- (a) continue to maintain and operate the Health Science Center as an accredited, non-sectarian educational institution, consisting of the School, a graduate school and a school of allied health sciences, and make those schools available to UMC pursuant to the terms of this Agreement;
- (b) assign to the Hospital a sufficient number of qualified physicians, who are members of the University faculty and who shall constitute the Organized Staff, to provide, direct and supervise medical services to all patients of the Hospital;
- (c) assign to the Hospital an appropriate number of resident physicians in training (the "House Staff") to

- participate in patient care under the direction of the Organized Staff;
- (d) support the enforcement of the Bylaws of the Organized Staff;
 - (e) consult with UMC regarding:
 - (i) all assignments of the House Staff and students by the Dean;
 - (ii) all clinical teaching program sites; and
 - (iii) all other affiliation agreements between the Health Science Center and other entities that may have an impact on the relationship between UMC and the University;

to assure that the Hospital will maintain operational viability while pursuing its mission which is as follows:

Mission of Hospital

- As soon as possible and given the necessary resources, the standard of patient care, education and research conducted at the Hospital will become comparable to that of the best university hospitals in the United States; and
- (f) perform its obligations hereunder in such a manner so as to assist UMC in (i) maintaining the Hospital as a tax-exempt hospital under applicable provisions of the Internal Revenue Code, and (ii) maintaining the accreditation of the Hospital.

Section 6: HOSPITAL ADMINISTRATOR

The appointment of the Hospital Administrator by the District shall be with the concurrence of UMC and the President of the Health Science Center. Such appointment shall continue unless and until UMC withdraws its approval. In the event that the Health Science Center shall request that UMC withdraw its approval, UMC agrees that it will withdraw its approval of the Hospital Administrator upon presentation to UMC by the Health Science Center of facts that are compelling in that regard.

Section 7: COOPERATION AMONG UMC, UNIVERSITY AND DISTRICT

UMC and the University recognize the mutually interdependent relationship among UMC, the University and the District in carrying out the terms of this Agreement and the Management Agreement, and agree that there shall be consultation and good faith cooperation among all persons representing each entity.

Section 8: JOINT CONFERENCE COMMITTEE

- (a) In accordance with requirements of the Joint Commission on Accreditation of Hospitals, and pursuant to the Bylaws of UMC, UMC shall appoint a Joint Conference Committee to recommend policies to UMC concerning all matters affecting the Hospital, other than its management, and, in this connection, to act as liaison between UMC and the Organized Staff.

- (b) The Joint Conference Committee shall consist of the following eight (8) persons:
- (i) four (4) persons who shall be members of the Board of Directors of UMC; and
 - (ii) four (4) active members of the Organized Staff.
- In addition, the following five (5) persons shall serve as ex-officio members of the Joint Conference Committee:
- (i) the President of UMC;
 - (ii) the Dean of the School;
 - (iii) the Chief Executive Officer of the District;
 - (iv) the Hospital Administrator; and
 - (v) the Director of Medical Affairs of the Hospital.

Section 9: OPERATIONS REVIEW COMMITTEE

- (a) Consistent with the terms of the Management Agreement between UMC and the District, UMC shall appoint an Operations Review Committee to recommend policies to UMC affecting the management of the Hospital, and in this connection, act as liaison among UMC, the University and the District.
- (b) The Operations Review Committee shall consist of the following eight (8) persons:
- (i) the President of UMC;
 - (ii) the Director of Medical Affairs of the Hospital;

- (iii) the President of the Health Science Center;
- (iv) the Dean of the School;
- (v) the Chairman of the Board of Managers of the District;
- (vi) the Chief Executive Officer of the District;
- (vii) the Director of Medical Affairs of Parkland Memorial Hospital; and
- (viii) the Hospital Administrator.

Section 10: FACULTY COUNCIL

The Hospital Administrator shall serve as an ex-officio member of the Faculty Council of the School.

Section 11: HOUSE STAFF; STUDENT ASSIGNMENTS; TEACHING

Subject to procedural policies of UMC, the School shall make all decisions relative to the following matters:

- (a) appointments to the House Staff;
- (b) rotation of the House Staff;
- (c) the number of medical students assigned to the Hospital; and
- (d) teaching assignments in the Hospital.

Section 12: COSTS OF HOUSE STAFF AND SUPPORT PERSONNEL

UMC shall bear all costs of the House Staff and required support personnel.

Section 13: CONSULTATION AND SUPPORT DEPARTMENTS

UMC agrees to maintain or provide appropriate consultation and support departments (i.e., facilities, equipment and non-physician personnel) including, but not limited to: pathology, radiology, physical medicine and anesthesiology.

Section 14: APPOINTMENTS TO ORGANIZED STAFF

Appointments to the Organized Staff shall be made by UMC only upon nomination by the Dean. No person shall be appointed to the Organized Staff unless such person is a faculty member of the University. UMC may suspend or dismiss any member of the Organized Staff pursuant to the provisions of the Bylaws of UMC and the Organized Staff.

Section 15: COSTS OF ORGANIZED STAFF

Except as stated herein and unless otherwise mutually agreed, the University shall bear all costs of the Organized Staff. To the extent that UMC requires members of the Organized Staff to perform certain management or administrative services, or patient care services for which hospitals may receive reimbursement, UMC shall engage the University to arrange for the performance of such services for fees to be mutually agreed upon in advance. In this connection, UMC and the Dean shall agree in advance on a list of such services, the members of the Organized Staff to render such services and the fees involved in rendering

such services. All such services shall be documented or otherwise substantiated to the reasonable satisfaction of UMC.

Section 16: JOINT EMPLOYMENT

Nothing contained in this Agreement shall prohibit additional agreements providing for the joint employment of physicians and other personnel and for the pro rata apportionment of their salaries.

Section 17: TERM

- (a) This Agreement shall be for an initial term commencing upon the date of issuance of a certificate of need issued by the Texas Health Facilities Commission authorizing construction of the Hospital and expiring on September 30, 1994, after which it shall continue for successive terms of ten (10) years each, subject to the termination provision of subparagraph (b) below.
- (b) This Agreement may be terminated at any time by either party upon three (3) year's prior written notice.

Section 18: NONASSIGNABILITY

Neither party hereto shall assign its interests hereunder without the prior written consent of the other party.

Section 19: NO PARTNERSHIP OR JOINT VENTURE

No partnership or joint venture is intended or created by this Agreement.

Section 20: NOTICES

- (a) All notices required or permitted to be given hereunder must be made in writing to be effective and shall be deemed to have been received on the earlier of (i) the date of actual receipt or (ii) five (5) days after the same are deposited in the U.S. mail, registered or certified, postage prepaid, return receipt requested, addressed as follows:

University

The University of Texas Health Science
Center at Dallas
5323 Harry Hines Boulevard
Dallas, Texas 75235
Attention: President

with a copy to:

John L. Darrouzet, Attorney
Office of the General Counsel
The University of Texas System
201 West 7th Street
Austin, Texas 78701

UMC

University Medical Center, Inc.
c/o Bruce A. Lipshy
Zale Corporation
901 W. Walnut Hill Lane
Irving, Texas 75038-1003

with a copy to:

Dolph B. H. Simon, Esq.
Zale Corporation
901 W. Walnut Hill Lane
Irving, Texas 75038-1003

- (b) The parties hereto may from time to time and at any time change their respective addresses by written notice to the other party in the manner provided under this Section.

Section 21: AMENDMENTS

This Agreement may be amended only by written instrument executed by authorized signatories for UMC and the University.

Section 22: CONSTRUCTION OF AGREEMENT

- (a) If any term or provision of this Agreement is found to be invalid for any reason, the remainder of this Agreement shall not be affected thereby.
- (b) This Agreement shall be construed according to the laws of the State of Texas.
- (c) This Agreement shall be construed consistent with the Bylaws of UMC, the Rules and Regulations of the Board of Regents of The University of Texas System and the Handbook of Operating Procedures of the Health Science Center.

EXECUTED by the parties hereto on the date set below their names.

ATTEST:

UNIVERSITY MEDICAL CENTER, INC.

By: Bruce A. Lipsky, Secretary/
Treasurer

By: Ben A. Lipsky, Chairman of the
Board

Dated: _____

THE UNIVERSITY OF TEXAS SYSTEM
for and on behalf of THE
UNIVERSITY OF TEXAS HEALTH
SCIENCE CENTER AT DALLAS

RECOMMENDED FOR APPROVAL:

By: President of The University
of Texas Health Science
Center at Dallas

Dated: _____

FORM APPROVED:

By: Office of the General Counsel
The University of Texas System

Dated: _____

CONTENT APPROVED:

By: _____
Office of the Chancellor
The University of Texas System

Dated: _____

ATTEST:

Secretary

APPROVED:

By: _____
Chairman, Board of Regents
The University of Texas System

Dated: _____

EXECUTIVE SUMMARY
of
MANAGEMENT AGREEMENT
between
UNIVERSITY MEDICAL CENTER, INC.
and
DALLAS COUNTY HOSPITAL DISTRICT

GENERAL:

The Dallas County Hospital District (the District) is leasing land to the University Medical Center, Inc. (UMC) for the construction of a new hospital to benefit the people of Dallas County, of the State and to enhance patient care, education, and research at The University of Texas Health Science Center at Dallas. The Mission of the Hospital is stated as follows:

As soon as possible and given the necessary resources, the standard of patient care, education and research conducted at the Hospital will become comparable to that of the best university hospitals in the United States.

UMC is engaging the District to manage the day-to-day operation of the Hospital.

MANAGEMENT OBJECTIVE:

The management objective will be to fulfill the Mission of the Hospital.

GOVERNANCE OF HOSPITAL:

UMC will be the governing body of the Hospital. It will be responsible for the operations of the Hospital and for development of policies with respect thereto.

MANAGEMENT OF THE HOSPITAL:

UMC delegates to the District the general authority to manage the day-to-day operation of the Hospital.

MEDICAL MATTERS:

All medical matters will be the responsibility of UMC and the "Organized Staff" (U. T. medical faculty).

ADMINISTRATIVE SERVICES:

The District will make available various administrative services personnel for consultation without cost to UMC.

PATIENT SERVICES:

The District will make recommendations concerning the scope of services for Hospital patients, with advice of the Organized Staff.

QUALITY ASSURANCE PROGRAM:

The District will develop a quality assurance program.

OPERATIONS REVIEW COMMITTEE:

UMC will appoint an Operations Review Committee to recommend policies to UMC affecting the management of the Hospital.

HOSPITAL AND DISTRICT EMPLOYEES:

The District will manage the Hospital's employees and provide certain key personnel to accomplish the overall management of the Hospital, e.g. the Hospital Administrator, the Controller, and the Director of Nursing.

PAY SCALES AND PERSONNEL POLICIES:

The District will make recommendations regarding these items to UMC.

FINANCIAL MATTERS:

The District will assist UMC and the Organized Staff in the formulation and development of strategic plans. The District will be responsible for financial reports and the annual budget. UMC will not approve the annual budget of the hospital without prior consultation with the University.

PATIENT CHARGES:

The District will make recommendations concerning patient charges.

COLLECTIONS AND LEGAL MATTERS:

UMC will retain overall responsibility for the legal affairs of the Hospital. The District will handle the day-to-day matters, e.g. collections.

MISCELLANEOUS MATTERS:

The District will handle deposits, disbursements, management of funds, repairs and maintenance, purchasing programs, operating supplies, and other maintenance agreements. The District will select the operator of the newsstand and gift shop for the first year of operation. The District will disclose conflicts of interest; will not assume liabilities of UMC; will provide fidelity bonds; and recommend insurance needs of the Hospital. The District will be responsible for maintaining UMC's tax-exempt status; for keeping the Hospital in compliance with all provisions of the law related to operating the Hospital; and for keeping the Hospital fully accredited.

ARBITRATION:

UMC and the District will arbitrate differences under the Management Agreement as provided for specifically in the Agreement.

NO PARTNERSHIP OR JOINT VENTURE:

Neither a partnership nor a joint venture is intended nor created by the Management Agreement.

MANAGEMENT FEE:

UMC will pay the District \$175,000 per year for its services under the agreement, subject to various deferral arrangements and annual adjustments to reflect the cost of living.

TERM; TERMINATION:

The initial term of the Management Agreement will commence upon the date of issuance of a certificate of need by the Texas Health Facilities Commission authorizing construction of the Hospital and expiring on September 30, 1994 after which it shall continue for successive terms of two years each. Provisions for termination of the Agreement are included.

AMENDMENTS:

The Affiliation Agreement may be amended only in writing by authorized signatories for UMC and the University.

November 27, 1984

MANAGEMENT AGREEMENT

between

UNIVERSITY MEDICAL CENTER, INC.

and

DALLAS COUNTY HOSPITAL DISTRICT

THIS AGREEMENT SUBJECT TO ARBITRATION IN ACCORDANCE WITH
SECTION 37 HEREOF AND TITLE 10, VERNON'S REVISED CIVIL
STATUTES, ARTICLE 224.

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MANAGEMENT AGREEMENT

This Management Agreement (this "Agreement") is entered into and effective upon the date of the last execution below between the Dallas County Hospital District, a political subdivision of the State of Texas (the "District") and University Medical Center, Inc., a Texas non-profit corporation ("UMC"), in multiple counterparts, each of which shall be deemed an original.

W I T N E S S E T H:

WHEREAS, UMC was organized for the purpose of constructing, equipping and operating a hospital (the "Hospital") for the benefit of the people of Dallas County, the State of Texas, and other citizens as may from time to time have need of its services; and

WHEREAS, UMC was organized for the additional purpose of providing hospital facilities to support and extend programs of excellence in patient care, education and research at The University of Texas Health Science Center at Dallas (the "Health Science Center"), which is a component institution of The University of Texas System (the "University"); and

WHEREAS, the University operates at the Health Science Center: the Southwestern Medical School (the "School"); a graduate school; and a school of allied health sciences for the education of physicians and other health care professionals,

which schools engage in research and other activities incident to their operation; and

WHEREAS, through the Hospital, the University desires to strengthen and enhance its programs of medical education, research and patient care; and

WHEREAS, the District and UMC contemplate that UMC will enter into an Affiliation Agreement with the University respecting various matters affecting the operation of the Hospital; and

WHEREAS, in furtherance of the foregoing, the District has leased (i) to UMC a parcel of land containing 1.75 acres, more or less, as a site for the construction of the Hospital, and (ii) to the University a parcel of land containing 0.47 acres, more or less, as a site for the construction by the University of a clinical sciences building where educational programs of the University will be conducted in conjunction with the operation of the Hospital; and

WHEREAS, the District has represented that it is fully qualified and competent to manage the day-to-day operation of the Hospital and to provide UMC with the management services hereinafter described; and

WHEREAS, UMC has evaluated various arrangements for managing the operation of the Hospital and has concluded that the most desirable course of action, considering both the cost and quality of service and in reliance upon the foregoing

representations by the District, would be to engage the District to manage the day-to-day operation of the Hospital.

IT IS, THEREFORE, MUTUALLY AGREED AS FOLLOWS:

Section 1: MANAGEMENT OBJECTIVE: TO FULFILL MISSION OF HOSPITAL; STANDARD OF PERFORMANCE

UMC and the District agree that it is the objective of the District, in carrying out its responsibilities under this Agreement, to manage the operation of the Hospital in such manner as to maintain its operational viability with a commitment to support and fulfill the mission of the Hospital, which is as follows:

Mission of Hospital

As soon as possible, given the necessary resources, the standard of patient care, education and research conducted at the Hospital will become comparable to that of the best university hospitals in the United States.

In evaluating the performance of the District in fulfilling this objective, due regard shall be given to the District's demonstrated competence in management and administration of the operation of the Hospital, as well as the District's responsiveness to the specific needs of the Hospital and its Organized Staff as described in Article 7 of the Bylaws of UMC.

In furtherance of the foregoing objective, UMC and the District acknowledge that the following goals are critical to the success and viability of the Hospital:

- (a) to staff the Hospital in such manner as to fulfill and support the mission of the Hospital;
- (b) to operate the Hospital on a sound financial basis;
- (c) to establish effective financial, accounting and reporting systems, adequate internal controls, effective budgeting procedures, efficient billing and collection systems, and policies assuring the business-like management of the cash resources of the Hospital; and
- (d) to assume that the Hospital enjoys an excellent public image.

Section 2: GOVERNANCE OF HOSPITAL

Notwithstanding the authority granted to the District herein, the District and UMC agree that UMC shall be the governing body of the Hospital, that, UMC shall at all times exercise ultimate control over the affairs of the Hospital, that UMC shall establish general operating policies to be carried out by the District under this Agreement, and that UMC shall be accountable and responsible for all medical, professional, and ethical affairs of the Hospital. UMC hereby retains and engages the District to perform the duties

and services to be performed by the District under this Agreement, and the District agrees to perform such duties and services in a businesslike manner in accordance with the policies and directives adopted by UMC from time to time.

The District and UMC agree (a) that UMC shall have the right to review periodically operating decisions made by the District; (b) that UMC shall have the right to change, repeal or alter policies adopted by the District or to formulate new policies to be implemented by the District in connection with managing the day-to-day operation of the Hospital; and (c) that, in order to provide UMC with an informed basis for reviewing the District's performance hereunder, the District shall prepare and deliver to UMC from time to time the reports and financial statements required by the terms of this Agreement.

Section 3: MANAGEMENT OF THE HOSPITAL

UMC hereby delegates to the District the general authority to manage the day-to-day operation of the Hospital and to perform functions consistent with that role. The District shall not make any substantial changes in the method of operating the Hospital without obtaining the prior approval of UMC.

Section 4: MEDICAL MATTERS

All medical matters shall be the responsibility of UMC and the Organized Staff (as that term is described in Article 7 of the Bylaws of UMC). The District may, however, consult with UMC and make appropriate recommendations concerning such matters.

Section 5: ADMINISTRATIVE SERVICES

In addition to the other management services provided for herein, the District shall make available to the Hospital for consultation and advice, when requested and without charge to UMC, its resource of administrative staff. The District's resource of staff specialists shall include employees and contract personnel of the District as are necessary to fulfill the following functions:

- accounting
- auditing
- budgeting
- credit and collection
- dietary services
- environmental control
- laboratory
- labor relations
- materials management
- maintenance
- medical records
- medical staff relations
- nursing services
- personnel
- pharmacy operations
- physical plant renovation
- purchasing
- quality assurance
- systems and procedures
- third party reimbursement

Section 6: PATIENT SERVICES

From time to time and as appropriate, the District shall make recommendations to UMC concerning changes in the scope of services offered by the Hospital. In formulating its recommendations, the District shall confer with and seek the advice of the Organized Staff and, prior to instituting any proposed changes, the District shall obtain the approval of UMC.

Section 7: QUALITY ASSURANCE PROGRAM

The District shall develop and assist in the implementation of a Quality Assurance Program. Implementation services shall include preparation of forms and other documentation, training of quality assurance personnel and the holding of orientation sessions for members of the Organized Staff.

Section 8: COOPERATION WITH ORGANIZED STAFF

The District shall cooperate with the Organized Staff and shall advise and assist the Organized Staff in functioning in the manner provided by the standards and guidelines on accreditation promulgated by the Joint Commission on Accreditation of Hospitals. The District shall assist the Organized Staff in adopting and reviewing its Bylaws and shall advise the Organized Staff regarding procedural matters.

Section 9: OPERATIONS REVIEW COMMITTEE

- (a) Consistent with the terms of the Affiliation Agreement between UMC and the University, UMC shall appoint an Operations Review Committee to recommend policies to UMC affecting the management of the Hospital, and in this connection, act as liaison among UMC, the University and the District.
- (b) The Operations Review Committee shall consist of the following eight (8) persons:
 - (i) the President of UMC;
 - (ii) the Director of Medical Affairs of the Hospital;
 - (iii) the President of the Health Science Center;
 - (iv) the Dean of the School;
 - (v) the Chairman of the Board of Managers of the District;
 - (vi) the Chief Executive Officer of the District;
 - (vii) the Director of Medical Affairs of Parkland Memorial Hospital; and
 - (viii) the Hospital Administrator, as provided for in Section 11.

Section 10: HOSPITAL EMPLOYEES

Except as specifically provided in Section 11, UMC hereby authorizes the District on behalf of UMC to recruit, employ, train, promote, assign, suspend or terminate persons, employed

by UMC at the Hospital, in accordance with any instructions given by UMC, all as necessary for the proper operation and maintenance of the Hospital. All such employees shall be employees of and shall be carried on the payroll of UMC and shall not be employees of the District.

Section 11: DISTRICT EMPLOYEES

- (a) The District shall employ, in furtherance of its responsibilities hereunder, qualified persons to serve as the Hospital Administrator, the Controller and the Director of Nursing of the Hospital, together with such other individuals as may be necessary to carry out the District's responsibilities. The Hospital Administrator, Controller and Director of Nursing shall be employees of and compensated by the District and may be removed at any time from the Hospital at the reasonable discretion of the District after consultation with UMC. All employees supplied by the District to manage the Hospital under the terms of this Agreement shall be subject to the express approval of UMC and the District hereby agrees to remove any of the foregoing employees of the District, including the Hospital Administrator, from the Hospital at the request of UMC.

(b) UMC shall reimburse the District for salaries and fringe benefits paid to or on behalf of the foregoing District employees; provided, however, that all such salaries and fringe benefits shall be approved annually by UMC and such approval shall not be unreasonably withheld. Such reimbursements by UMC to the District incurred under this Section shall be considered direct expenses of the District and shall not be subject to deferral as is permitted in Section 25(e). Fringe benefits shall include the employer's contribution to FICA or a program in lieu of FICA, unemployment compensation, and other employment taxes, car allowances, pension contributions, worker's compensation, thrift plan, group life and accident and health insurance premiums, disability, relocation and recruitment and other benefits.

Section 12: PAY SCALES AND PERSONNEL POLICIES

The District shall review and make written recommendations to UMC regarding the pay scales of employees and personnel policies. The District shall institute any changes or recommendations regarding the same with the consent of UMC.

Section 13: STRATEGIC PLANNING

The District shall assist UMC and the Organized Staff in formulating and developing a strategic plan for the Hospital.

Section 14: FINANCIAL AND OTHER REPORTS

(a) The District shall supervise, direct and maintain the operation of a suitable Hospital accounting system and shall cause to be delivered to UMC financial statements and reports as follows:

- (i) within thirty (30) days after the close of each month, a balance sheet, a statement of profit and loss showing the results of the Hospital's operations for each such month and for the fiscal year to date, and a statement of cash receipts and disbursements;
- (ii) within one hundred twenty (120) days after the close of the fiscal year, a balance sheet, a statement of profit and loss showing the results of the Hospital's operations during that fiscal year, and a statement of cash receipts and disbursements as audited by the independent public accountant engaged by UMC;

- (iii) for each month of operation of the Hospital, a detailed statement of all amounts paid to the District by UMC, or billed to UMC by the District, whether for Management Fees, as specified in Section 25 hereof, salaries, fringe benefits or other services; and
 - (iv) within the period authorized by reimbursement programs a cost report or other report that may be required by said programs including Medicare and Medicaid and other third-party payment contracts and programs in which the Hospital may from time to time participate;
- (b) The District shall prepare and submit to UMC such other reports regarding the status and condition of the Hospital as UMC may reasonably request from time to time.

Section 15: PREPARATION AND ADOPTION OF ANNUAL BUDGET

- (a) The District shall supervise preparation of an annual budget conforming to appropriate governmental regulations which sets out major operating objectives, anticipated revenues, expenses, cash flow and capital expenditures, including fixed or movable equipment expenditures, and shall cause the budget

to be presented to UMC at least one hundred twenty (120) days prior to the commencement of each fiscal year for its review. UMC shall consult with the University prior to approval of the annual budget. At the time the budget is presented, the District shall make recommendations to UMC respecting the pay scales of employees and the number of budgeted positions at the Hospital.

- (b) Upon adoption or any modification of the budget by UMC, it shall serve as a plan for the operation of the Hospital during the ensuing year. Upon periodic review of the UMC financial statements, if, on an annualized basis any item of controllable expense is projected to exceed the budgeted amount by more than ten percent (10%), or if the aggregate of controllable expenses (for example, payroll, supplies, equipment purchases, capital expenditures, marketing, etc.) is projected to exceed the budgeted amount by more than fifteen percent (15%), then the District and UMC shall consult with each other promptly to re-evaluate financial plans, capital expenditures and operating expense controls in order to take appropriate corrective action. The District shall also prepare and present to UMC on an annual basis a five (5) year forecast of financial data relevant to the Hospital and its operations.

Section 16: PATIENT CHARGES

The District and UMC recognize the importance of maintaining room rates and other patient charges which enable the Hospital to meet its financial obligations while containing the cost of health care. The District shall recommend patient charges to UMC for approval which take into account the financial obligations of the Hospital, the level of patient charges at other hospitals and the importance of providing quality health care at a reasonable cost.

Section 17: COLLECTION OF ACCOUNTS

Pursuant to collection policies established from time to time by UMC, the District shall supervise and direct the collection of all accounts due UMC and shall take all reasonable steps necessary to minimize the number and amount of bad debts.

Section 18: LEGAL MATTERS

As owner of the Hospital, UMC shall have full and final responsibility for the management of all legal matters affecting UMC and the Hospital, including all decisions respecting (i) the commencement, defense and settlement of civil actions, regulatory proceedings and all other legal matters involving UMC and the Hospital, and (ii) the selection of legal counsel to represent UMC and the Hospital, in this connection; however, UMC may, on a case-by-case or other basis, delegate to the

District the handling of such legal matters and routine litigation as may arise in the day-to-day operation of the Hospital. The District shall promptly deliver to UMC copies of any complaints or other legal proceedings instituted against the Hospital which are received by the District, or any of its representatives, in its capacity as manager of the Hospital. The District shall report monthly to UMC on the status of all legal proceedings involving the Hospital. UMC reserves the right to approve or disapprove any counsel selected by the District.

Section 19: DEPOSIT, DISBURSEMENT AND MANAGEMENT OF FUNDS

The District, on behalf and for the account of UMC, shall deposit in bank accounts established by UMC all receipts and monies arising from the operation of the Hospital received by the District. Disbursements shall be made by UMC or such other persons as are approved in writing by UMC. The District shall exercise reasonable care in the management and handling of funds generated from the operation of the Hospital.

Section 20: REPAIRS AND MAINTENANCE

The District shall, in the name of and for the account of UMC, negotiate, contract for and supervise such repair and maintenance of the physical property and equipment used or useful in the operation of the Hospital, as shall be necessary to keep and maintain the Hospital in good working order and

condition. The District will obtain the approval of UMC prior to contracting or otherwise arranging for any repair or maintenance involving payments aggregating more than Ten Thousand Dollars (\$10,000.00) unless said repair or maintenance has been specifically included in the annual budget; provided, however, the maximum amount as provided in this sentence can be changed by UMC upon giving thirty (30) days prior written notice to the District.

Section 21: DISTRICT'S PURCHASING PROGRAM

In order to minimize the cost of supplies and services to UMC, the District shall offer to UMC participation in the District's purchasing program.

Section 22: OPERATING SUPPLIES

The District shall cause the purchase of food, beverages, equipment, operating supplies and other material in the name and for the account of UMC which may be necessary or appropriate for the operation and maintenance of the Hospital.

Section 23: MAINTENANCE AND OTHER AGREEMENTS

The District shall, in the name and for the account of UMC, negotiate and enter into such agreements as it may deem necessary or advisable, for the furnishing of utilities, services, concessions, and supplies for the operation and maintenance of the Hospital, including without limitation non-

medical professional services. The District will obtain the approval of UMC prior to entering into any such agreement involving payments aggregating more than Five Thousand Dollars (\$5,000.00) or having a term longer than one (1) year, unless the expenditure has been specifically included in the annual budget; provided, however, the maximum amount as provided in this sentence can be changed upon thirty (30) days prior written notice to the District.

Section 24: NEWSSTAND AND GIFT SHOP

The District shall have the right to select the operator of the Newsstand and Gift Shop in the Hospital for the first twelve (12) months after the opening of the Hospital.

Section 25: MANAGEMENT FEE

- (a) For each year of the term hereof, commencing on the date of the opening of the Hospital, UMC shall pay to the District a Management Fee (so called herein) of One Hundred Seventy-Five Thousand Dollars (\$175,000.00) for its services under this Agreement.
- (b) It is contemplated that the District will provide management services to UMC for the period beginning on the date of this Agreement and ending on the date of the opening of the Hospital, and the parties hereby mutually agree that UMC shall pay to the District a fee for services rendered by the District

to UMC during this pre-opening period in an amount to be mutually agreed upon, taking into account the time expended by representatives of the District and any out-of-pocket expenses incurred by them.

- (c) The Management Fee in each year of the term hereof shall be paid in equal monthly installments payable on the last day of each month. The first and last monthly payments shall be prorated in accordance with the number of days during those months.
- (d) The Management Fee shall be adjusted annually, commencing one (1) year after the date of the opening of the Hospital to reflect changes in the Consumer Price Index. On each yearly anniversary date the fee shall be adjusted by a percentage equal to the percentage increase or decrease in the "Consumer Price Index for Urban Wage Earners and Clerical Workers, U.S.A. - All City Average Report," published by the United States Department of Labor during the previous twelve (12) months; provided, however, no annual increase or decrease shall exceed ten percent (10%).
- (e) If the Available Cash Flow, as hereinafter defined, is insufficient for UMC to make payment of the monthly Management Fee to the District as required by this Agreement, the monthly Management Fee may be deferred; provided, however, that in no event

shall UMC pay less than Seven Thousand Dollars (\$7,000.00) per month on account of the Management Fee. Available Cash Flow for any month during the term of this Agreement shall mean cash received by the Hospital during such month, less cash paid out by the Hospital during such month, together with such reserves as are retained or accrued by UMC in its sole and absolute discretion. UMC agrees to repay all deferred Management Fees as soon as possible from its Available Cash Flow.

- (f) UMC agrees to pay the District interest, at the rate of ten percent (10%) per annum, on any portion of the non-deferrable Seven Thousand Dollar (\$7,000.00) minimum monthly Management Fee which remains unpaid for more than sixty (60) days after due, said interest to accrue from the date originally due until payment is made. UMC agrees to pay the District interest, at a rate equal to the prime rate of interest for unsecured commercial loans of RepublicBank Dallas, N.A., on the deferred portion of the monthly Management Fee in excess of Seven Thousand Dollars (\$7,000.00) which remains unpaid for more than sixty (60) days after due, said interest to accrue from the date originally due until payment is made.

- (g) All monthly payments made by UMC shall be applied in the following order of priority:
- (i) payment of that month's minimum monthly installment;
 - (ii) payment of any accumulated delinquent minimum monthly installments;
 - (iii) payment of accrued interest on any delinquent minimum monthly installments;
 - (iv) payment of any accumulated deferred Management Fee;
 - (v) payment of accrued interest on any accumulated deferred Management Fee.

Section 26: CONFLICTS OF INTEREST

The parties agree that all potential conflicts of interest among UMC's employees, members of the Organized Staff and/or representatives of the District shall be promptly disclosed to UMC and to the Hospital Administrator.

Section 27: NON-ASSUMPTION OF LIABILITIES

The District shall not by entering into and performing this Agreement, become liable for or be deemed to have assumed any of the obligations, liabilities or debts of UMC.

Section 28: FIDELITY BOND

The District shall obtain and furnish to UMC evidence of a fidelity bond satisfactory to UMC in the amount of at least One Million Dollars (\$1,000,000.00) per employee in favor of UMC covering the District's employees performing services at or for the Hospital.

Section 29: INSURANCE

The District shall establish and review the insurance program of the Hospital and make recommendations with respect thereto to UMC. At the request of UMC, the District shall, through an agent approved by UMC, in the name and for the benefit of UMC, negotiate, contract for and keep in full force and effect policies of insurance insuring UMC against the risks usually insured against by hospitals, providing such is available at reasonable cost. The District shall provide evidence of insurance satisfactory to UMC for both general liability and professional liability insurance coverage of at least One Million Dollars (\$1,000,000.00) per occurrence and Five Million Dollars (\$5,000,000.00) annually in the aggregate (or such greater amounts of coverage as shall be requested by UMC).

Section 30: INDEMNIFICATION

UMC shall hold harmless, indemnify and defend the District from all liabilities, penalties, losses, damages, costs,

expenses, causes of action, claims and/or judgments arising by reason of any injury or death to any person or persons, or damage to property of any person or parties, by any servants, agents, employees, subtenants, licensees or concessionaires under the direct control of UMC, unless such person or entity was at the relevant time acting or failing to act while under the direction, and subject to the authority of, the District or any of its employees or representatives pursuant to the terms of this Agreement.

The District shall hold harmless, indemnify and defend UMC from all liabilities, penalties, losses, damages, costs, expenses, causes of action, claims and/or judgments arising by reason of any injury or death to any person or persons, or damage to property of any person or parties, by any servants, agents or employees of the District.

Section 31: TAX-EXEMPT STATUS

The District shall manage the Hospital in such a manner so as to maintain UMC as a tax-exempt organization under the Internal Revenue Code of 1954, as amended.

Section 32: GOVERNMENT REGULATIONS

The District shall cause all things to be done in and about the Hospital necessary to comply with the requirements of any statute, ordinance, law, rule, regulation or order of any governmental or regulatory body or agency. In the event

of any changes in statutes, ordinances, laws, rules, regulations and/or orders governing the operation of the Hospital to the detriment of either the District or UMC, the District shall make a presentation to UMC explaining the changes and costs of compliance with such changes. The District shall keep UMC promptly and fully advised of any health-related governmental or regulatory action which might reasonably be expected to affect the Hospital. The District covenants that it shall not take or fail to take any actions, which actions or failure to act shall cause a termination of, or adversely affect, UMC's participation (if any) in Medicare, Medicaid, Blue Cross, or any other public or private medical payment or reimbursement program.

Section 33: LICENSES AND PERMITS

The District shall apply for, obtain and maintain, in the name and at the expense of UMC, all licenses and permits required in connection with the management and operation of the Hospital. UMC shall cooperate with the District in applying for, obtaining and maintaining such licenses and permits. All such licenses and permits shall be the property of UMC, and the originals thereof will be kept on file at the Hospital at all times.

Section 34: JOINT COMMISSION ON ACCREDITATION OF HOSPITALS

The District shall assure that the administrative and managerial practices and procedures employed at the Hospital meet the standards of the Joint Commission on Accreditation of Hospitals ("JCAH"), and shall assist the Organized Staff in assuring that medical practices and procedures employed at the Hospital also meet such standards. UMC shall cooperate with the District in assuring that the practices and procedures employed at the Hospital comply with the standards of the JCAH.

Section 35: CONFIDENTIALITY OF RECORDS

The District shall protect the confidentiality of the books and records of UMC and the Hospital (except as provided in Section 36), and shall comply with all applicable Federal, state and local laws and regulations relating to such books and records, including without limitation those requiring the maintenance of records sufficient to demonstrate compliance with the standards of the JCAH. The original copies of all such books and records shall be maintained at the Hospital.

Section 36: FEDERAL GOVERNMENT ACCESS

If this Agreement is subject to the provisions of Section 1861(v)(1)(I) of the Federal Social Security Act and regulations promulgated thereunder, providing for access by certain Federal governmental and regulatory authorities and

representatives to certain books and records, then the District shall comply with the provisions of such Act and such regulations.

Section 37: ARBITRATION

- (a) In the event of a dispute between UMC and the District under this Agreement which has not been resolved within thirty (30) days after one party has notified the other, in writing, of the inability to resolve the dispute, such dispute shall be settled and finally determined by arbitration. The party demanding arbitration shall, in writing, notify the other party of its intent to arbitrate and shall simultaneously file a demand for arbitration with the American Arbitration Association within ten (10) days after the expiration of the thirtieth (30th) day referred to in the preceding sentence.
- (b) The arbitration will be conducted in the City of Dallas, Texas before a panel of three (3) arbitrators in accordance with the provisions of the Texas General Arbitration Act and the United States Arbitration Act, as they are amended from time to time, and the rules then in effect of the American Arbitration Association (the "Association"), or its successor. One (1) arbitrator shall be selected

by UMC, one (1) arbitrator shall be selected by the District and the third arbitrator shall be selected by the two (2) arbitrators so selected. In the event either party, within ten (10) days after written notification of any demand for arbitration hereunder, or in the event the two (2) selected arbitrators, within ten (10) days after the appointment of the last, shall not have selected an arbitrator and given notice thereof to the parties, such arbitrator shall be selected in the manner provided for in Rules 14 and 15 of the Commercial Arbitration Rules of the Association, amended and in effect February 1, 1984. Each arbitrator selected shall have at least ten (10) years experience in the subject matter in dispute.

- (c) After being duly appointed, the arbitrators shall, within thirty (30) days, conduct a pre-hearing conference to determine the scope of the matter(s) submitted, to set forth a schedule of discovery and to select a hearing date no later than one hundred twenty (120) days from the date of the pre-hearing conference. The parties to the arbitration, in addition to the rights granted under the rules of the Association and the foregoing statutes, shall have the right to offer evidence and testify at the hearings and cross-examine witnesses.

- (d) The parties will remain obligated to perform their respective obligations, duties and responsibilities under this Agreement until a final decision of the arbitrators is rendered.
- (e) The decision of a majority of the arbitrators shall be in writing and in duplicate and shall contain findings of fact and conclusions or opinions upon which the arbitrators base their decision, one (1) counterpart thereof to be delivered to each of the parties. The decision of the arbitrators shall be binding, final and conclusive on the parties and shall be enforceable in any court of competent jurisdiction.
- (f) The costs of such arbitration shall be borne by the party against whom any question so submitted is resolved, unless differently allocated in the arbitration award.

Section 38: NO PARTNERSHIP OR JOINT VENTURE

Nothing contained in this Agreement shall constitute or be construed to create a partnership or joint venture between UMC and the District or to create or evidence any equity interest in the Hospital or any other asset of UMC on the part of the District. The relationship of the District to UMC under this Agreement is solely that of an independent contractor.

Section 39: TERM

This Agreement shall be for an initial term commencing upon the date of issuance by the Texas Health Facilities Commission of a certificate of need authorizing construction of the Hospital and expiring on September 30, 1994, after which it shall continue for successive terms of two (2) years each, unless either party gives written notice of its intention not to renew at least two (2) years prior to the expiration of the initial term or renewal term, as the case may be.

Section 40: TERMINATION

- (a) Notwithstanding any other provisions in this Agreement to the contrary, either party may terminate this Agreement for good cause at any time prior to the expiration of the initial term of this Agreement or any renewal term, by giving the other party written notice six (6) months prior to the proposed date of termination. Such notice shall include a detailed statement of such cause, and such other party shall have six (6) months within which to cure such cause. In the event there remains a dispute as to whether such cause exists or has been cured by the proposed date of termination, then such dispute shall be submitted to arbitration as set forth in Section 37 hereof.

- (b) UMC shall have the right to terminate this Agreement upon the acquisition of the District by another concern, or upon the District's assignment of this Agreement to another person without the written consent of UMC.
- (c) The District shall have the right to terminate this Agreement upon ninety (90) days prior written notice upon the happening of either of the following events:
 - (i) UMC fails to pay to the District the Management Fee due (and not deferred pursuant to Section 25) under this Agreement, and such failure shall continue for as much as ninety (90) days after written notice thereof shall have been given to UMC; or
 - (ii) if, through no fault of the District, the licenses required for the operation of the Hospital are at any time suspended, terminated or revoked, and such suspension, termination or revocation shall continue unstayed and in effect for a period of ninety (90) days consecutively.

Section 41: NOTICES

- (a) All notices, consents and approvals required or permitted to be given hereunder must be made in

writing to be effective and shall be deemed to have been received on the earlier of (i) the date of actual receipt or (ii) five (5) days after the same are deposited in the U.S. mail, registered or certified, postage prepaid, return receipt requested, addressed as follows:

District

Chief Executive Officer
Dallas County Hospital District
Parkland Memorial Hospital
5201 Harry Hines Boulevard
Dallas, Texas 75235

with a copy to:

Thomas L. Cox, Jr.
Director of Legal Affairs
Parkland Memorial Hospital
5201 Harry Hines Boulevard
Dallas, Texas 75235

UMC

University Medical Center, Inc.
c/o Bruce A. Lipsky
Zale Corporation
901 W. Walnut Hill Lane
Irving, Texas 75038-1003

with a copy to:

Dolph B.H. Simon, Esq.
Zale Corporation
901 W. Walnut Hill Lane
Irving, Texas 75038-1003

- (b) The parties hereto may from time to time and at any time change their respective addresses by written notice to the other party in the manner provided under this Section.

Section 42: AMENDMENTS

This Agreement cannot be changed or modified except by another agreement in writing executed by both parties.

Section 43: AUTHORIZATION FOR AGREEMENT

The execution and performance of this Agreement by UMC and the District have been duly authorized by all necessary laws, resolutions and corporate or other action, and this Agreement constitutes the valid and enforceable obligation of UMC and the District in accordance with its terms.

Section 44: HEADINGS; GOVERNING LAW; SEVERABILITY

- (a) The headings contained in this Agreement are for convenience of reference only and are not intended to define, limit or describe the scope or intent of any provision herein.
- (b) This Agreement shall be deemed to have been made in and shall be construed and interpreted in accordance with the laws of the State of Texas.
- (c) Should any provision of this Agreement, for any reason, be declared invalid or unenforceable, such provision shall be deemed to be fully severable herefrom, and the remaining provisions hereof shall remain in full force and effect as if the invalid

or unenforceable provision had never comprised a portion hereof.

DALLAS COUNTY HOSPITAL DISTRICT

By: _____
Chairman, Board of Managers
Dallas County Hospital District

Dated: _____

UNIVERSITY MEDICAL CENTER, INC.

By: _____
Chairman, Board of Directors
University Medical Center, Inc.

Dated: _____

It is further recommended that the U. T. Board of Regents find that: (1) the holding of this position by Dr. Levin is of benefit to the State of Texas; and (2) there is no conflict between the position this individual holds and membership on the Board of Scientific Counselors, Division of Cancer Prevention and Control, National Cancer Institute.

BACKGROUND INFORMATION

Dr. Levin has received an invitation to become a member of the Board of Scientific Counselors, Division of Cancer Prevention and Control, National Cancer Institute. Membership will involve attendance at four to five meetings a year for which he will receive reimbursement for all travel expenses and an honorarium of \$100 per day.

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.

3. U. T. Medical Branch - Galveston: Proposed Affiliation Agreement with St. Paul Hospital, Dallas, Texas.--

RECOMMENDATION

The Office of the Chancellor concurs with President Levin's recommendation that approval be given to the non-standard affiliation agreement set out on Pages HAC 4 - 8 by and between the U. T. Medical Branch - Galveston and St. Paul Hospital, Dallas, Texas. The agreement has been executed by the appropriate officials and will become effective upon approval by the U. T. Board of Regents.

BACKGROUND INFORMATION

This facility will not accept the standard affiliation agreement used by the U. T. System, but the proposed agreement has been reviewed and approved by the Office of General Counsel.

This agreement will provide training opportunities for students in the U. T. Allied Health Sciences School - Galveston.

ALLIED HEALTH CARE
EDUCATIONAL EXPERIENCE PROGRAM
AFFILIATION AGREEMENT

THIS AGREEMENT is made and entered into by and between ST. PAUL HOSPITAL ("St. Paul"), a Texas nonprofit corporation having its principal office at 5909 Harry Hines Blvd., Dallas, Dallas County, Texas, 75235, and The Univ. of Texas Medical Branch at Galveston ("University"), a component institution of The University of Texas ("System"), located at the City of Galveston, County of Galveston, State of Texas.

WITNESSETH:

WHEREAS, St. Paul now operates a tertiary care hospital and other facilities located in Dallas, Texas, and therein provides health care services for persons in need of such services, and University provides an academic program with respect to health care; and

WHEREAS, University periodically desires to provide health care related educational experiences for its students, which are not otherwise available to them under the existing program of University, by utilization of appropriate facilities and personnel of St. Paul; and

WHEREAS, St. Paul is committed to a goal of providing the best obtainable supply of personnel educated in the field of health care as being in the best interests of the community, and believes that achievement of such goal can best be accomplished by affording health care students the opportunity to participate in meaningful educational experiences as part of an academic health care program, through utilization of appropriate facilities and personnel of St. Paul; and

WHEREAS, in order to accomplish such goals and objectives, St. Paul and University intend to establish and implement from time to time, one or more educational experience programs which will involve the facilities and personnel of St. Paul, and the students and personnel of University;

NOW, THEREFORE, in consideration of the premises and of the benefits derived and to be derived therefrom and from the program or programs established and implemented by said parties, St. Paul and University agree that any program agreed to by and between St. Paul and University, during the term of this Agreement, for purposes of achieving the above described goals and objectives of said parties (hereinafter called "Student Educational Experience

Program" or "Program") shall be covered by and subject to the following terms and conditions:

1. Each respective Program shall not become effective until all agreements between the parties with respect to such Program have been reduced to writing ("Program Agreement"), and executed by the duly authorized representatives of St. Paul and University.

2. Each respective Program may be cancelled by either party by giving such written notice to the other of its intention to terminate the Program as provided in the Program Agreement; provided, however, that the Program shall automatically terminate upon termination of this Agreement.

3. In the event of conflict between the text of a Program Agreement and the text of this Agreement, this Agreement shall govern.

4. After each Program Agreement becomes effective, no amendments thereto shall be valid unless in writing and executed by the duly authorized representatives of St. Paul and University.

5. Except for certain acts to be performed by University pursuant to express provisions of this Agreement, St. Paul hereby agrees to furnish the premises, personnel, services, and all other things necessary for each Educational Experience Program, as specified in each Program Agreement, and, in connection with such Program, further agrees:

- (a) To use good faith efforts to comply with Federal, State and Municipal laws, ordinances, rules and regulations applicable to performance by St. Paul of its obligations under this Agreement, and applicable accreditation requirements, and to certify such accreditation compliance to University or other entity when requested to do so by University.
- (b) To permit the authority responsible for accreditation of University's curriculum to inspect such facilities, services and other things provided by St. Paul pursuant to this Agreement as are necessary for accreditation evaluation.
- (c) To appoint a person to serve for St. Paul as liaison (Liaison) to the faculty and students engaged in the program; provided, however, that no person not having the prior written approval of University shall be appointed Liaison; and, in such connection, St. Paul shall furnish in writing to University (not later than thirty (30) days prior to the date the Liaison appointment is to become effective) the name and professional and academic credentials of the person proposed by St. Paul to be Liaison, and within ten

days after receipt of same, University shall notify St. Paul of University's approval or disapproval of such person. In the event the Liaison becomes unacceptable to University after appointment, and University so notifies St. Paul in writing, St. Paul will appoint another person to serve as Liaison in accordance with the procedure stated in the first sentence of this sub-paragraph (c).

6. University hereby agrees:

- (a) To furnish St. Paul with the names of the students assigned by University to participate in the Program.
- (b) To assign for participation in each Program only those students (1) who have satisfactorily completed those portions of its curriculum which, according to each Program Agreement, are prerequisite to such participation, all as determined by University in its sole discretion, and (2) who have entered into a written agreement with University and St. Paul that they will not publish any material relating to the Program, or their experience in participating therein, without the prior written approval of University and St. Paul.
- (c) To designate a member of the University faculty to coordinate with St. Paul through its Liaison the learning assignment to be assumed by each student participating in the Program, and to furnish St. Paul in writing the name of such faculty member.

7. All notices under this Agreement shall be provided to the party to be notified in writing, either by personal delivery or by United States mail. All notices under this Agreement shall be deemed given to a party when received by such party's designated representative.

8. All the agreements between the parties on the subject matter hereof have been reduced to writing herein. No amendments to this Agreement shall be valid unless in writing and signed by the duly authorized representatives of the parties.

9. No oral representations of any officer, agent, or employee of St. Paul or the System, or any of its component institutions, (including, but not limited to University), either before or after the effective date of this Agreement, shall affect or modify any obligations of either party hereunder or under any Program Agreement.

10. University shall, to the extent authorized under the constitution and laws of the State of Texas, hold St. Paul harmless from liability resulting from University's (including Student's and Faculty's) acts or omissions resulting in injury, loss or damage arising in connection with the performance of or terms of this

agreement, including, but not limited to, damage to hospital property or property of others, or injury to hospital employees or any other person; provided, however, University shall not hold St. Paul harmless from any claims, demands, or causes of action arising in favor of any person or entity, growing out of, incident to, or resulting directly or indirectly from the sole negligence of St. Paul, its officers or employees, or any person or entity not subject to University's supervision or control. University shall maintain both professional liability insurance and personal injury insurance with an insurance carrier and in amount which are satisfactory to St. Paul. Proof of such insurance shall be provided upon request of St. Paul.

11. This Agreement shall be binding on and shall inure to the benefit of the parties and their respective successors and assignees; provided, however, that no assignment by either party shall be effective without prior written approval of the other party. A delay or failure of performance of either party shall not constitute default hereunder, or give rise to any claim for damages, if and to the extent such delay or failure is caused by occurrences beyond the control of either party.

12. This Agreement shall not become effective unless and until approved by St. Paul. If so approved, this Agreement shall become effective on the date of such approval, and shall continue in effect for an initial term ending one (1) year after the date and year of execution by St. Paul, and after such initial term, from year to year unless one party shall have given one hundred eighty (180) days' prior written notice to the other party of intention to terminate this Agreement. If such notice is given, this Agreement shall terminate: (a) at the end of term of this Agreement during which the last day of such one hundred eighty (180) day notice period falls; or, (b) when all students enrolled in each Program at the end of the term of this Agreement have completed their respective courses of study under each Program; whichever event last occurs.

EXECUTED BY St. Paul and University on the day and year written below in duplicate copies, each of which shall be deemed an original.

UNIVERSITY
The University of Texas Medical Branch
at Galveston

By William C. Levin _____ Date
William C. Levin, M.D. President

ST. PAUL

By Sister Damian Stetzel 7/20/84 Date
Administrator

AFFILIATION AGREEMENT BETWEEN ST. PAUL HOSPITAL, DALLAS, TEXAS, AND THE UNIVERSITY OF TEXAS MEDICAL BRANCH AT GALVESTON, GALVESTON, TEXAS.

ATTEST:

Effective date: _____

CONTENT APPROVED:

Charles H. Matthews, M.D.
Executive Vice Chancellor for Health Affairs
The University of Texas System

ATTEST:

FORM APPROVED:

M. Lee G. Tr...
Office of the General Counsel
The University of Texas System

ATTEST:

THE BOARD OF REGENTS OF THE
UNIVERSITY OF TEXAS SYSTEM

Executive Secretary, Board of Regents
The University of Texas System

Chairman

4. U. T. Health Science Center - Houston: Proposed Appointment of Ashbel Smith Professor Effective December 14, 1984.--

RECOMMENDATION

The Office of the Chancellor concurs with the recommendation by President Bulger to appoint Dr. William J. Schull as Ashbel Smith Professor at the U. T. Health Science Center - Houston effective December 14, 1984.

BACKGROUND INFORMATION

On April 10-11, 1980, the U. T. Board of Regents authorized the establishment of nonendowed professorships at all component institutions with instructional programs, similar to the Ashbel Smith Professorships previously established at U. T. Austin and the U. T. Medical Branch - Galveston. As stipulated in that action, the allotment of nonendowed professorships for the U. T. Health Science Center - Houston is five.

Dr. Schull has made substantial contributions to the synthesis of human genetics, human biology, human evolution, and demography and is considered a world leader in population genetics. He established the Center for Demographic and Population Genetics at the U. T. Health Science Center - Houston which has become a leading center for genetic and epidemiologic research. Dr. Schull holds a joint appointment as Professor at the U. T. G.S.B.S. - Houston and the U. T. Public Health School - Houston. With approval of this appointment, two of the Ashbel Smith Professorships for the U. T. Health Science Center - Houston will be filled.

5. U. T. Health Science Center - Houston (U. T. Medical School - Houston): Proposed Approval of an Amendment to the 1981 Research Affiliation Agreement with the Clayton Foundation for Research, Houston, Texas.--

RECOMMENDATION

The Office of the Chancellor concurs with the recommendation of President Bulger that the Research Affiliation Agreement by and between the U. T. Medical School - Houston of The University of Texas Health Science Center at Houston and the Clayton Foundation for Research, Houston, Texas, be amended as set out on Pages HAC 11 - 16 .

BACKGROUND INFORMATION

At its meeting on February 12-13, 1981, the U. T. Board of Regents approved a Research Affiliation Agreement between the Clayton Foundation and The University of Texas Health Science Center at Houston which provided for the funding of joint medical research programs through subsequent individual research program agreements. Research pursuant to a research program agreement has resulted in the invention of a diagnostic electronic imaging device. As required by the Affiliation Agreement, the patent rights to the invention have been assigned to the Clayton Foundation, and the Foundation has created the Positron Corporation as an entity to manufacture and market the device.

Because of the significant contributions of The University of Texas Health Science Center at Houston to the development of this invention, the Office of General Counsel has negotiated proposed amendments to this Agreement and the research program agreement in order to obtain for The University of Texas System a five-fold increase in the royalties that would have been realized under existing agreements.

AMENDMENT TO
RESEARCH AFFILIATION AGREEMENT

This Amendment to the Research Affiliation Agreement, which is dated February 13, 1981 (the "Research Affiliation Agreement") between the Clayton Foundation for Research, a Texas non-profit corporation (the "Foundation"), and The University of Texas Medical School at Houston ("UTMSH"), a component institution of The University of Texas Health Science Center at Houston, hereby makes the following two amendments to the Research Program Agreement:

AMENDMENT ONE

The last sentence of paragraph 5 entitled "Conduct of Medical Research" of the Research Affiliation Agreement is completely amended and rewritten to read as follows:

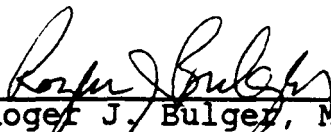
Any inventions or discoveries made, and any technology or know-how developed, during the course of research under this Agreement, which may, or may not, be patentable, or copyrightable, shall be treated in the manner prescribed in Appendix A attached hereto.

AMENDMENT TWO

Appendix A to the Research Affiliation Agreement is completely amended and rewritten to read as provided in the revised Appendix A attached hereto and made a part hereof, and such revised Appendix A shall be substituted in its entirety for the present Appendix A.

IN WITNESS WHEREOF, the parties have executed this agreement effective as of the _____ day of _____, 1984.

THE UNIVERSITY OF TEXAS HEALTH
SCIENCE CENTER AT HOUSTON

By: 
Roger J. Bulger, M.D.
President

CLAYTON FOUNDATION FOR RESEARCH

By: _____
M. T. Launius, Jr.
President

Form approved:

Content approved:

By: _____
Office of General Counsel

By: *Charles H. Matthews, Jr.*
Vice Chancellor for Health
Affairs

By: _____
Board of Regents
University of Texas System

By: _____
Chancellor

CERTIFICATE OF APPROVAL

I hereby certify that the foregoing Amendment to the 1981 Research
Affiliation Agreement was approved by the Board of Regents of
The University of Texas System on the _____ day of _____,
19____.

By: _____
Executive Secretary, Board of
Regents, The University of
Texas System

APPENDIX A
PROPRIETARY PROPERTY

1. Policy

The inventions and discoveries made and the know-how and technology developed by Clayton investigators during the course of research under this Agreement, either solely or jointly with the Hospital investigators, are valuable assets arising out of such research. These assets include inventions, discoveries, technology, know-how, and programs subject, or not subject, to being patented, or copyrighted, all of which are hereinafter referred to as "Proprietary Property." The Foundation recognizes that rights to this Proprietary Property, either limited or exclusive, can be a strong incentive for a private company to risk the money and effort needed to change research and Proprietary Property into a commercial product, or procedure, which is widely available to the public. Accordingly, the Foundation desires to obtain title to such Proprietary Property and when feasible, to seek patent or copyright protection on such Proprietary Property resulting from research projects under this Agreement. The Hospital is prepared to assist the Foundation in its desire to seek patent, or copyright, protection for certain of such Proprietary Property, and its desire to use such Proprietary Property in hastening the public enjoyment of the benefits of its research.

2. Proprietary Property

Proprietary Property developed solely by the Foundation, or solely by the Hospital, shall belong to such party. Due to the close cooperation between personnel of the Foundation and the Hospital in the research projects under this Agreement, it is contemplated that some Proprietary Property may be produced jointly by Foundation and Hospital

investigators. In this regard, where at the time the investigator is acting solely in the capacity as an employee of one party, such Proprietary Property shall nevertheless be deemed to have been made "jointly" if the other party has made some substantial contribution to the research project out of which such joint Proprietary Property arose, such as funds, equipment, space, overhead, staff, etc. In the case of Proprietary Property capable of being copyrighted or patented made jointly by the Foundation and the Hospital, either party may request that a patent or copyright application be filed therefor. The Foundation shall have the right to file patent applications, including utility models, and copyrights and to secure ownership to the same in the name of the Foundation in every country of the world and shall have the right to make the final decision with respect to the subject matter thereof reserving the right to abandon or cease maintaining the same. In the event that the Foundation elects not to file such a patent application, or copyright, or to abandon any such patent application, or ceases maintaining such a patent, the Foundation shall give thirty (30) days notice prior to such election and the Hospital shall have the right to file for, assume the prosecution of, or maintain the same, and the Foundation agrees to assign title thereto to the Hospital. The party filing the patent application, or copyright, prosecuting the application or maintaining the application shall have full control over the same; however, such party shall provide the other party with copies of all documents with respect thereto. The parties further agree that all expenses thereof shall be apportioned according to the respective contributions of the parties to the funding of the research project out of which the Proprietary Property arose.

3. Royalties

- (a) Royalties received from licensing the Proprietary Property which belongs

solely to one of the parties shall be the property of such party. Royalties received from licensing joint Proprietary Property shall be apportioned according to the respective contributions of the parties to the funding of the research project out of which the Proprietary Property arose.

(b) The patent policy of the Foundation for the use of any royalty income received by the Foundation from a patent or copyright arising out of a research project under this Agreement is as follows:

- (1) The investigator shall receive the same percentage of the royalty that he would have received as an investigator under the then existing patent policy of the Hospital; and
- (2) The balance of such royalty will normally be dedicated to further research at the Hospital on the same or a related project out of which the Proprietary Property arose; provided, however, that the Foundation, in the sole discretion of its trustees, reserves the right to utilize part or all of such balance of the royalty on other research projects at the Hospital or at any other institution or for any other purpose.

(c) The Foundation shall receive and disburse royalty income pursuant to subparagraph (a) above with respect to joint Proprietary Property of the Foundation and the Hospital and shall keep accurate records detailing the basis for such disbursements. The Foundation shall, before the end of the calendar quarter next succeeding the close of each fiscal year, provide a written report to the Hospital detailing royalty receipts and disbursements for the immediately preceding fiscal year and shall thereupon make the payments declared therein to be due.

4. Litigation

It may become necessary to enforce one or more of the patents, or copyrights, contained in the Proprietary Property obtained under Paragraph 2 above against infringers. In the event of joint Proprietary Property, all costs of litigation, including attorney's fees, shall be deducted from any royalties received on the joint Proprietary Property in suit before distribution in accordance with the provisions of Paragraph 3, subparagraph (a) above. If such costs exceed royalties, such costs shall be borne by the parties in proportion to their respective interests in the patent or copyright.

6. U. T. Health Science Center - San Antonio: Recommendation for Approval of a Patent License Agreement with Aquebogue Machine & Repair Shop, Long Island, New York.--

RECOMMENDATION

The Office of the Chancellor concurs with the recommendation of President Harrison, U. T. Health Science Center - San Antonio, that the Aquebogue Machine & Repair Shop, Long Island, New York, be granted a license under U.S. Patent No. 4,294,684, with an effective date of September 1, 1984. The agreement, set out on Pages HAC 18 - 30, provides an exclusive license in the United States only to make, use, and sell an electrophoresis template.

BACKGROUND INFORMATION

This invention relates to a small template device adapted for carrying out electrophoresis separations of biologically active materials. The device is one of several inventions within the electrophoresis field originating from the U. T. Health Science Center - San Antonio.

Aquebogue Machine & Repair Shop is a quality fabricator that wants to test the market for the device. Accordingly, the first fifty units sold by Aquebogue within a year after the effective date will be on a royalty-free basis. Thereafter, sales will be on the basis of a 10% royalty of gross sales. It is hoped that proliferation of the device will stimulate interest in the other electrophoresis technology of the U. T. Health Science Center - San Antonio.

PATENT LICENSE AGREEMENT

THIS AGREEMENT is made by and between the BOARD OF REGENTS, THE UNIVERSITY OF TEXAS SYSTEM, an agency of the State of Texas, whose address is 201 West 7th Street, Austin, Texas 78701, (hereinafter referred to as "UNIVERSITY") and AQUEBOGUE MACHINE AND REPAIR SHOP, a _____ corporation, whose address is Box 205, Main Road, Aquebogue, Long Island, New York, 11931, (hereinafter referred to as "LICENSEE"),

W I T N E S S E T H:

Whereas UNIVERSITY owns U. S. Patent #4,294,684 entitled "Template for Forming Multiple-Concentration for Agarose Gels" which is part of the LICENSED SUBJECT MATTER described in Attachment A;

Whereas UNIVERSITY also owns TECHNOLOGY related to the LICENSED SUBJECT MATTER;

Whereas UNIVERSITY wishes to have the inventions covered by the Patent and included in the TECHNOLOGY developed and used for the benefit of the inventor, UNIVERSITY, and the public as outlined in the Patent Policy promulgated by the aforementioned Board of Regents; and

Whereas LICENSEE wishes to obtain a license under such Patent and TECHNOLOGY to practice such inventions.

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

I. EFFECTIVE DATE

This Agreement shall be effective as of September 1, 1984.

II. DEFINITIONS

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

2.1 LICENSED SUBJECT MATTER shall be as described in Attachment A.

2.2 PATENT RIGHTS shall mean UNIVERSITY'S rights under said U.S. Patent 4,294,684, including any division, continuation, continuation-in-part or reissue thereof, or substitute therefor, and the letters patent that may be issued thereon.

2.3 TECHNOLOGY RIGHTS shall mean the rights to maintain TECHNOLOGY in confidence and to prevent others, under the law of unfair competition, trade secret or confidential relationship from appropriating such TECHNOLOGY.

2.4 TECHNOLOGY shall mean any invention, discovery, know-how, process, procedure, method, protocol, formula, technique, software, design, drawing, data, or other valuable technical information relating to the LICENSED SUBJECT MATTER.

2.5 LICENSED PRODUCT shall mean any product covered by one or more claims of the PATENT RIGHTS or produced by a method covered by one or more claims of such PATENT RIGHTS, or utilizing any TECHNOLOGY.

2.6 LICENSED FIELD shall mean use for medical analysis and diagnosis.

2.7 SALE(S) (or SOLD) shall mean any disposition of a LICENSED PRODUCT for value to a party other than LICENSEE or a sublicensee hereunder.

2.8 GROSS SALES shall mean LICENSEE'S billings (not less than cost) on SALES of LICENSED PRODUCT and any components or replacement parts therefor less any customary discounts allowed and actually taken, sales and/or use tax, import or export duties or their equivalent, outbound transportation prepaid or allowed, insurance, installation charges or charges for extended warranty or service contracts, amounts allowed or credited due to returns (not exceeding the original billing) and the imputed interest factor under any lease. GROSS SALES shall not be reduced due to commissions, taxes other than sales and/or use taxes, or import or export duties.

III. WARRANTY; SUPERIOR RIGHTS

3.1 Except for the rights of the Government of the United States, as set forth hereinbelow, UNIVERSITY represents and warrants that it is the owner of the entire right, title, and interest in and to PATENT RIGHTS and TECHNOLOGY, and that it has the sole right to grant licenses under such PATENT RIGHTS and TECHNOLOGY and that it has not granted licenses thereunder to any other person.

3.2 LICENSEE understands that the PATENT RIGHTS and TECHNOLOGY licensed hereunder were developed under a funding agreement with the Government of the United States of America and that the Government has certain rights relative thereto. This Agreement is explicitly made subject to the Government's rights under such agreement and the applicable Public Law such as 96-517

or its predecessor. To the extent that there is a conflict between any such agreement or applicable Public Law and this Agreement, the terms of such Government agreement or the Public Law shall prevail.

IV. LICENSE

4.1 UNIVERSITY hereby grants to LICENSEE an exclusive license only in the United States under its PATENT RIGHTS and TECHNOLOGY RIGHTS to make, have made for it, use, and sell LICENSED PRODUCT in the LICENSED FIELD during the Term of this Agreement.

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

4.3 The parties recognize that LICENSEE may encounter patents held by third parties which dominate LICENSEES operating under either or both of UNIVERSITY'S and LICENSEE'S PATENT RIGHTS and that a cross-license between LICENSEE and such a third party may be necessary in order to enable LICENSEE to market LICENSED PRODUCT. In that event LICENSEE has the right to enter into

cross-licensing agreements with third parties and to grant cross-licenses under the PATENT RIGHTS, provided:

(a) UNIVERSITY is consulted beforehand and is reasonably satisfied that the third party does in fact hold a patent that limits LICENSEE'S competitiveness in marketing LICENSED PRODUCT;

(b) The rights received by LICENSEE under such a cross-licensing agreement cover only LICENSED PRODUCT and are not directed to other products;

(c) UNIVERSITY incurs no financial or legal liabilities under the cross-license;

(d) Any money or the value of any equipment received by LICENSEE in exchange for such cross-license is treated as GROSS SALES for LICENSED PRODUCT;

(e) The cross-license provides that UNIVERSITY has the option of terminating any rights thereunder for any reason.

(f) Nothing contained in this paragraph 4.3 shall prevent LICENSEE from granting a sublicense under paragraph 4.2 of this Agreement.

4.4 UNIVERSITY specifically retains the right to:

(a) Publish the general scientific findings from research related to TECHNOLOGY; and

(b) use any information contained in TECHNOLOGY for research, publication, teaching, and other UNIVERSITY purposes, including finding and licensing other licensees in the event this license becomes non-exclusive or terminated.

4.5 UNIVERSITY shall have the right at any time after three years from the date of this Agreement, to convert the exclusivity of the license granted herein to non-exclusive if LICENSEE, within ninety days after written notice from UNIVERSITY of such intended termination of exclusivity, fails to provide written evidence that it has commercialized or is actively attempting to commercialize an invention hereunder, and shall have the right at any time after four (4) years from the date of this Agreement to terminate the license completely if LICENSEE within ninety days after written notice from UNIVERSITY of such intended termination, fails to provide written evidence that it has commercialized or is actively attempting to commercialize an invention licensed hereunder. Evidence provided by LICENSEE that it has an ongoing and active research, developmental, manufacturing, marketing or licensing program as appropriate, directed toward production and sale of products based on the invention disclosed and claimed in PATENT RIGHTS or incorporating TECHNOLOGY shall be deemed satisfactory evidence.

4.6 After two (2) years from the date of this Agreement, UNIVERSITY shall have the right, upon thirty (30) days written notice, to convert the license granted hereunder to non-exclusive in any national political jurisdiction in which LICENSEE has failed to commercialize or continue to commercialize a LICENSED PRODUCT.

4.7 During the term of this Agreement and for a period of five (5) years thereafter, LICENSEE shall not disclose any TECHNOLOGY to third parties without the express written consent of UNIVERSITY except to the extent that such TECHNOLOGY:

(a) is or later becomes part of the public domain through no fault of LICENSEE.

(b) was in the possession of LICENSEE prior to receipt from UNIVERSITY; or

(c) is received from a third party having no obligations of confidentiality to UNIVERSITY. This provision shall survive termination of this Agreement.

(d) is sublicensed under the terms of this Agreement.

V. PAYMENTS AND REPORTS

5.1 LICENSEE shall pay UNIVERSITY a royalty of ten percent (10%) of its or its sublicensee's GROSS SALES. Such royalty shall be due every six months after the effective date for the calendar quarter in which the LICENSED PRODUCT is delivered, except that the first fifty (50) LICENSED PRODUCT shall be royalty-free so long as they are sold within one year of the effective date of this Agreement.

5.2 Upon execution of this Agreement LICENSEE is under no obligation to pay UNIVERSITY any money until the end of one year after the effective date, unless LICENSEE sells more than fifty (50) LICENSED PRODUCT as provided in Paragraph 5.1 above.

5.3 During the Term of this Agreement and for one (1) year thereafter, LICENSEE shall keep complete and accurate records of its and its sublicensee's SALES of LICENSED PRODUCT under the license granted in this Agreement in sufficient detail to enable the royalties payable hereunder to be determined. LICENSEE shall permit UNIVERSITY or its representatives, at UNIVERSITY'S expense,

to periodically examine its books, ledgers, and records during regular business hours for the purpose of and to the extent necessary to verify any report required under this Agreement. In the event that the difference between the amount of royalty due and the amount of royalty actually paid exceeds five percent (5%), LICENSEE shall pay the cost of such examination.

5.4 Within thirty (30) days after June 30, and December 31, LICENSEE shall deliver to UNIVERSITY a true and accurate report, giving such particulars of the business conducted by LICENSEE and its sublicensees, if any exist, during the preceding six (6) calendar months under this License Agreement as are pertinent to an accounting for royalty payments hereunder. Such report shall include at least (a) the quantities of LICENSED PRODUCT that it has SOLD; (b) the billings thereon that comprise GROSS SALES, (c) the calculation of royalties thereon; and (d) the total royalties so computed and due UNIVERSITY. Simultaneously with the delivery of each such report, LICENSEE shall pay to UNIVERSITY the amount, if any, due for the period of such report. If no payments are due, it shall be so reported.

5.5 Upon the request of UNIVERSITY, but not more often than once per calendar year, LICENSEE shall deliver to UNIVERSITY a written report as to LICENSEE'S efforts and accomplishment during the preceding year in commercializing LICENSED PRODUCT in various parts of the licensed territory and its commercialization plans for the upcoming year.

5.6 All amounts payable hereunder by LICENSEE shall be payable in United States funds without deductions for taxes, assessments, fees, or charges of any kind.

5.7 If LICENSEE, during any full calendar year commencing after one (1) year after the effective date of this Agreement, fails to pay royalties in the minimum amount of \$1,000 for the first calendar year royalty obligations of this license are in effect, \$2,000 for the second and third calendar years royalty obligations under this license are in effect, and \$2,500 for each subsequent year this license is in effect, the following shall be applicable. For the first three (3) calendar years the above royalty obligations of this Agreement are in effect, LICENSEE is permitted to make a cash payment to cover any deficit in such royalties below such minimum amount. Otherwise, UNIVERSITY shall have the right upon 30 days written notice to convert the license granted hereunder to non-exclusive. But, such non-exclusive shall be subject to the right of termination of Paragraph 4.5.

VI. TERM AND TERMINATION

6.1 At any time within (12) twelve months after the effective date hereof, LICENSEE or LICENSOR can terminate this Agreement without cause upon written notice.

6.2 The term of this Agreement shall extend from the effective date set forth hereinabove to the full end of the term or terms for which any patent or extensions thereof in PATENT RIGHTS is granted (determined on a country-by-country basis).

6.3 This Agreement will earlier terminate:

(a) automatically if LICENSEE shall become bankrupt or insolvent and/or if the business of LICENSEE shall be placed in the hands of a receiver, assignee, or trustee, whether by voluntary act of LICENSEE or otherwise;

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

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

VII. INFRINGEMENT

7.1 LICENSEE shall have the option of enforcing at its expense any patent exclusively licensed hereunder against infringement by third parties and shall be entitled to retain any recovery from such enforcement. LICENSEE shall pay UNIVERSITY royalty on any monetary recovery to the extent that such monetary recovery by LICENSEE exceeds its expenses. In the event that LICENSEE chooses not to file suit against a substantial infringer of a patent within two (2) months of knowledge thereof, it

shall then promptly notify UNIVERSITY which shall have the right to reduce the license granted hereunder to non-exclusive if it brings suit.

7.2 In any suit or dispute involving an infringer, the parties shall cooperate fully, and upon the request and at the expense of the party bringing suit, the other party shall make available to the party bringing suit all relevant records, papers, information, samples, specimens, and the like which may be relevant and in its possession.

VIII. ASSIGNMENT

This Agreement may not be assigned by LICENSEE without the prior written consent of UNIVERSITY; provided that LICENSEE may assign this Agreement to any purchaser or transferee of all or substantially all of LICENSEE'S business upon prior written notice to UNIVERSITY.

IX. PATENT MARKING

LICENSEE agrees to mark permanently and legibly all LICENSED PRODUCT manufactured or sold by it under this Agreement including those fifty (50) units made royalty-free hereunder with the number of each issued Patent applicable thereto.

X. GENERAL

10.1 This Agreement constitutes the entire and only agreement between the parties relating to PATENT RIGHTS and TECHNOLOGY, and all prior negotiations, representations, agreements, and understandings are superseded hereby. No agreements altering or supplementing the terms hereof may be made except by means of written documents signed by the duly authorized representatives of the parties.

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

BOARD OF REGENTS
The University of Texas System
201 West 7th Street
Austin, Texas 78701

ATTN: System Intellectual Property
Office

or in the case of LICENSEE to:

Robert W. Dillingham
Aquebogue Machine and Repair Shop
Box 205 Main Road
Aquebogue, L.I., N.Y. 11931

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

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

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

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

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

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

ATTEST:

AQUEBOGUE MACHINE & REPAIR
SHOP

Secretary

President

FORM APPROVED:

CONTENT APPROVED:

General Counsel, The University
of Texas System

President, The University of
Texas Health Science Center
at San Antonio

Executive Vice Chancellor for
Health Affairs, The University
of Texas System

Chancellor, The University of
Texas System

ATTEST:

THE BOARD OF REGENTS OF THE
UNIVERSITY OF TEXAS SYSTEM

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

Chairman, Board of Regents of
The University of Texas System

7. U. T. Health Center - Tyler: Proposed Affiliation Agreement with Good Shepherd Hospital, Longview, Texas.--

RECOMMENDATION

The Office of the Chancellor concurs with Director Hurst's recommendation that approval be given to the non-standard affiliation agreement set out on Pages HAC 32 - 39 by and between the U. T. Health Center - Tyler and Good Shepherd Hospital, Longview, Texas. This agreement has been approved by the Office of General Counsel and has been executed by the appropriate officials and will become effective upon approval by the U. T. Board of Regents.

BACKGROUND INFORMATION

This agreement with Good Shepherd Hospital will provide health care related educational experience to residents of the proposed Family Practice Residency program at the U. T. Health Center - Tyler.

HEALTH CARE EDUCATIONAL
AFFILIATION AGREEMENT

THIS AGREEMENT made the _____ day of _____, 1984, by and between The University of Texas Health Center at Tyler ("University"), a component institution of The University of Texas ("System"), and Good Shepherd Hospital ("Facility"), a non-profit corporation organized and existing under the laws of the State of Texas, having its principal office at 621 North Fifth Street, Longview, State of Texas.

W I T N E S S E T H :

WHEREAS, Facility now operates hospital facilities located at 621 North Fifth Street, in the city of Longview, State of Texas, and therein provides health care services for persons in need of such services; and University provides an academic program with respect to health care;

WHEREAS, University periodically desires to provide health care related educational experiences for its residents which are not otherwise available to them under the existing program of University, by utilization of appropriate facilities and personnel of Facility;

WHEREAS, Facility is committed to a goal of providing the best obtainable supply of personnel educated in the field of health care as being in the best interest of Facility, and believes that achievement of such goal can best be accomplished by affording health care residents the opportunity to participate in meaningful educational experiences as a part of an academic health care program, through utilization of appropriate facilities and personnel of Facility; and

WHEREAS, in order to accomplish such objectives, University and Facility will establish a Family Practice Residency Program

("Program") which involves the residents, students, and personnel of University, and the facilities and personnel of Facility;

NOW, THEREFORE, in consideration of these premises and of the benefits derived and to be derived therefrom and from the Program established and implemented by said parties, University and Facility agree that such Program shall be governed by the following terms and conditions:

1. Facility hereby agrees to furnish the premises necessary to carry out this Agreement, and such personnel, services, and other things mutually agreed to by the parties hereto which are necessary to carry out the provisions of this Agreement. For purposes of this agreement, premises will be defined as sleeping quarters for one resident and the general facilities in use at the facility's principal place of business. In connection with the Program, Facility further agrees:

a. To comply with all Federal, State and Municipal laws, ordinances, rules and regulations applicable to performance by Facility of its obligations under this Agreement, and to maintain accreditation with the appropriate accrediting bodies and to certify such compliance to University or other entity when requested to do so by University.

b. To permit the authority responsible for accreditation of University's curriculum to inspect such facilities, services and other things provided by Facility pursuant to this Agreement as are necessary for accreditation evaluation.

c. To appoint a person to serve for Facility as Hospital Liaison to the faculty and residents engaged in the Program; provided, however, that no person not having prior written approval of University shall be appointed Hospital Liaison; and, in such connection, Facility shall furnish in writing to University (not later than thirty (30) days prior to the date the Hospital Liaison appointment is to become effective) the name and professional and academic credentials of the person proposed by Facility to be Hospital Liaison, and within ten (10) days after receipt of same, University shall notify Facility of University's

approval or disapproval of such person. In the event the Hospital Liaison becomes unacceptable to University after appointment, and University so notifies Facility in writing, Facility will appoint another person to serve as Hospital Liaison in accordance with the procedure stated in the first sentence of this Paragraph 1(c).

d. To provide space and associated services for the program. Space and associated services will be defined as access to the normal business premises of the facility.

2. University hereby agrees:

a. To furnish Facility with the names and other identifying information as may be requested by the facility of residents assigned by University to participate in the Program. Prior to assigning a resident or admitting a student to the residency program, the University will consult with a member of the Facility's credentials committee. The member of the credentials committee will be designated by the facility.

b. To assign for participation in the Program only those students (1) who have satisfactorily completed those portions of its curriculum which are prerequisite to such participation, all as determined by University in its sole discretion, and (2) who have entered into a written agreement with University and Facility that they will not publish any material relating to the Program, or their experience in participating therein, without prior written approval of University and Facility.

c. To designate a member of the University faculty ("University Liaison") to coordinate with Facility through its Hospital Liaison all matters pertaining to the Program. No person not having the prior written approval of Facility shall be appointed University Liaison; and, in such connection, University shall furnish in writing to facility (not later than (30) days prior to the date the University Liaison appointment is to become effective) the name and professional and academic credentials of the person proposed by University to be University Liaison, and within ten (10) days after receipt of same, Facility shall notify University of Facility's approval or disapproval of such person.

In the event the University Liaison becomes unacceptable to Facility after appointment as University Liaison, facility will notify University in accordance with the procedure previously set out in this Paragraph 2(c).

d. To coordinate the activities of all University residents who are assigned to Facility. The number of medical residents to be assigned to Facility and the duration of such assignment shall be agreed upon by University and Facility in advance of such assignment.

e. To provide faculty members to teach and to supervise the medical practice of residents in the discipline of Family Practice.

f. Through its Program in Family Practice, to recruit and select qualified residents for the Program.

3. University full-time faculty members shall not independently bill or collect for their own account, or for the account of University, any amount from patients or third party payors for the activities of such faculty members which are conducted in conjunction with the Family Practice Program. Professional fees generated by full-time faculty members for services rendered shall become the property of University.

4. Facility shall have the right to request the removal of any resident from the Program when, in Facility's sole discretion, there is good cause for such action, and University shall comply with such request after consultation and after consideration of due process.

5. University shall maintain in effect throughout the term of this Agreement professional liability coverage for its faculty and residents, through a funded self-insurance program or otherwise, the limits of which shall be at minimum those which are provided for residents and faculty of the System. University shall notify Facility of any changes in the limits of the professional liability coverage so provided by it. Facility shall be under no obligation to provide any professional liability insurance or coverage for faculty or residents.

6. It is mutually understood and agreed that all University full-time faculty, residents, and other personnel furnished by University pursuant to this Agreement or otherwise are independent contractors with respect to Facility. During performance of patient care activities, University faculty and residents as designated by a preceptor will conduct themselves in accordance with the medical staff bylaws and the applicable medical staff policies of the affiliate hospital. All such faculty, residents, and other personnel shall employ their own means and methods and exercise their own professional judgment in the performance of any services or activities at Facility, and Facility shall have no right of control or direction over such persons with respect to such means, methods, or judgments, or with respect to the details of such services or activities as long as these judgments do not conflict with established policies and procedures of affiliate hospital. It is expressly agreed that no faculty member, resident, or other person furnished, employed, or selected by University shall for any reason be deemed to be an employee, agent, ostensible or apparent agent, or servant or borrowed servant of Facility, and that faculty members and residents shall instead be considered employees of University. The faculty will assume responsibility for conduct of residents.

7. All notices under this Agreement shall be provided to the party to be notified in writing, either by personal delivery or by United States mail. All notices under this Agreement shall be deemed given to a party when received by such party's designated representative.

8. All the agreements between the parties on the subject matter hereof have been reduced to writing herein. No amendments to this Agreement shall be valid unless in writing and signed by the duly authorized representatives of the parties, and approved by the Board of Regents of The University of Texas System and the Board of Trustees of the Good Shepherd Hospital.

9. No oral representations of any officer, agent, or employee of Facility or The University of Texas System, or any of its component institutions (including, but not limited to

University), either before or after the effective date of this Agreement, shall affect or modify any obligations of either party hereunder.

10. This Agreement shall be binding on and shall inure to the benefit of the parties and their respective successors and assignees; provided, however, that no assignment by either party shall be effective without prior written approval of the other party. A delay in or failure of performance of either party shall not constitute default hereunder, or give rise to any claim for damages, if and to the extent such delay or failure is caused by occurrences beyond the control of either party.

11. This Agreement shall not become effective unless and until approved by the Board of Regents of The University of Texas System and the Board of Trustees of Good Shepherd Hospital. If so approved, this Agreement shall be come effective as of June 1, 1985, and shall continue in effect for an initial term ending June 30, 1986, and after such initial term, from year to year, unless one party shall have given to the other party, not less than one hundred eighty (180) days prior to the end of such a yearly term, written notice of intention to terminate this Agreement. If such notice is given, this Agreement shall terminate at the end of the yearly term of this Agreement during which the notice was given.

12. University agrees to maintain during the term of this Agreement and any extensions or renewals hereof, and for a period of four (4) years following its termination or expiration, adequate books and records which accurately reflect the services rendered under this Agreement and any other factors affecting the value or cost of the services provided hereunder to Good Shepherd Hospital. These books and records may be inspected by Good Shepherd Hospital or its representatives at any reasonable time.

FORM APPROVED

UNIVERSITY

By *Alexander Taylor*
Office of General Counsel
U. T. System

By *George A. Hurst*
George A. Hurst, M. D.
Director
The University of Texas
Health Center at Tyler

ATTEST:

Executive Secretary
Board of Regents
The University of Texas System

Chairman
Board of Regents
The University of Texas System

Chancellor
The University of Texas System

FACILITY

Nellie Hawthorn
Chairman, Board of Directors
The Good Shepherd Medical Center

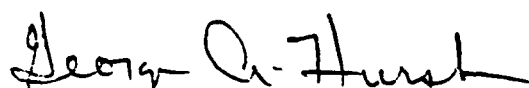
Wilson Stinnett
Wilson Stinnett, Administrator
The Good Shepherd Medical Center

ADDENDUM

As part of this agreement, The University of Texas intends to continue its usual and customary practice regarding medical services purchased off campus. If a medical service is purchased from Medical Center by The University of Texas Health Center at Tyler on behalf of a University of Texas patient, then the University of Texas Health Center at Tyler will pay for that service.



Wilson Stinnett
for
Good Shepherd Hospital



George A. Hurst, M. D.
for
The University of Texas
Health Center at Tyler

8. U. T. Health Center - Tyler: Proposed Affiliation Agreement with Medical Center Hospital, Tyler, Texas.--

RECOMMENDATION

The Office of the Chancellor concurs with Director Hurst's recommendation that approval be given to the non-standard affiliation agreement set out on Pages HAC 41 - 48 by and between the U. T. Health Center - Tyler and Medical Center Hospital, Tyler, Texas. This agreement has been approved by the Office of General Counsel and has been executed by the appropriate officials and will become effective upon approval by the U. T. Board of Regents.

BACKGROUND INFORMATION

This agreement with Medical Center Hospital will provide health care related educational experience to residents of the proposed Family Practice Residency program at the U. T. Health Center - Tyler.

HEALTH CARE EDUCATIONAL

AFFILIATION AGREEMENT

THIS AGREEMENT made the _____ day of _____, 1984, by and between The University of Texas Health Center at Tyler ("University"), a component institution of The University of Texas ("System"), and Medical Center Hospital Hospital ("Facility"), a non-profit corporation organized and existing under the laws of the State of Texas, having its principal office at 1000 South Beckham Street, Tyler, State of Texas.

W I T N E S S E T H :

WHEREAS, Facility now operates hospital facilities located at 1000 South Beckham Street, in the city of Tyler, State of Texas, and therein provides health care services for persons in need of such services; and University provides an academic program with respect to health care;

WHEREAS, University periodically desires to provide health care related educational experiences for its residents which are not otherwise available to them under the existing program of University, by utilization of appropriate facilities and personnel of Facility;

WHEREAS, Facility is committed to a goal of providing the best obtainable supply of personnel educated in the field of health care as being in the best interest of Facility, and believes that achievement of such goal can best be accomplished by affording health care residents the opportunity to participate in meaningful educational experiences as a part of an academic health care program, through utilization of appropriate facilities and personnel of Facility; and

WHEREAS, in order to accomplish such objectives, University and Facility will establish a Family Practice Residency Program

("Program") which involves the residents, students, and personnel of University, and the facilities and personnel of Facility;

NOW, THEREFORE, in consideration of these premises and of the benefits derived and to be derived therefrom and from the Program established and implemented by said parties, University and Facility agree that such Program shall be governed by the following terms and conditions:

1. Facility hereby agrees to furnish the premises necessary to carry out this Agreement, and such personnel, services, and other things mutually agreed to by the parties hereto which are necessary to carry out the provisions of this Agreement. For purposes of this agreement, premises will be defined as sleeping quarters for one resident and the general facilities in use at the facility's principal place of business. In connection with the Program, Facility further agrees:

a. To comply with all Federal, State and Municipal laws, ordinances, rules and regulations applicable to performance by Facility of its obligations under this Agreement, and to maintain accreditation with the appropriate accrediting bodies and to certify such compliance to University or other entity when requested to do so by University.

b. To permit the authority responsible for accreditation of University's curriculum to inspect such facilities, services and other things provided by Facility pursuant to this Agreement as are necessary for accreditation evaluation.

c. To appoint a person to serve for Facility as Hospital Liaison to the faculty and residents engaged in the Program; provided, however, that no person not having prior written approval of University shall be appointed Hospital Liaison; and, in such connection, Facility shall furnish in writing to University (not later than thirty (30) days prior to the date the Hospital Liaison appointment is to become effective) the name and professional and academic credentials of the person proposed by Facility to be Hospital Liaison, and within ten (10) days after receipt of same, University shall notify Facility of University's

approval or disapproval of such person. In the event the Hospital Liaison becomes unacceptable to University after appointment, and University so notifies Facility in writing, Facility will appoint another person to serve as Hospital Liaison in accordance with the procedure stated in the first sentence of this Paragraph 1(c).

d. To provide space and associated services for the program. Space and associated services will be defined as access to the normal business premises of the facility.

2. University hereby agrees:

a. To furnish Facility with the names and other identifying information as may be requested by the facility of residents assigned by University to participate in the Program. Prior to assigning a resident or admitting a student to the residency program, the University will consult with a member of the Facility's credentials committee. The member of the credentials committee will be designated by the facility.

b. To assign for participation in the Program only those students (1) who have satisfactorily completed those portions of its curriculum which are prerequisite to such participation, all as determined by University in its sole discretion, and (2) who have entered into a written agreement with University and Facility that they will not publish any material relating to the Program, or their experience in participating therein, without prior written approval of University and Facility.

c. To designate a member of the University faculty ("University Liaison") to coordinate with Facility through its Hospital Liaison all matters pertaining to the Program. No person not having the prior written approval of Facility shall be appointed University Liaison; and, in such connection, University shall furnish in writing to facility (not later than (30) days prior to the date the University Liaison appointment is to become effective) the name and professional and academic credentials of the person proposed by University to be University Liaison, and within ten (10) days after receipt of same, Facility shall notify University of Facility's approval or disapproval of such person.

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d. To coordinate the activities of all University residents who are assigned to Facility. The number of medical residents to be assigned to Facility and the duration of such assignment shall be agreed upon by University and Facility in advance of such assignment.

e. To provide faculty members to teach and to supervise the medical practice of residents in the discipline of Family Practice.

f. Through its Program in Family Practice, to recruit and select qualified residents for the Program.

3. University full-time faculty members shall not independently bill or collect for their own account, or for the account of University, any amount from patients or third party payors for the activities of such faculty members which are conducted in conjunction with the Family Practice Program. Professional fees generated by full-time faculty members for services rendered shall become the property of University.

4. Facility shall have the right to request the removal of any resident from the Program when, in Facility's sole discretion, there is good cause for such action, and University shall comply with such request after consultation and after consideration of due process.

5. University shall maintain in effect throughout the term of this Agreement professional liability coverage for its faculty and residents, through a funded self-insurance program or otherwise, the limits of which shall be at minimum those which are provided for residents and faculty of the System. University shall notify Facility of any changes in the limits of the professional liability coverage so provided by it. Facility shall be under no obligation to provide any professional liability insurance or coverage for faculty or residents.

6. It is mutually understood and agreed that all University full-time faculty, residents, and other personnel furnished by University pursuant to this Agreement or otherwise are independent contractors with respect to Facility. During performance of patient care activities, University faculty and residents as designated by a preceptor will conduct themselves in accordance with the medical staff bylaws and the applicable medical staff policies of the affiliate hospital. All such faculty, residents, and other personnel shall employ their own means and methods and exercise their own professional judgment in the performance of any services or activities at Facility, and Facility shall have no right of control or direction over such persons with respect to such means, methods, or judgments, or with respect to the details of such services or activities as long as these judgments do not conflict with established policies and procedures of affiliate hospital. It is expressly agreed that no faculty member, resident, or other person furnished, employed, or selected by University shall for any reason be deemed to be an employee, agent, ostensible or apparent agent, or servant or borrowed servant of Facility, and that faculty members and residents shall instead be considered employees of University. The faculty will assume responsibility for conduct of residents.

7. All notices under this Agreement shall be provided to the party to be notified in writing, either by personal delivery or by United States mail. All notices under this Agreement shall be deemed given to a party when received by such party's designated representative.

8. All the agreements between the parties on the subject matter hereof have been reduced to writing herein. No amendments to this Agreement shall be valid unless in writing and signed by the duly authorized representatives of the parties, and approved by the Board of Regents of The University of Texas System and the Board of Trustees of the Medical Center Hospital.

9. No oral representations of any officer, agent, or employee of Facility or The University of Texas System, or any of its component institutions (including, but not limited to

University), either before or after the effective date of this Agreement, shall affect or modify any obligations of either party hereunder.

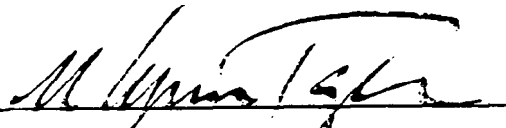
10. This Agreement shall be binding on and shall inure to the benefit of the parties and their respective successors and assignees; provided, however, that no assignment by either party shall be effective without prior written approval of the other party. A delay in or failure of performance of either party shall not constitute default hereunder, or give rise to any claim for damages, if and to the extent such delay or failure is caused by occurrences beyond the control of either party.

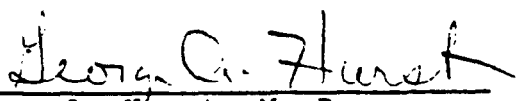
11. This Agreement shall not become effective unless and until approved by the Board of Regents of The University of Texas System and the Board of Trustees of Medical Center Hospital. If so approved, this Agreement shall be come effective as of June 1, 1985, and shall continue in effect for an initial term ending June 30, 1986, and after such initial term, from year to year, unless one party shall have given to the other party, not less than one hundred eighty (180) days prior to the end of such a yearly term, written notice of intention to terminate this Agreement. If such notice is given, this Agreement shall terminate at the end of the yearly term of this Agreement during which the notice was given.

12. University agrees to maintain during the term of this Agreement and any extensions or renewals hereof, and for a period of four (4) years following its termination or expiration, adequate books and records which accurately reflect the services rendered under this Agreement and any other factors affecting the value or cost of the services provided hereunder to Medical Center Hospital. These books and records may be inspected by Medical Center Hospital or its representatives at any reasonable time.

FORM APPROVED

UNIVERSITY

By 
Office of General Counsel
U. T. System

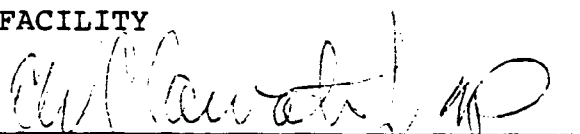
By 
George A. Hurst, M. D.
Director
The University of Texas
Health Center at Tyler

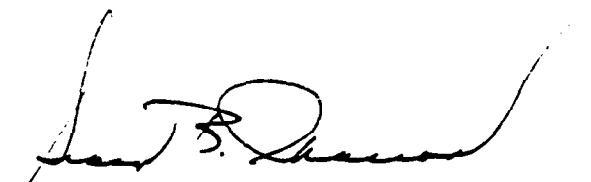
ATTEST:

Executive Secretary
Board of Regents
The University of Texas System

Chairman
Board of Regents
The University of Texas System


Chancellor
The University of Texas System

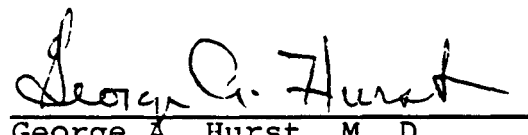
FACILITY

Chairman, Board of Directors
Medical Center Hospital


George Pearson, President
Medical Center Hospital

ADDENDUM

As part of this agreement, The University of Texas intends to continue its usual and customary practice regarding medical services purchased off campus. If a medical service is purchased from Medical Center by The University of Texas Health Center at Tyler on behalf of a University of Texas patient, then the University of Texas Health Center at Tyler will pay for that service.


George L. Pearson, Jr.
for
Medical Center Hospital


George A. Hurst, M. D.
for
The University of Texas
Health Center at Tyler

**Buildings and
Grounds Com.**

BUILDINGS AND GROUNDS COMMITTEE
Committee Chairman Hay

Date: December 13, 1984

Time: Following the meeting of the Health Affairs Committee

Place: The Union-East, Room 308, U. T. El Paso

PART I: AGENDA ITEMS FOR ACTION

Page
B&G

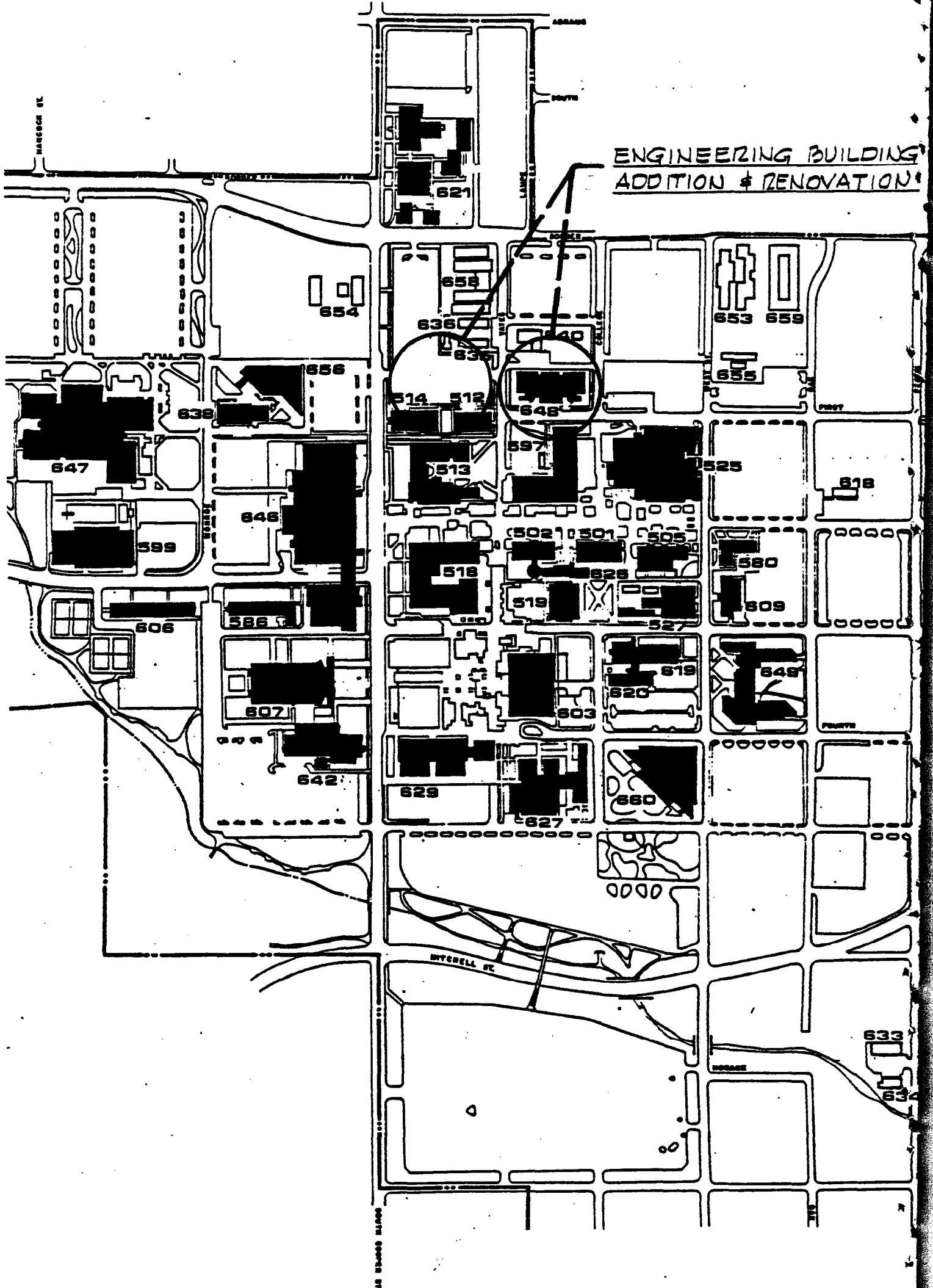
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U. T. ARLINGTON

CENTRAL CAMPUS AREA

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PART I: AGENDA ITEMS FOR ACTION

1. U. T. Arlington - Engineering Building Addition and Renovation (Project No. 301-475): Request for Approval of Final Plans and Specifications, and Authorization to Submit to Coordinating Board.--

RECOMMENDATIONS

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

- a. Approve the final plans and specifications for the Engineering Building Addition and Renovation at U. T. Arlington at an estimated total project cost of \$39,909,710
- b. Authorize submission of the project to the Coordinating Board, Texas College and University System

BACKGROUND INFORMATION

At the April 12, 1984 meeting of the U. T. Board of Regents, authorization was received for completion of final plans and specifications for the Engineering Building Addition and Renovation at U. T. Arlington at an estimated total project cost of \$39,909,710. The Project Architect, Albert S. Komatsu & Associates, Fort Worth, Texas, has completed the final plans which will provide approximately 244,000 square feet of new construction and 130,000 square feet of renovated space.

The total project cost of \$39,909,710 reflects an anticipated construction cost of \$31,784,875 with an average unit cost of \$85 per square foot.

2. U. T. Austin - Athletic Facilities South of Memorial Stadium - Football Facility (Project No. 102-494): Request to Waive Regents' Rules and Regulations and to Name the Football Facility "The V. F. 'Doc' Neuhaus - Darrell K. Royal Athletic Center".--

RECOMMENDATION

The Office of the Chancellor concurs with the recommendation of President Flawn that the U. T. Board of Regents waive Part One, Chapter VIII, Section 1, Subsection 1.1 of the Regents' Rules and Regulations (requiring that honorees be deceased for five years) and name the Athletic Facilities South of Memorial Stadium - Football Facility at U. T. Austin "The V. F. 'Doc' Neuhaus - Darrell K. Royal Athletic Center."

This item requires the concurrence of the Academic Affairs Committee.

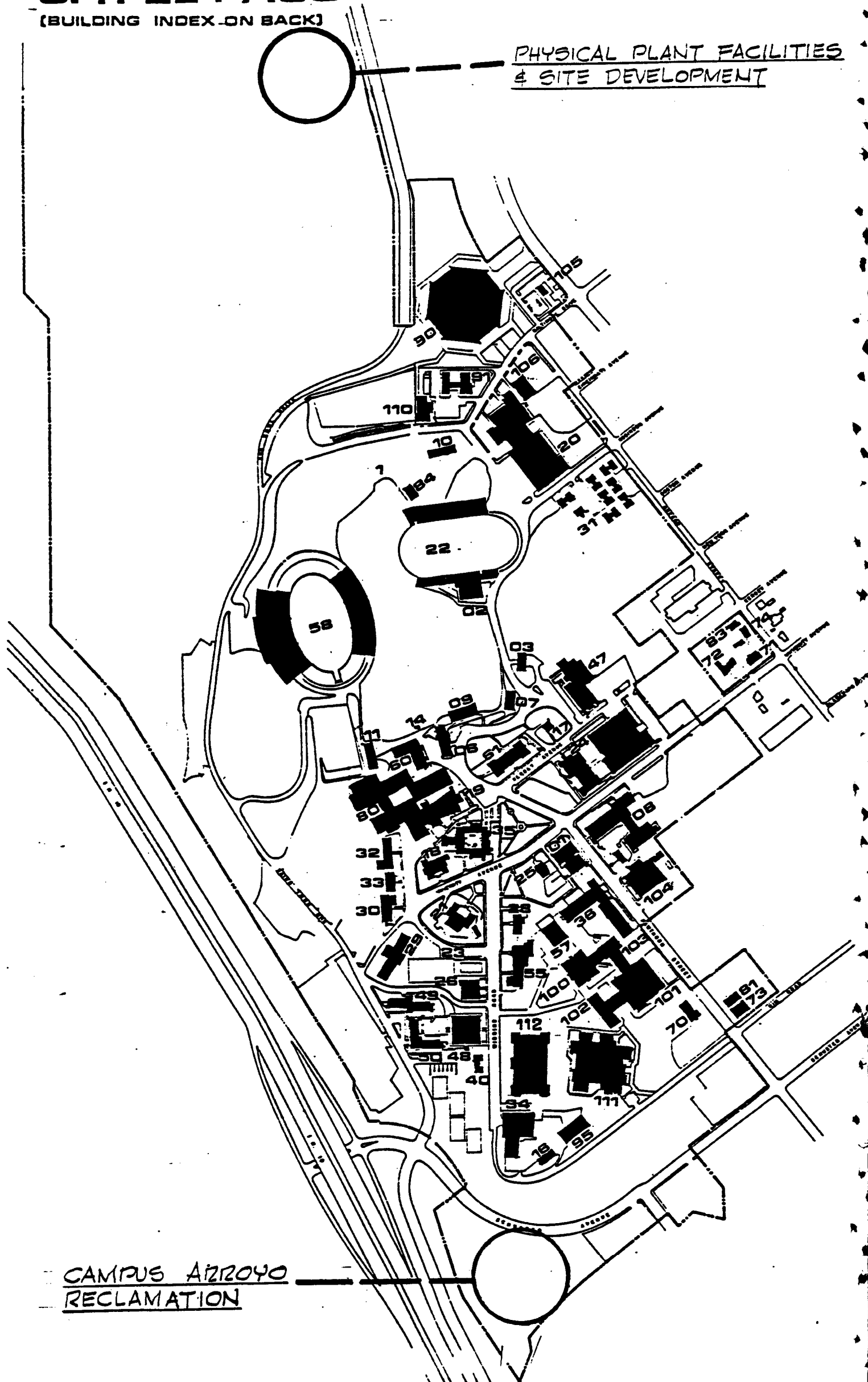
BACKGROUND INFORMATION

With the concurrence of the Intercollegiate Athletics Council for Men, President Flawn recommends naming the new football

U. T. EL PASO

(BUILDING INDEX ON BACK)

PHYSICAL PLANT FACILITIES
& SITE DEVELOPMENT



CAMPUS AIRROYO
RECLAMATION

facility south of Memorial Stadium "The V. F. 'Doc' Neuhaus - Darrell K. Royal Athletic Center." These two men, each in different ways, have contributed significantly to athletic programs and have enriched U. T. Austin well beyond athletics.

Since Mr. Neuhaus passed away only last year, and since Mr. Royal is very much an active, living presence on the campus, it is requested that the U. T. Board of Regents waive the requirement that honorees be deceased for five years to permit using these names on the facility.

3. U. T. Austin: Balcones Research Center - Office and Research Laboratory Facilities for Microelectronics and Computer Technology Corporation (MCC) (Project No. 102-565): Report of Receipt of Bids; Recommendation for Contract Award; Approval of Plaque Inscription; and Appropriation Therefor.--

[At as early a date as possible, a mailing will be made to the U. T. Board of Regents, through the Office of the Executive Secretary to the Board of Regents, containing recommendations and background information on this item.]

4. U. T. Austin: Recommended Lease of Office and Research Laboratory Facilities and Twenty Acres of Land in the Balcones Research Center Tract to Microelectronics and Computer Technology Corporation (MCC).--

[At as early a date as possible, a mailing will be made to the U. T. Board of Regents, through the Office of the Executive Secretary to the Board of Regents, containing recommendations and background information on this item.]

5. U. T. El Paso - Reclamation of Campus Arroyo Area South of Schuster Avenue: Request for Project Authorization; Submission to Coordinating Board; Subject to Coordinating Board Approval, Authorization for Preparation of Final Plans and Completion of Project by U. T. El Paso Administration; and Funding Therefor.--

RECOMMENDATIONS

The Office of the Chancellor concurs with the recommendations of President Monroe that the U. T. Board of Regents:

- a. Authorize a project for Reclamation of the Campus Arroyo Area South of Schuster Avenue at an estimated project cost of \$350,000
- b. Authorize submission of the project to the Coordinating Board, Texas College and University System
- c. Subject to Coordinating Board approval, authorize preparation of final plans and completion of construction by U. T. El Paso Administration through its Physical Plant Department with its own forces or by contract services, in consultation with the Office of Facilities Planning and Construction

BUILDINGS AND GROUNDS COMMITTEE

SUPPLEMENTAL MATERIAL

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3. U. T. Austin - Balcones Research Center - Office and Research Laboratory Facilities for Microelectronics and Computer Technology Corporation (MCC) (Project No. 102-565): Report of Receipt of Bids; Recommendation for Contract Award; Approval of Revised Total Project Cost and Approval of Plaque Inscription

Below

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3. U. T. Austin - Balcones Research Center - Office and Research Laboratory Facilities for Microelectronics and Computer Technology Corporation (MCC) (Project No. 102-565): Report of Receipt of Bids; Recommendation for Contract Award; Approval of Revised Total Project Cost and Approval of Plaque Inscription.--

RECOMMENDATIONS

The Office of the Chancellor concurs with the recommendations of President Flawn, U. T. Austin, that the U. T. Board of Regents:

- a. Award a construction contract to J. C. Evans Construction Company, Inc., Austin, Texas, for Office and Research Laboratory Facilities for Microelectronics and Computer Technology Corporation, as follows:

Base Bid	\$18,590,000
Alternate No. 2 (Complete Level 3 Interior)	303,000
Alternate No. 3 (Complete Level 2 Interior)	303,000
Alternate No. 4 (Add Parking Lots A, C, & E)	130,000
Alternate No. 5 (Add Window Blinds)	20,000
Alternate No. 6 (Add Exercise Trail)	<u>44,000</u>
Recommended Contract Award	\$19,390,000

- b. Approve a revised total project cost of \$21,677,594 for this facility. The increase of \$1,677,594 in the total project cost will be funded from the private sector through a shift in its commitments within the total \$23.5 million private sector fund raising effort
- c. Approve the inscription as set out below for a plaque to be placed on the building. The inscription follows the standard pattern approved by the U. T. Board of Regents on June 1, 1979.

OFFICE AND RESEARCH LABORATORY FACILITIES
FOR
MICROELECTRONICS AND COMPUTER TECHNOLOGY CORPORATION
1984

BOARD OF REGENTS

Jon P. Newton, Chairman	Hans Mark
Robert B. Baldwin III, Vice-Chairman	Chancellor, The University of Texas System
Janey Slaughter Briscoe, Vice-Chairman (Mrs. Dolph)	Peter T. Flawn
Jess Hay	President, The University of Texas at Austin
Beryl Buckley Milburn	
James L. Powell	
Tom B. Rhodes	Golemon & Rolfe
Howard N. Richards	Associates, Inc.
Mario Yzaguirre	Project Architect
	J. C. Evans Construction Company, Inc.
	Contractor

BACKGROUND INFORMATION

In accordance with authorization given by the U. T. Board of Regents on February 9, 1984, bids were received and opened on October 16, 1984, as shown on Page B&G 4c, for Office and Research Laboratory Facilities for Microelectronics and Computer Technology Corporation at the U. T. Austin Balcones Research Center.

A construction contract award to J. C. Evans Construction Company, Inc., Austin, Texas, the lowest responsible bidder, for the Base Bid and Additive Alternate Nos. 2, 3, 4, 5, and 6 can be made within a revised total project cost of \$21,677,594.

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

Construction Cost	\$19,390,000
Fees and Administrative Expenses	1,750,874
Future Work (Including Air Balancing, Testing, and CPM Scheduling)	160,720
Miscellaneous Expenses (Site Survey, Soils Test, Additional Printing Cost)	120,000
Project Contingency	<u>256,000</u>
Recommended Total Project Cost	\$21,677,594

This project was approved by the Coordinating Board, Texas College and University System, on April 26, 1984.

MCC FACILITIES, BALCONES RESEARCH CENTER
 THE UNIVERSITY OF TEXAS AT AUSTIN
 Bids Received October 16, 1984, in Room 206, Ashbel Smith Hall,
 Office of Facilities Planning and Construction
 The University of Texas System

<u>Bidder</u>	<u>Base Bid</u>	<u>Alt. #1 Add Packaging Lab Building</u>	<u>Alt. #2 Add Level 3 Interior</u>	<u>Alt. #3 Add Level 2 Interior</u>	<u>Alt. #4 Add Parking Lots A, C & E</u>	<u>Alt. #5 Add Window Blinds</u>	<u>Alt. #6 Add Exercise Trail</u>	<u>Total EXCLUDING Alt. #1</u>
J. C. Evans Construction Company, Inc., Austin, TX	\$18,590,000	\$2,209,000	\$303,000	\$303,000	\$130,000	\$20,000	\$44,000	\$19,390,000
Warrior Construction Company, Houston, TX	18,690,000	2,330,000	265,000	265,000	135,000	19,000	50,000	19,424,000
M. A. Mortenson Company, Lakewood, CO	18,786,000	2,346,000	298,000	310,000	142,000	20,000	16,000	19,572,000
H. B. Zachry Company, San Antonio, TX	18,800,000	1,744,000	304,000	313,000	109,000	19,430	47,800	19,593,230
Rodgers Construction Company, Nashville, TN	18,890,000	2,064,051	285,460	299,240	96,940	19,356	76,250	19,667,246
J. A. Jones Construction Company, Dallas, TX	18,966,000	2,284,000	308,000	305,000	131,500	20,500	81,000	19,812,000
Robert E. McKee, Inc., Dallas, TX	18,956,000	2,379,562	322,251	329,998	135,050	20,350	49,576	19,813,225
Starstone Construction Company, Houston, TX	19,267,000	2,210,000	356,000	352,000	101,000	20,000	35,000	20,131,000
B.F.W. Construction Company, Temple, TX	20,000,000	2,320,000	320,000	340,000	135,000	22,000	80,000	20,897,000

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BUILDING AND GROUNDS COMMITTEE

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4. U. T. Austin: Recommended Lease of Office and Research Laboratory Facilities and Twenty Acres of Land in the Balcones Research Center Tract to Microelectronics and Computer Technology Corporation (MCC)

Below

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4. U. T. Austin: Recommended Lease of Office and Research Laboratory Facilities and Twenty Acres of Land in the Balcones Research Center Tract to Microelectronics and Computer Technology Corporation (MCC)

RECOMMENDATION

The Office of the Chancellor recommends that the lease between the Board of Regents and the Microelectronics and Computer Corporation set out on the attached pages be approved.

BACKGROUND INFORMATION

The University of Texas at Austin, Governor Mark White, and the private sector of Texas begun in early 1983, the proposed lease will:

- Provide to Microelectronics and Computer Corporation 20 acres of land and a building on the Balcones Research Tract for ten years at nominal monetary rental, but with nonmonetary benefits flowing to U. T. Austin (e.g., provision of academic and research services, grants and contracts, participation of graduate students in Microelectronics and Computer Corporation intern programs, the availability of Microelectronics and Computer Corporation's personnel for services as adjunct faculty, participation of faculty and students in Microelectronics and Computer Corporation's seminar, symposia and colloquia programs) in an amount equivalent to a reasonable annual return on the University's direct investment in the construction of the facility.
- Provide Microelectronics and Computer Corporation an option for an additional ten year term at fair market value.
- Provides for annual negotiations for the provision of services (e.g., police and security, custodial

services, building maintenance, grounds maintenance and parking control) to Microelectronics and Computer Corporation from U. T. Austin.

- Provides that the proceeds from fire and extended coverage insurance (carried at Microelectronics and Computer Corporation's cost) will be used to repair or replace the building if the loss occurs during the first nine years of this lease, that the University's exposure for repair or replacement, in any case, is limited to insurance proceeds, and that proceeds of such policies, if not used for repair or replacement, be paid over to the University.
- Precludes subletting.
- Provides that if Microelectronics and Computer Corporation ceases operation for a period of more than ninety days, the University, upon ninety days notice, may terminate the lease.

LEASE

STATE OF TEXAS —
 —
COUNTY OF TRAVIS —

THIS LEASE is made and entered into this _____ day of _____, 198___, by and between the BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM, for and on behalf of THE UNIVERSITY OF TEXAS AT AUSTIN, herein called "Lessor," and the MICROELECTRONICS AND COMPUTER TECHNOLOGY CORPORATION, INCORPORATED, a Delaware corporation, herein called "Lessee."

WITNESSETH:

1. Premises and Terms: For and in consideration of the rentals to be paid by Lessee to Lessor and private sector commitments for the provision of academic and research services, grants and contracts, the participation of graduate students in Lessee's intern programs, the availability of Lessee's personnel for service as adjunct faculty and advisory and visiting committee members and for assistance with faculty recruitment, participation of faculty and students in Lessee's seminar, symposia, and colloquia programs, all of which shall be equivalent to a reasonable annual return on The University of Texas System's capital investment, and other good and valuable consideration inuring to Lessor during the primary term of this lease, and the covenants herein contained on the part of Lessee to be kept and performed, Lessor does hereby lease to Lessee and Lessee does hereby lease from Lessor the following tract of land and the buildings and improvements located thereon (the "leased premises"), located in the City of Austin, County of Travis, State of Texas, to wit:

A tract of land containing 20 acres, more or less, lying and being situated within the City of Austin, Travis County, Texas; being more fully described on Exhibit "A" which is attached to and made a part of this lease, and also being depicted on Exhibit "B" which is attached to and made a part hereof.

*As Approved
12/14/84
a*

SUBJECT, HOWEVER, to (a) real property taxes; (b) all assessments, general and special; (c) all covenants, conditions, restrictions, reservations, rights, right-of-way and easements currently of record in Travis County, Texas; and (d) the consequences of any law, ordinance or governmental regulation including, but not limited to, building and zoning ordinances (to the extent that all the foregoing items are valid and subsisting and cover or relate to the leased premises) for a primary term of ten (10) years commencing on either the first date of occupancy by Lessee or not later than 180 days from the date Lessee is notified by Lessor that the building is available for occupancy by Lessee, whichever is sooner, and ending ten (10) years from the date of commencement of said primary term. Lessee shall have the option to renew and extend this lease for one (1) additional ten (10) year period; provided, however, that Lessee must give written notice to Lessor of its intention to exercise its option to extend this lease at least twelve (12) months prior to the termination date of the primary term of this lease, and provided further that Lessee shall have no right to exercise the extension option granted herein if Lessee shall be in default either on the exercise date of the option or on the termination date of the primary term, as the case may be.

2. Rent. Lessee shall pay to Lessor as rental the following sums, payable in advance on the first day of each year of the primary term of this lease and monthly during the extension term, without demand and without set-offs, abatements or deductions whatsoever, except as provided in paragraph 12 (b) (i) hereof:

A. Primary Term

- (1) Ground rent component:
\$1.00 per year
- (2) Improvements rent component:
\$1.00 per year

B. Extension Term - Fair Market Rental Value as negotiated between the parties pursuant to that certain letter from Jon Newton, Chairman, Board of Regents, The University of Texas System, to Mark White, Governor, State of Texas, dated April 26, 1983.

3. Utility Charges and Expenses. Lessor agrees to incur all expenses and to pay all charges for bringing to the leased premises whatever gas, water, electricity, sewer, telephone, steam, chilling water, and other utility services Lessee may desire for the leased premises. Lessee agrees to pay all charges for the utilities services consumed whether provided by Lessor or by other providers. All services provided by Lessor will be payable monthly to Lessor, in accordance with the current cost of such services measured by appropriate metering devices to be installed at the service entrance to the leased premises at Lessor's expense. Lessee further agrees to indemnify and hold harmless Lessor from all expenses and charges for such services consumed from other providers.

4. Other Services. Lessor agrees to offer to furnish to Lessee the following services on a yearly basis:

- A. Police and security personnel and services, not including any occasional electronic sweeps or other extraordinary security measures which Lessee may deem necessary;
- B. Fire alarm systems and monitoring;
- C. Custodial services;
- D. Building maintenance;
- E. Landscaping and grounds maintenance, to include fences, gates, and other control devices; and
- F. Parking administration and control;

said services to be provided at the current cost to Lessor as determined on a yearly basis. Lessee may, at its option, elect to make arrangements through outside suppliers for any of the services herein enumerated but in no event shall such services be procured without the approval of Lessor, which approval shall not be unreasonably withheld.

Lessor agrees to negotiate with Lessee for the provision to Lessee on a yearly basis of food and beverage service, including vending machines for various and sundry convenience items, and other services that may be desired by Lessee.

It is also provided that, because of the unique and confidential nature of Lessee's research, development, and other operations, it is imperative that Lessee have control over the design and installation of the security, alarm, and fire detection and control system to be installed in the building which is the subject of this lease. Therefore, Lessor agrees that the sum of \$1,045,922.00 from privately donated funds will be set aside in the construction contract for the purpose of purchase and installation of this system to be installed under Lessee's direction and control.

5. Services by Lessor. Any services to be provided by Lessor and the schedule of charges to Lessee for such services shall be contained in a separate agreement to be negotiated no less than annually between Lessee and The University of Texas at Austin.

6. Taxes. Lessee agrees to pay, at least twenty (20) days before delinquency (with proof of payment delivered to Lessor at least fifteen (15) days before delinquency), all taxes, general and special assessment surcharges, and other governmental charges general and special, ordinary and extraordinary, unforeseen as well as foreseen, of any kind and nature whatsoever, which shall during the term hereof be assessed, levied or imposed upon or become due and payable with respect to the leased premises or any part thereof. In addition, if at any time during any term of this lease a tax or excise on rents, or other tax however described, is levied on Lessor by any lawful taxing authority on account of Lessor's interest in this lease or the rents or other charges which accrue hereunder, as a substitute in whole or in part, or in addition to those described in the previous sentence, Lessee agrees to pay to Lessor upon demand, and in addition to the rentals and other charges prescribed under this lease, the amount of such tax or excise. If such taxes or excises shall be levied directly against Lessee, Lessee shall be responsible for and shall pay the same at such times and in such manner as the taxing authority shall require. Taxes

attributable to periods encompassing either the commencement date or the termination date of this lease shall be prorated according to the relative portion of the taxing period coinciding with the term of this lease.

7. Use and Care of Premises. Lessee may use the leased premises for only the basic purpose of conducting research and development in the areas of microelectronics and computer technology and such additional areas of research and development which naturally derive from the basic purpose. No retail or sales operations of any kind shall be carried on by Lessee under the terms of this lease unless prior approval for such operations is obtained from Lessor and said operations are fully detailed and provisions for the conduct of such operations are described in a fully executed addendum incorporated into this lease. Lessee shall not allow any political promotion or political fund-raising activities to be conducted on the leased premises. Lessee shall procure at its own expense any licenses, permits, or authorities required for the legal conduct of business in the State of Texas and on the leased premises and otherwise comply with all applicable laws, ordinances, and governmental regulations. Lessee shall, at Lessee's expense, provide for the timely removal from the leased premises of all hazardous wastes resulting from Lessee's operations in accordance with all applicable laws and regulations. Lessee shall use all reasonable precaution to prevent waste, damage or injury to the leased premises, and any such repair necessitated by negligence or misuse of the premises (other than normal wear and tear) by Lessee or its employees, agents or guests shall be paid by Lessee upon demand by Lessor after such repairs.

8. Alterations. Lessee shall, at its own expense, have the right, from time to time during the primary term of this lease and the extension term, to make non-structural alterations, additions or improvements to the building without the consent of Lessor, provided that such non-structural alterations or improvements shall not reduce

the value of or permanently alter the leased premises.

Lessee shall also have the right, at its own expense, to make whatever structural alterations, additions or improvements may be necessary in connection with the requirements of Lessee's business, but only if:

- (a) such alterations, additions or improvements shall not reduce the value of the leased premises;
- (b) such alterations, additions or improvements shall be made in accordance with plans and specifications therefor, which shall have been approved by Lessor (approval not to be withheld unreasonably); and
- (c) before commencing any such work costing more than \$250,000.00, Lessee shall deliver to Lessor (i) a statutory payment bond (duly filed of record in Travis County) and a performance bond, both bonds covering the entire work and listing Lessee and Lessor as dual obligees, and (ii) satisfactory evidence of builders' all-risk insurance with respect to such work.

9. Lessee's Fixtures. Lessee may install in the leased premises such fixtures and equipment as Lessee deems desirable, and all of said items shall remain Lessee's property whether or not affixed to the leased premises. At the termination of this lease, if Lessee is not then in default, Lessee may remove said items from the leased premises at any time within thirty (30) days following the leased termination date; however, Lessee shall repair any damage caused by removal.

10. Indemnification and Insurance. Lessee agrees to indemnify Lessor and to save Lessor harmless from any and all liability, damage, expense, causes of action, suits, claims or judgments arising from injury to person or property on the leased premises or on the adjoining streets and sidewalks, except if caused by the willful or grossly negligent act of Lessor, Lessor's agents or employees. Lessee shall, at its sole cost and expense, procure and maintain in force and effect during the term hereof fire and extended coverage covering the improvements on the leased premises (in amounts sufficient to prevent co-insurance and including a replacement cost coverage endorsement),

in a company or companies acceptable to Lessor, and with both Lessee and Lessor being listed as insureds as their interests may appear. In the event of loss or damage to the improvements, insurance proceeds shall be dedicated to the repair or rebuilding of the improvements. However, should the proceeds not be adequate to fully cover such cost, Lessor shall be under no obligation to provide additional funds for such purpose. Provided, however, such insurance proceeds need not be used to repair or rebuild if (a)(i) the loss or damage occurs during the final year of the primary term and (ii) the repair or restoration would require at least six (6) months to accomplish; or (b)(i) the loss or damage occurs during the last two (2) years of the extended term and the cost of repair would be more than fifty percent (50%) of the replacement cost of the improvements. If the proceeds attributable to improvements are not used for repairing or rebuilding as above permitted, such proceeds shall be paid over to Lessor. Likewise, Lessee shall procure liability insurance covering both bodily injury and property damage protecting Lessee and Lessor from all claims of whatsoever character that might arise out of Lessee's use of the leased premises and the improvements located thereon in an amount at least equal to \$500,000.00/\$1,000,000.00 covering bodily injury and \$100,000.00 covering property damage. Copies of Lessee's insurance policies shall be delivered to Lessor, and the insurer of each policy shall agree to give Lessor at least ten (10) days' prior written notice before any cancellation or modification of such insurance coverage. As to the insurance required to be purchased and maintained hereunder, Lessee with the consent of Lessor may maintain a program of self-insurance covering the casualties and occurrences set out in this paragraph.

11. Assignment and Subletting. Lessee may not assign this lease or sublet the whole or any part of the leased premises.

12. Default. (a) If, (i) with regard to a monetary provision of this lease Lessee remains in default more than

five (5) days after receipt of Lessor's notice specifying such default or (ii) with regard to a non-monetary provision of this lease Lessee remains in default more than thirty (30) days after receipt of Lessor's notice specifying such default, then in either of such events Lessor may declare this lease ended and re-enter the leased premises with or without process of law. It is understood and agreed that the right of re-entry granted to Lessor in the previous sentence is cumulative with all other rights and remedies granted Lessor under the laws of this State as well as those specified elsewhere in this lease.

(b) If Lessor remains in default for more than thirty (30) days after receipt of Lessee's notice specifying such default, Lessee may either (i) incur any expense necessary to perform any obligation of Lessor specified in such notice and deduct such expense from the rents to become due or (ii) declare the term ended and vacate the leased premises and be relieved of all further obligations hereunder. It is understood and agreed that the rights granted to Lessee in the previous sentence are cumulative with all other rights and remedies granted Lessee under the laws of this State as well as those specified elsewhere in this lease.

(c) Lessor agrees to pay all court costs, including reasonable attorney's fees, for enforcement of any part of this lease by Lessee because of any breach by Lessor of any condition or covenant in this lease; likewise, Lessee agrees to pay all court costs, including reasonable attorney's fees, for enforcement of any part of this lease by Lessor because of any breach by Lessee of any condition or covenant in this lease.

(d) The failure of Lessor or Lessee to insist upon prompt and strict performance of any of the terms, conditions or undertakings of this lease shall not be construed as a waiver of the same or any other term, condition or undertaking.

13. Lessor's Title. Lessor covenants that Lessor

has lawful title to the leased premises and full right to make this lease; and provided that Lessee complies with its obligations under this lease, Lessee shall have quiet and peaceful possession of the leased premises during the lease term. Should Lessee desire, Lessor agrees to cooperate with Lessee in Lessee's obtaining, at Lessee's expense, a leasehold policy of title insurance from a title insurance company satisfactory to Lessee, insuring Lessee that its leasehold interest is superior to and free and clear of all matters not agreed to in writing by Lessee (it being understood that all matters referred to in paragraph 1 of this lease have been agreed to by Lessee).

14. Condemnation. (a) If a "substantial" portion of the leased premises shall be taken by condemnation under any right of eminent domain or any transfer in lieu thereof, Lessee may either (i) remain in possession, with this lease continuing as to the remaining portion of the leased premises (and without modification of the rental specified in paragraph 2 above), or (ii) cancel this lease as of the date of such condemnation by notice to Lessor within thirty (30) days after said date. In the event of such condemnation, whether or not Lessee elects to terminate this lease, Lessee shall be entitled to any and all awards or payments specifically designated in the condemnation proceedings as compensation for damage to (I) Lessee's leasehold interest, (II) any improvements constructed on the leased premises by Lessee and carried by it as tenant's improvements and (III) Lessee's fixtures and equipment.

(b) If less than a "substantial" portion of the leased premises shall be taken by condemnation under any right of eminent domain or transfer in lieu thereof, Lessee shall remain in possession with this lease continuing as to the remaining portion of the leased premises. In such event Lessee may reduce the ground rent component prescribed in Paragraph 2 above in the ratio in which the remaining land area in the leased premises bears to the total land area preceding such condemnation; however, upon electing such

reduction of rentals Lessee must assign to Lessor the award or payment under 14 (a) (I) to which it might otherwise have been entitled in the condemnation proceedings. If Lessee does not elect such reduction of rentals, then Lessee shall be entitled to such awards or payments as are authorized in subparagraph 14 (a) (I) above.

(c) For purposes of this paragraph 14, a taking of less than twenty percent (20%) of the leased premises shall conclusively be deemed not to be "substantial" if none of the property taken includes area occupied by building improvements, loading dock ramp or access to said ramp.

15. Lessee's Buildings and Improvements. No additional buildings or other improvements on the leased premises shall be constructed without prior written consent of Lessor and unless in accordance with plans and specifications therefor which shall have been approved by Lessor, and all buildings and improvements constructed upon the leased premises shall become incorporated into the real property. At the expiration or earlier termination of this lease, all of such buildings and improvements shall be surrendered to Lessor in thorough repair, good order and safe condition (reasonable wear and tear excepted), without payment therefor by Lessor, but subject to the right of Lessee to remove certain fixtures as specified in paragraph 9 of this lease.

16. Ceasing Operations. If Lessee shall cease operations authorized under the terms of this lease at the leased premises for a period of more than ninety (90) days (not including periods of bona fide repairs, restorations and alterations), then at any time thereafter prior to the resumption of Lessee's operations authorized under the terms of this lease, Lessor at its sole option may give Lessee ninety (90) days' written notice of Lessor's election to terminate this lease; and if Lessee has not resumed its operations authorized under the terms of this lease within the ninety (90) days following Lessor's notice, then on the ninetieth day following such notice this lease will terminate as if it were the last day of the lease term.

17. Holding Over. In the event Lessee remains in possession of the leased premises after the expiration of this lease and without the execution of a new lease, it shall be deemed to be occupying said premises as a tenant from month-to-month at a rental equal to the monthly fair market rental of the property at that time, plus ten percent (10%) of such amount, and otherwise subject to all the conditions, provisions and obligations of this lease insofar as the same are applicable to a month-to-month tenancy.

18. Notices. Any notice provided for herein shall be given by registered or certified United States mail, postage prepaid, addressed to, if to Lessor:

G. Charles Franklin
Vice President for Business Affairs
The University of Texas at Austin
P. O. Box 8179, University Station
Austin, Texas 78713-8179

and if to Lessee:

R. G. Rutishauser
Vice President, Finance and
Administration
MCC
8430 Research Boulevard
Echelon Building #1, Suite 200
Austin, Texas 78759-6509

The person and the place to which notices are mailed may be changed by either party by written notice to the other party. Upon Lessee's written request, and provided Lessor can do so truthfully, Lessor will certify in writing to all persons designated by Lessee that, to Lessor's knowledge, and without warranty of any kind, (1) Lessee has performed all of Lessee's obligations and is not in default under this lease, and (2) this lease is in full force and effect.

19. Remedies Cumulative. No remedy herein conferred upon or reserved to Lessor or Lessee shall exclude any other remedy herein or by law provided, but each shall be cumulative and in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

20. Short Form Lease. This lease shall not be recorded, but it is agreed that, upon request by either

party, the parties will execute a short form of this lease which may be recorded by either party.

21. Paragraph Headings. The paragraph headings of this lease are inserted only for reference and do not affect the terms and provisions hereof.

22. Rights of Successors. All of the rights and obligations of the parties under this lease shall bind and inure to the benefit of their respective legal representatives, successors and assigns. This provision, however, shall not be deemed to imply Lessor's consent to Lessee's assignment or subletting, such actions by Lessee to be governed by paragraph 10 of this lease.

IN WITNESS WHEREOF, the parties hereto have caused their duly authorized representatives to execute this agreement in duplicate originals.

ATTEST:

LESSEE:
MICROELECTRONICS & COMPUTER
TECHNOLOGY CORPORATION, INC.

Secretary

President and Chief
Executive Officer

FORM APPROVED:

LESSOR:
APPROVAL RECOMMENDED:

General Counsel, The University
of Texas System

President, The University
of Texas at Austin

CONTENT APPROVED:

Chancellor, The University
of Texas System

ATTEST:

BOARD OF REGENTS OF THE
UNIVERSITY OF TEXAS SYSTEM

Executive Secretary

Chairman

- d. Authorize use of \$350,000 taken from the following sources to fund this project: \$245,000 from Account No. 683-12-473-94, Miscellaneous Completion Work, and \$105,000 from Account No. 683-12-473-75, Land Reclamation and Library Parking, all of which has previously been appropriated for the New Central Library and associated site work

This request is submitted for the purpose of obtaining authorization for the increased scope of work in the arroyo area and obtaining authorization to use \$105,000 of funds already available in another account to accomplish the increased scope of work.

This item requires the concurrence of the Finance and Audit Committee.

BACKGROUND INFORMATION

Among several long-term site improvements planned for the U. T. El Paso campus is a parking project, which will require paving both sides of an arroyo located south of Schuster Avenue and the New Central Library. \$245,000 has previously been made available by the U. T. Board of Regents, as part of funding of the New Central Library project, to accomplish this work.

An opportunity exists to expand the parking capacity of this project by filling in the arroyo and paving the surface, thereby adding almost two acres of usable land. Because this portion of the arroyo contains not only a large city sewer line but a major high pressure water line serving much of West El Paso, it has long been considered infeasible to cover. However, the Public Service Board is willing to modify the sewer line and to replace and raise the water line in association with this proposed project at no cost to the University. Under these circumstances, U. T. El Paso can install a 14-foot diameter steel culvert in the bottom of the arroyo, fill the arroyo to ground level and pave the surface, adding a substantial amount of parking. The estimated cost of this added work is \$105,000.

6. U. T. El Paso - Physical Plant Facilities and Site Development for Recreational Facilities (Project No. 201-563): Request for Approval of Final Plans.--

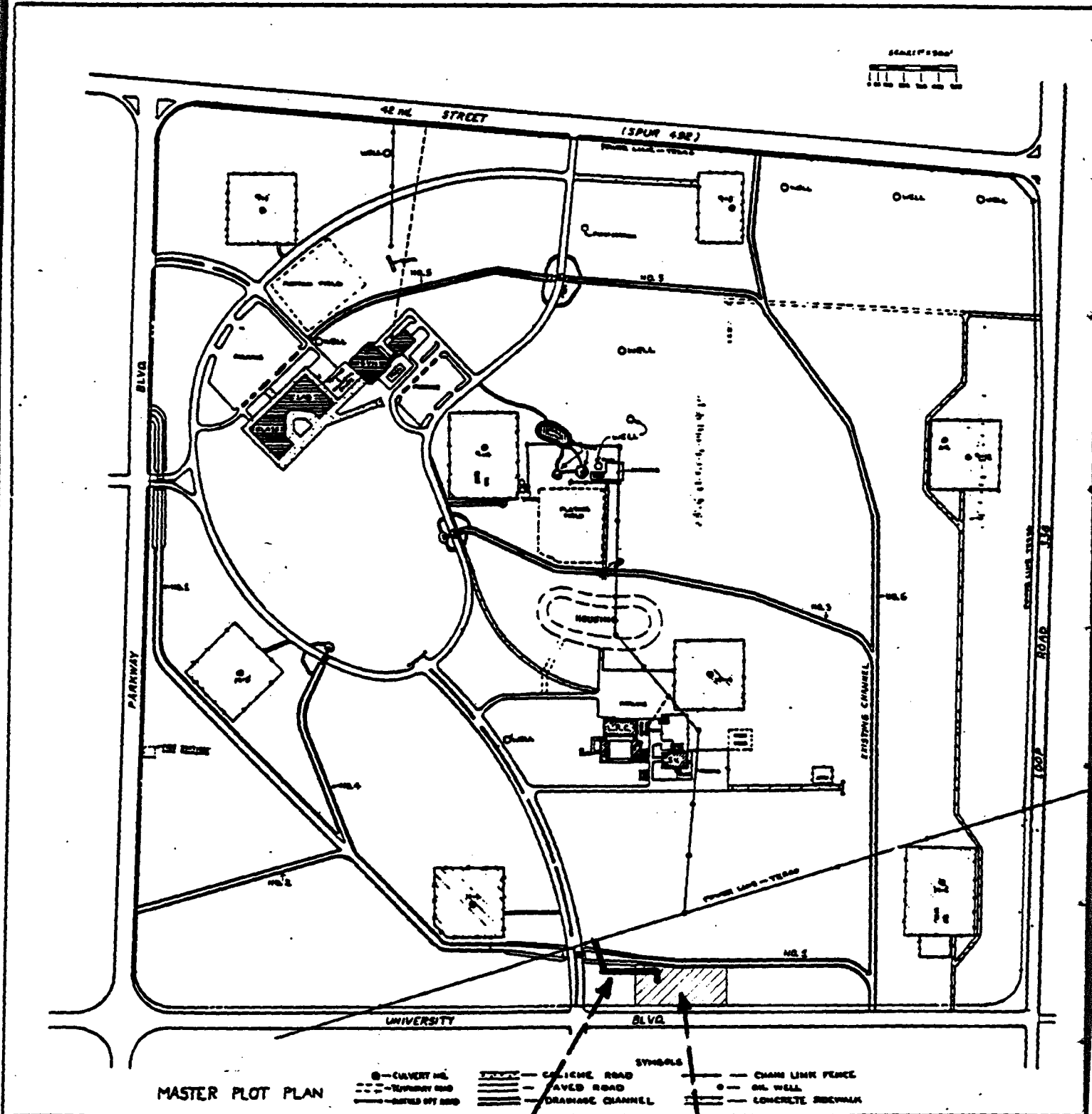
RECOMMENDATION

The Office of the Chancellor concurs with the recommendation of President Monroe that the U. T. Board of Regents approve the final plans and specifications for the Physical Plant Facilities and Site Development for Recreational Facilities at U. T. El Paso at an estimated total project cost of \$8,276,000 (excluding the cost of the Project Analysis).

BACKGROUND INFORMATION

In accordance with authorization of the U. T. Board of Regents on June 14, 1984, final plans and specifications for the Physical Plant Facilities and Site Development for Recreational Facilities at U. T. El Paso have been prepared by the Project Architect, Langford Anderson Thacker, Inc., El Paso, Texas.

U. T. PERMIAN BASIN



MASTER PLOT PLAN

ELECTRIC SERVICE EASEMENT

ART INSTITUTE SITE

The final plans have been prepared for bidding and awarding construction contracts in two phases. The first phase will be the Site Development of approximately 32.5 acres and will consist of installing necessary sub-surface drainage, fill material, compaction, top soil, and rough grading. The estimated cost of the Site Development Phase is approximately \$2,142,000.

The second phase for construction of the Physical Plant Facilities on approximately 7.2 acres of this developed site will include approximately 69,300 gross square feet of new structures for Physical Plant offices, shops, motor pool and warehouse functions. In addition to these new buildings, an existing 10,600 square foot metal storage building will be relocated to the new site. Also, two covered storage areas and a covered fuel island, totaling approximately 2,900 square feet, will be provided. The estimated construction cost for Phase 2 is \$4,794,000 or an average of \$57.90 per square foot.

7. U. T. Permian Basin - Request to Waive Underground Easement Policy and to Grant Easement to Texas Electric Service Company, Odessa, Texas, for Electric Transmission Line to Serve The Art Institute for the Permian Basin.--

RECOMMENDATION

The Office of the Chancellor concurs with the recommendation of President Leach that the underground easement policy be waived and that the U. T. Board of Regents grant an easement to Texas Electric Service Company, Odessa, Texas, for a transmission line to the site of The Art Institute for the Permian Basin on the campus of The University of Texas of the Permian Basin as set forth on Pages B&G 7-10.

BACKGROUND INFORMATION

Texas Electric Service Company has requested an easement 10 feet wide and 514.3 feet long at its centerline for electrical distribution to The Art Institute for the Permian Basin on the campus of U. T. Permian Basin. The transmission line will be overhead for a distance of 431.3 feet to avoid conflict with an existing drainage easement and 48 feet will be underground. The underground segment and 116.7 feet of the overhead line are within the 2.4 acre site of The Art Institute.

ELECTRICAL EASEMENT AND RIGHT-OF-WAY

THE STATE OF TEXAS

COUNTY OF ECTOR

KNOW ALL MEN BY THESE PRESENTS:

That the BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM (hereinafter referred to as "Grantor"), of Travis County, State of Texas, for and in consideration of the sum of TEN AND NO/100 DOLLARS (\$10.00) cash and other good and valuable consideration to Grantor (receipt and sufficiency of which are hereby acknowledged) in hand paid by TEXAS ELECTRIC SERVICE COMPANY of Ector County, Texas, whose address is P. O. Box 3592, Odessa, Texas, 79760 (hereinafter referred to as "Grantee"), does by these presents GRANT and CONVEY unto Grantee, its successors and assigns, a ten-foot easement and right-of-way for overhead and/or underground electric distribution lines over, under, across, and upon the following described lands in Ector County, Texas, to-wit:

Being the south part of Section 18, Block 41-2-S, T & P RR Company Survey, Ector County, Texas.

The centerline of the ten-foot wide easement herein granted is described as follows:

BEGINNING at a point in the north part of a 2.42 acre tract known as The Odessa Art Museum from which point the northwest corner of said 2.42 acre tract bears N16° 16'W, 1.5 feet and S78° 33'W, 116.7 feet, and from said northwest corner the southwest corner of said Section 18 bears S16° 16'E, 228.58 feet, S73° 44'W, 2884.85 feet, and S15° 14'E, 75 feet and from said beginning point a guy anchor bears N76° 20'13"E, 30 feet;

THENCE S76° 20'13"W, 265 feet to turning point and from said turning point a guy anchor bears S76° 20' 13"W, 30 feet and another guy anchor bears S36° 27' 47"E, 30 feet;

THENCE from said turning point N36° 27'47"W, 196 feet to guy anchor;

BEGINNING again at said beginning point bearing S16° 16'E, 48 feet to a 6x8 foot transformer pad, and continuing an additional 5 feet to ending point.

Grantee, or its agents, shall have the right to construct, repair, inspect, maintain, remove, and reconstruct said electrical lines within said easement together with the right of ingress and egress for the purpose of constructing, repairing, inspecting, maintaining, removing, and reconstructing said electrical lines.

Grantee, by the acceptance of this easement, agrees to construct its electrical lines so as not to interfere with Grantor's use of the surface.

Grantee expressly agrees that it will remove from said land all surplus material and will cause said land to be left as nearly as possible in the condition as it existed prior to the construction of said improvements.

This conveyance is made subject to any and all outstanding easements and leases covering the above-described lands and premises, or any part thereof.

It is agreed that all expenses in the construction and maintenance of said electrical lines shall be at the expense of the Grantee, and if the Grantee finds it needful to remove any improvements now on the above-described property such removal and replacing of same shall be wholly at the expense of Grantee.

TO HAVE AND TO HOLD the above-described easement and rights unto said Grantee until said easement shall be abandoned.

IN WITNESS WHEREOF, Grantor has caused this instrument to be executed, this the _____ day of _____, A.D., 1984.

ATTEST:

BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM

ARTHUR H. DILLY
Executive Secretary

By: _____
JON P. NEWTON, Chairman

Approved as to Content:

Approved as to Form:

R. S. KRISTOFERSON
Director
Facilities Construction and
Planning



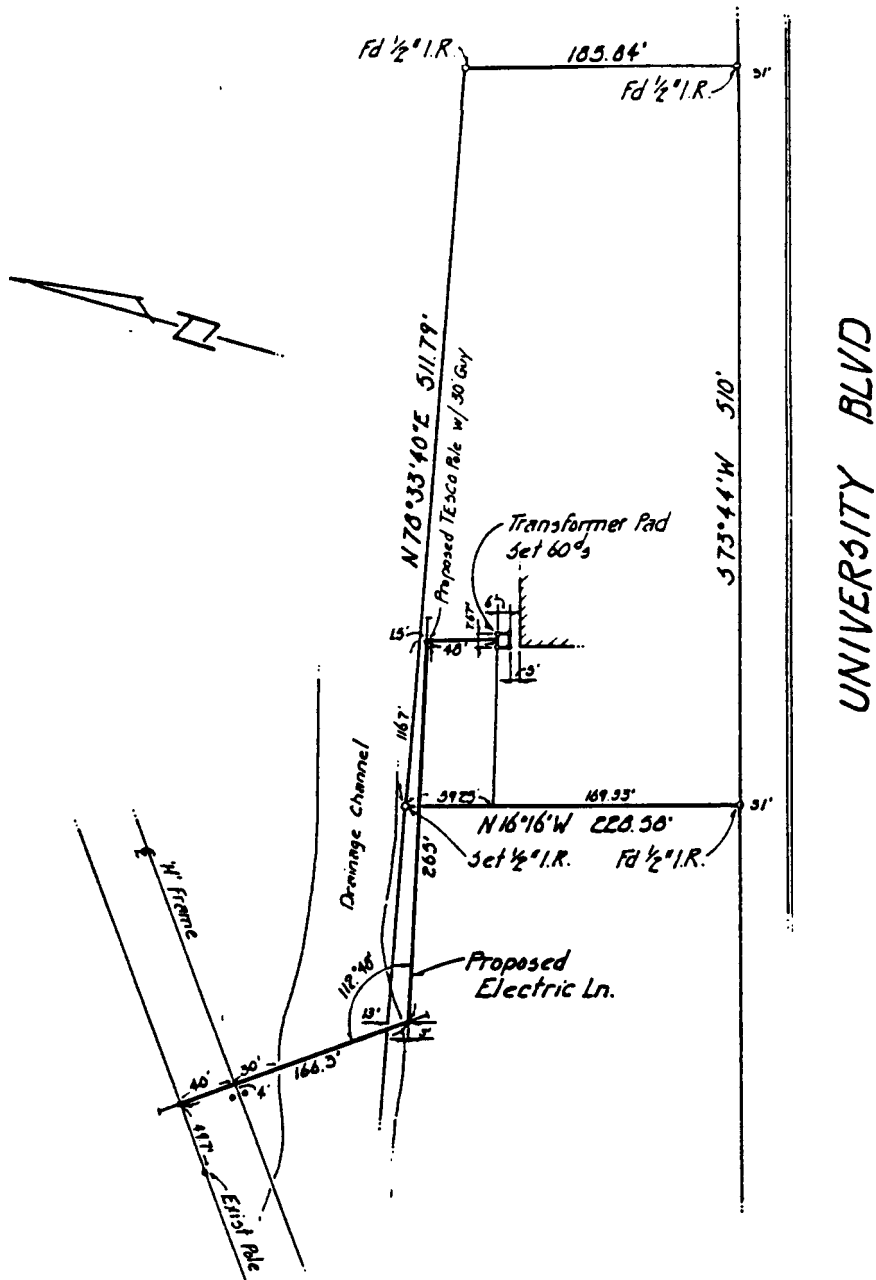
LINWARD SHIVERS
University Attorney

THE STATE OF TEXAS X
 X
COUNTY OF TRAVIS X

This instrument was acknowledged before me on _____, 1984, by Jon P. Newton, Chairman of the Board of Regents of The University of Texas System on behalf of said Board.

Notary Public in and for
Travis County, Texas

My commission expires:



FIELD NOTES OF THE CENTERLINE OF PROPOSED ELECTRIC LINES ON THE CAMPUS OF THE UNIVERSITY OF TEXAS PERMIAN BASIN, IN SECTION 18, BLOCK 41, T-2-S, T & P RY COMPANY SURVEY, ECTOR COUNTY, TEXAS:

Proposed Overhead Line:

BEGINNING at Point "A" in the north part of a 2.42 acre tract of land designated for the Odessa Art Museum, in the south part of Section 18, Block 41, T-2-S, T & P Ry Company Survey, Ector County, Texas, from which point the northwest corner of said 2.42 acre tract bears $N 16^{\circ} 16' W$, 1.5 feet, and $S 78^{\circ} 33' 40'' W$, 116.7 feet; from said northwest corner of 2.42 acre tract the southwest corner of Section 18 bears $S 16^{\circ} 16' E$, 228.58 feet, $S 73^{\circ} 44' W$, 2884.85 feet, and $S 15^{\circ} 14' E$, 75 feet; from said point of beginning a guy anchor bears $N 76^{\circ} 20' 13'' E$, 30 feet;

THENCE $S 76^{\circ} 20' 13'' W$, at 116.4 feet cross the west boundary of 2.42 acre tract, at a point $S 16^{\circ} 16' E$, 6.03 feet from its northwest corner; continuing, in all 265 feet to a bend in the line, from which point guy anchors bears $S 76^{\circ} 20' 13'' W$, 30 feet, and $S 36^{\circ} 27' 47'' E$, 30 feet;

THENCE $N 36^{\circ} 27' 47'' W$, at 126.3 feet cross the centerline of a TESCO easement; in all 166.3 feet to a point on an existing electric line for the end of this line, from which point a guy anchor bears $N 36^{\circ} 27' 47'' W$, 30 feet.

Proposed Underground Line:

BEGINNING at Point "A" described above;

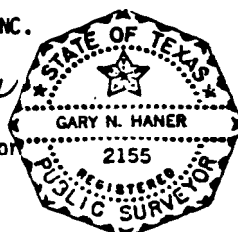
THENCE $S 16^{\circ} 16' E$, 48 feet to a point on the north line of a proposed transformer pad for the end of this line.

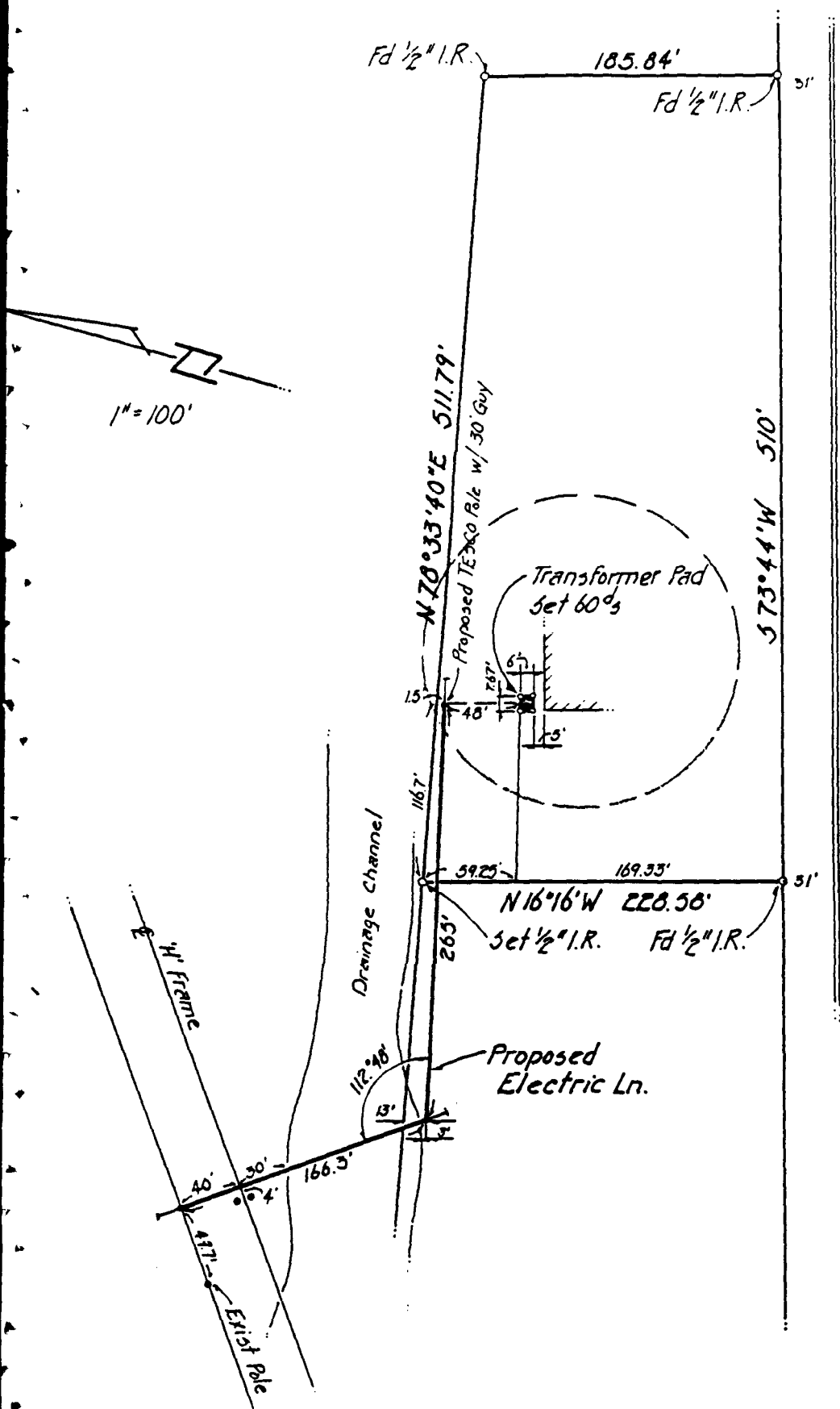
Surveyed October 19, 1984

WEST TEXAS CONSULTANTS, INC.

By: *Gary N. Haner*
 Gary N. Haner
 Registered Public Surveyor

TESCO
 38398





UNIVERSITY BLVD

FIELD NOTES OF A PROPOSED ELECTRIC SERVICE TRANSFORMER PAD:

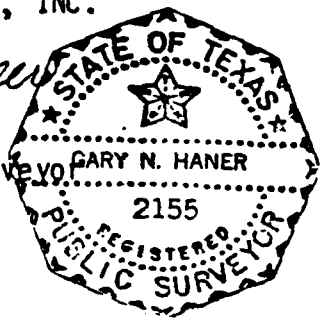
Beginning at a point on the north line of proposed pad, from which the northwest corner of a 2.42 acre tract of land in the south part of Section 18, Block 41, T-2-S, T & Ry Survey, Ector County, Texas, bears N16° 16' W, 49.5 feet, and S78° 33' 40" W, 16.7 feet; from said northwest corner of 2.42 acre tract the southwest corner of section 18 bears S16° 16' E, 228.58 feet, S73° 44' W, 2884.85 feet, and S15° 14' E, 75 feet;

- THENCE N73° 44' E, 3.7 feet to a 60d nail for the northeast corner of pad;
- THENCE S16° 16' E, 6 feet to a 60d nail for the southeast corner of pad;
- THENCE S73° 44' W, 7.67 feet to a 60d nail for the southwest corner of pad;
- THENCE N16° 16' W, 6 feet to a 60d nail for the northwest corner of pad;
- THENCE N73° 44' E, 4 feet to the place of beginning, containing 46 square feet of land.

Surveyed October 19, 1984

WEST TEXAS CONSULTANTS, INC.

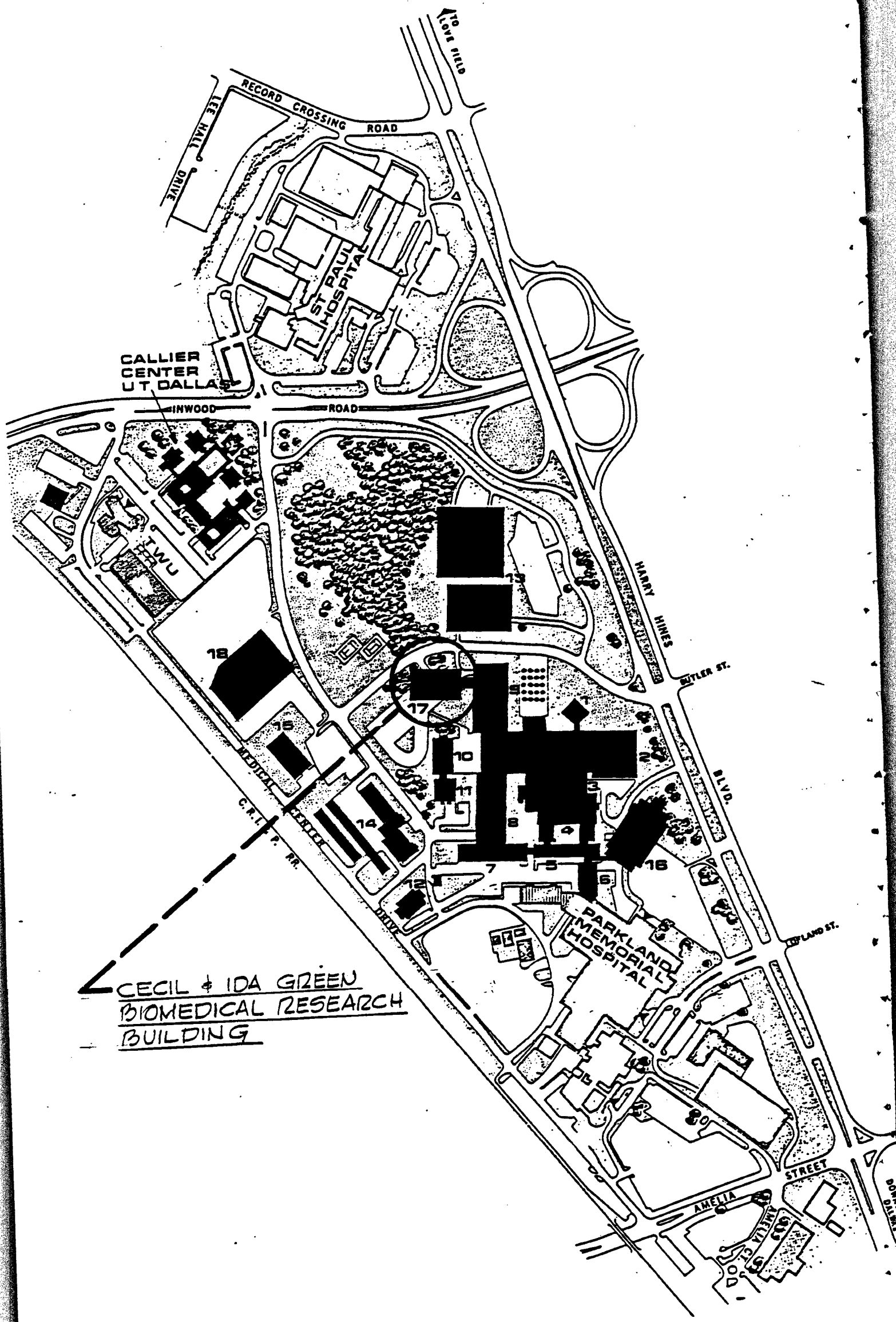
By: *Gary N. Haner*
 Gary N. Haner
 Registered Public Surveyor



ESCO
8398

U.T. HEALTH SCIENCE CENTER AT DALLAS

BUILDING INDEX ON BACK



CECIL & IDA GREEN
BIOMEDICAL RESEARCH
BUILDING

8. U. T. Health Science Center - Dallas - Cecil and Ida Green Biomedical Research Building (Project No. 303-513): Request for Authorization for Completion of the Seventh Floor and Modification of the Fourth Floor.--

RECOMMENDATION

The Office of the Chancellor concurs with the recommendation of President Sprague that the U. T. Board of Regents authorize the completion of the seventh floor (formerly approved as shelled-in space only) and modification of the fourth floor of the Cecil and Ida Green Biomedical Research Building at The University of Texas Health Science Center at Dallas by change order to the existing construction contract with Metro/CRS, Dallas, Texas.

All costs related to these proposed changes are to be covered by a gift from the Howard Hughes Medical Institute.

This item requires the concurrence of the Health Affairs Committee.

BACKGROUND INFORMATION

The plans for the Cecil and Ida Green Biomedical Research Building, presently under construction, provide for the assignment of the fifth floor to the Howard Hughes Medical Institute. The Institute would now like to have two floors in the building which will require completion of one of the shelled-in floors. The Institute will cover all costs associated with completing the seventh floor and for modifications that will be required on the fourth floor via gift for the contract amount once that dollar figure is determined based on the negotiated change order.

Upon completion of these proposed changes the Howard Hughes Medical Institute would occupy the fourth and fifth floors, and the centers presently scheduled to occupy the fourth floor will be located on the seventh floor. Each floor is approximately 24,856 gross square feet.

Approval by the U. T. Board of Regents will permit the U. T. Health Science Center - Dallas and the Office of Facilities Planning and Construction to negotiate a change order to the present construction contract for completion of the seventh floor and for modifications to the fourth floor. Following successful negotiation of a change order the Howard Hughes Medical Institute will make a gift to the University to cover all costs associated with the change in scope of the project. The contract amount and the gift will be reported to the U. T. Board of Regents at a future meeting.

9. U. T. Health Science Center - Dallas: Subject to Certain Contingencies, Recommendation to Authorize the Sublease of Land from the University Medical Center, Inc., Dallas, Texas, (Parkland Hospital District Being the Primary Lessor) for the Proposed Construction of the Clinical Science Building to Be Operated in Conjunction With the Proposed University Hospital.--

EXPLANATION

Subject to certain contingent developments, President Sprague and the Office of the Chancellor will make specific recommendations, as reflected in the listed title, related to the

BUILDINGS AND GROUNDS COMMITTEE

SUPPLEMENTAL MATERIAL

December 13-14, 1984

Page
B&G

9. U. T. Health Science Center - Dallas: Subject to Certain Contingencies, Recommendation to Authorize the Lease of Land from Dallas County Hospital District, Dallas, Texas, for the Proposed Construction of the Clinical Science Building to Be Operated in Conjunction With the Hospital Being Proposed by University Medical Center, Inc., Dallas, Texas Below
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9. U. T. Health Science Center - Dallas: Subject to Certain Contingencies, Recommendation to Authorize the Lease of Land from Dallas County Hospital District, Dallas, Texas, for the Proposed Construction of the Clinical Science Building to Be Operated in Conjunction With the Hospital Being Proposed by University Medical Center, Inc., Dallas, Texas.--

RECOMMENDATION

The Office of the Chancellor concurs with President Sprague's recommendation that the U. T. Board of Regents' approval be given to the attached Lease between the Dallas County Hospital District, Dallas, Texas, and The University of Texas System. By specific provisions contained in the Lease, the recommended Lease is contingent upon University Medical Center hospital being granted a Certificate of Need from the Texas Health Facilities Commission. Also, by specific provisions contained in the Lease, it is contingent upon the U. T. Board of Regents' approval of the financing and construction of the Clinical Science Building and upon the approval of the construction project by the Coordinating Board, Texas College and University System. Rent payments would commence on January 1, 1988, or upon opening of the building, whichever is sooner. If construction has not commenced by January 1, 1988, rent would be payable only for three years, provided construction has not started between January 1, 1988, and January 1, 1991; in which latter case, rent will be payable as of January 1, 1988, and thereafter until the end of the term. If construction has not commenced by January 1, 1991, the Lease automatically would terminate with no further obligations. The Lease should not be signed until the legal description of the property is furnished by the District.

BACKGROUND INFORMATION

Subject to certain contingent developments, President Sprague and the Office of the Chancellor were to make specific recommendations related to a sublease of land from the University

Medical Center, Inc., Dallas, Texas, (UMC) for the proposed construction of a Clinical Science Building. UMC would have been subleasing a portion of land to the University that it would have been leasing directly from the Dallas County

Hospital District (the District). It has been determined that a direct lease of the land in question, for a term of ninety-nine (99) years, is more appropriate and thus the attached Lease constitutes the specific recommendations of President Sprague and the Office of the Chancellor. Because the Lease is still closely related to the lease between UMC and the District, a copy of that lease is also attached for information purposes only. Executive summaries of both of the leases are provided in the following pages.

UMC is proposing to construct a hospital and operate it in conjunction with a University-owned Clinical Science Building. The hospital and Clinical Science Building will provide facilities through which the U. T. Health Science Center - Dallas can strengthen and enhance its program of medical education, research, and patient care through utilization of a non-owned but jointly directed hospital facility.

Critical to Texas Health Facilities Commission approval for construction of the proposed hospital facility is a proposed affiliation agreement between these two entities as referenced in Item 1, Page HAC 2.

Completion of any of these related proposals is dependent upon approval of the hospital by the Texas Health Facilities Commission.

UMC is a nonprofit hospital corporation being formed by a group of philanthropic members of the Dallas community in response to the existing need for a university-related facility. The U. T. Board of Regents at their October 11-12, 1984 meeting approved a request for project planning authorization for a U. T. Health Science Center - Dallas Clinical Science Building.

The Lease, if approved, would not be executed until the legal description of the property is submitted.

This item requires the concurrence of the Health Affairs Committee.

EXECUTIVE SUMMARY
of
LEASE
between
DALLAS COUNTY HOSPITAL DISTRICT
and
THE UNIVERSITY OF TEXAS SYSTEM

GENERAL:

Through the lease, The University of Texas System (U.T.) will lease for a 99-year term approximately 20,299 square feet (0.47 acres) of land from the Dallas County Hospital District (District) in order for U.T., subject to specified contingencies, to construct a Clinical Science Building for use in conjunction with a new hospital to be constructed by University Medical Center, Inc. (UMC). The Clinical Science Building will be connected to the UMC hospital and to Parkland Memorial Hospital.

LEASE SUBJECT TO CONTINGENCIES; AUTOMATIC TERMINATION:

The lease is conditioned the following contingencies: the issuance of a Certificate of Need for the Hospital being proposed for construction by UMC; approval by the U.T. Board of Regents of the financing and construction of the Clinical Science Building; and approval of the Clinical Science Building by the Coordinating Board. The lease is subject to automatic termination if construction has not commenced by January 1, 1991.

RENT; RENT COMMENCEMENT AND CONTINGENT LIMITATION:

Rent for the leased premises totals approximately \$21,720 per year and may be adjusted to account for inflation every five years during the term of the lease. Rent becomes payable on January 1, 1988, or upon opening of the Clinical Science Building, whichever is sooner. If construction has not commenced by January 1, 1988, U.T. will pay rent for no more than three years provided it has not commenced construction between January 1, 1988, and January 1, 1991. If construction has not commenced by January 1, 1991, the lease automatically terminates and no further obligations remain. If construction has commenced between January 1, 1988, and January 1, 1991, U.T. pays rent on January 1, 1988, and for each year thereafter of the lease term.

COST OF CONSTRUCTION:

U.T. will bear all costs of constructing the Clinical Science Building.

ASSIGNMENT AND SUBLETTING:

Assignment and subletting is permitted.

DAMAGE OR DESTRUCTION:

The Lease may be terminated if the Clinical Science Building is damaged or destroyed to the extent that it would not be in the best interests of the District and U.T. to rebuild.

LEASE

THIS LEASE ("Lease") is made and entered into this day of _____, 1984, by and between DALLAS COUNTY HOSPITAL DISTRICT, Dallas County, Texas ("Lessor") and THE UNIVERSITY OF TEXAS SYSTEM, Travis County, Texas ("Lessee").

RECITAL

Lessee desires to lease from Lessor, and Lessor desires to lease to Lessee, for construction of a clinical science building, all of that certain tract of land comprising approximately 20,299 square feet of land situated in Dallas County, Texas, which tract of land is more particularly described on Exhibit A attached hereto and made a part hereof for all purposes (the "Leased Premises"). The Leased Premises adjoin a tract of land leased to University Medical Center, Inc. ("UMC") by Lessor herein, providing for the lease of a tract of land comprising approximately 81,382.5 square feet located adjacent to Parkland Memorial Hospital in Dallas County, Texas. The parcel which is leased to UMC is to be used for the purpose of constructing and operating hospital, medical and related facilities. The parcel of land leased to Lessee is to be used for the purpose of constructing and operating a clinical science building to provide space for educational and research programs of The University of Texas Health Science Center at Dallas. Further, Lessor and Lessee desire that the clinical science building shall be operated in conjunction with the operation of the hospital, medical and related facilities to be constructed by UMC.

1. EXHIBITS TO LEASE.

Attached to this lease and made a part hereof for all purposes are the following Exhibits:

EXHIBIT A - a legal description of the Leased Premises; and

EXHIBIT B - a schedule of rents payable during the Term of this Lease (as hereinafter defined).

2. DEFINITIONS.

For purposes of this Lease, the following terms shall have the meaning hereinafter specified:

(A) "Clinical Science Building" shall mean the building to be constructed by Lessee on the Leased Premises to provide space for educational programs, including any additions thereto or replacements thereof;

(B) "Effective Date of this Lease" shall mean the date of the execution of this Lease;

(C) "The Hospital" shall mean hospital, medical and related facilities to be constructed by UMC on the Leased Premises which it leases;

(D) "Opening of the Clinical Science Building" shall mean that date upon which the Clinical Science Building has been accepted from the contractor in order to operate the Clinical Science Building;

(E) "Rent Commencement Date" shall mean January 1, 1988, or the opening of the Clinical Science Building, whichever is sooner;

(F) "Roadway" shall mean that certain existing roadway or right-of-way for pedestrian and vehicular traffic, and air rights in connection therewith to a height of fourteen feet (14') above ground level, on, over, across and through the Leased Premises;

(G) "Tunnel Easement" means that certain non-exclusive easement for an underground tunnel under, upon and across the Leased Premises to be granted by Lessor to UMC pursuant to the terms of the Ground Lease.

(H) "Leased Premises" shall mean that certain tract of land comprising approximately 20,299 square feet of land in Dallas County, Texas, as more particularly described on Exhibit A attached hereto.

3. DEMISE OF LEASED PREMISES.

(A) 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 lease, let, demise, and rent exclusively unto Lessee, and Lessee does hereby rent and lease from Lessor, the Leased Premises, together with all and singular the rights, privileges and appurtenances thereunto attaching or in anywise belonging or hereinafter provided for under the terms of this Lease;

SUBJECT, HOWEVER, among other matters, to the Roadway and the Tunnel Easement;

(B) Lessee and its successors, assigns, servants, agents, employees, licensees and invitees shall have the right to use the Roadway or any roadway hereafter constructed. Further, Lessee shall be entitled, at the sole cost and expense of Lessee, to construct portions of the Clinical Science Building over the Roadway, provided that such construction is at a height of at least fourteen feet (14') above ground level and does not obstruct or unreasonably hinder or interfere with the use of the Roadway for the purposes for which it was reserved; and

(C) In the event that the Lessor fails to maintain the Roadway in a first-class, good and workmanlike manner, Lessee shall have the right: (i) to perform or cause to be performed any maintenance work reasonably necessary with respect to such roadway after fifteen (15) days' written notice and opportunity to cure delivered by Lessee to the Lessor, and (ii) in any emergency situation to perform or cause to be performed the same immediately without notice or delay. The Lessor shall be obligated to reimburse Lessee for any expenses thereby incurred by Lessee immediately upon receipt of the statement of Lessee therefor. Lessor, its successors, assigns, servants, agents, employees, licensees and invitees shall in no event be liable to Lessee, its servants, agents, employees, licensees or invitees, or to any other person whomsoever, for any

injury to person or damage to property on or about or in connection with the Roadway, except to the extent such injury to persons or damage to property is caused by the negligence or misconduct of Lessor, its successors, assigns, servants, agents, employees, licensees or invitees.

4. TERM.

4.1 Lease Term.

TO HAVE AND TO HOLD the Leased Premises subject to the matters as aforesaid, together with all and singular the rights, privileges and appurtenances thereunto attaching or in anywise belonging or hereinafter provided for under the terms of this Lease, exclusively unto Lessee, its successors and assigns, for a term commencing on the Effective Date of this Lease and, unless sooner terminated pursuant to the provisions hereof, continuing for a period of Ninety-Nine (99) years and upon and subject to the covenants, agreements, terms, provisions and limitations hereinafter set forth, all of which Lessee covenants and agrees to perform and observe. Notwithstanding the foregoing, it is understood and agreed that Lessor shall have the right to use the Leased Premises for parking facilities until ten (10) days following written notice of Lessee's intention to commence construction of the Clinical Science Building; whereupon, Lessor shall fully vacate the Leased Premises.

4.2 Continued Possession of Lessee.

If Lessee shall hold over the Leased Premises after the expiration of the Term hereof with the express written consent of Lessor, such holding over shall be construed to be only a tenancy from month to month at the monthly rental amount paid for the last month of the expired Lease, subject to all the covenants and obligations hereof performable by Lessee and Lessor as provided during the Term of this Lease. Such month to month tenancy may be terminated by either party on not less than one month's written notice.

5. USE OF LEASED PREMISES; COMPLIANCE WITH LAWS.

5.1 Use of Leased Premises.

Lessee shall use the Leased Premises for the construction and operation of the Clinical Science Building and continue to use such for the term of this Lease. Lessee covenants not to abandon the Clinical Science Building and not to use the building for any purpose other than as stated herein.

5.2 Compliance with Laws.

Lessee covenants that during the Term hereof, Lessee will comply, at Lessee's sole cost and expense with all federal and state laws which may be applicable to the Leased Premises, the buildings, improvements and building equipment to be situated on the Leased Premises, the use or manner of use of the Leased Premises or the carrying on of Lessee's business on the Leased Premises.

5.3 Right to Contest Laws.

Lessee shall have the right, and Lessor agrees to cooperate with Lessee to the extent fully reasonable, including if necessary the joining in suit at Lessee's expense, after written notice to Lessor, to contest by appropriate legal proceedings, without cost or expense to Lessor, the validity of any law, ordinance, rule, regulation or requirement of the nature referred to in Section 5.2 above and to postpone compliance with the same, provided such contest shall be promptly and diligently prosecuted by and at the expense of Lessee. Lessor, at its expense, shall also have the right, but not the obligation, to contest any such law, ordinance, rule, regulation or requirement.

6. CONSTRUCTION, IMPROVEMENTS AND ALTERATIONS OF CLINICAL SCIENCE BUILDING.

6.1 Construction and Ownership of Clinical Science Building.

(A) As part of the construction of the Clinical Science Building, Lessee shall install on the Leased Premises any required storm and sanitary sewers, gas, water, and electrical lines and other necessary utilities. Lessee shall pay all construction costs incurred in the construction of the Clinical Science Building. Lessee covenants and agrees to exercise good faith efforts and due diligence, to obtain such building permit on the earliest date possible. Lessor covenants and agrees to exercise good faith efforts and due diligence and to cooperate with Lessee in Lessee's obtaining such building permit.

(B) Lessee covenants with Lessor that the Clinical Science Building and all related improvements will be constructed in a good and workmanlike manner according to and in conformity and in compliance with all applicable state and local laws, building codes, rules and regulations, and subject to the provisions of Section 5 above. The Clinical Science Building and all improvements related thereto which are constructed or otherwise made by Lessee to the Leased Premises, including alterations permitted under Section 6.4 below, and subject to the provisions of Section 6.3 below, shall be owned by Lessee from the date of installation and throughout the Term of this Lease.

(C) Lessee shall have the right to demolish and remove, or cause to be demolished and removed at any time during the lease, the Clinical Science Building or other improvements constructed by Lessee on the Leased Premises. Further, Lessee shall have the right, at Lessee's sole option and election, and at Lessee's sole cost and expense, thereafter to commence and diligently pursue to completion, or cause to be commenced and diligently pursued to completion, construction of new buildings or other improvements in replacement of those demolished. Any such new construction, buildings and improvements shall be in compliance with the provisions of Section 5 hereof and this Section 6, and shall be subject to and governed by all other terms and provisions of this Lease to the same extent as the improvements originally constructed on the Leased Premises.

6.2 Cost and Expense of Improvements.

The entire cost and expense of constructing any and all improvements on the Leased Premises shall be borne and paid for by Lessee.

6.3 Fixtures and Equipment.

(A) Any and all fixtures and equipment (except permanent fixtures and equipment such as heating and air conditioning equipment, lighting, plumbing fixtures and mechanical components of the structure which cannot be removed from the Clinical Science Building without materially damaging such improvement), signs, furniture and other personal property installed by Lessee (hereinafter collectively referred to as "Lessee's Property"), shall be and remain the property of Lessee and may be removed from the Leased Premises by Lessee at Lessee's cost at any time prior to or upon the termination of this Lease; provided, however, Lessee shall be liable for any material damage or injury to the Leased Premises occasioned by such removal.

(B) Lessee shall have the right to finance the acquisition and installation of Lessee's Property (by granting a security interest therein or entering into an equipment lease therefor), and in connection therewith, Lessor agrees to subordinate any landlord's lien which Lessor may possess on any and all of Lessee's Property.

6.4 Alterations by Lessee.

Lessee shall have the right at any time and from time to time after completion of the construction provided for under Section 6.1 above, during the Term hereof to make, in its sole discretion and at its sole cost and expense, any and all necessary or desirable changes and alterations (subject to the use requirements of Section 5.1 above) in or to the improvements constructed by Lessee upon the Leased Premises. All such permitted changes and alterations (herein collectively referred to as "Alterations") shall be immediately considered a part of the Clinical Science Building and the Leased Premises, and shall be surrendered or retained, in accordance with the terms of Section 6.1 hereof, at the end of the Term of this Lease or upon the sooner termination hereof, subject, however, to Section 6.3 above. Lessee covenants and agrees that all work done in connection with any Alteration shall be done in a good and workmanlike manner and in compliance with all federal and state rules and regulations.

7. RENT.

Rent shall accrue hereunder from the Rent Commencement Date, and shall be paid to Lessor at the address specified in this Lease or elsewhere as designated from time to time by written notice from Lessor to Lessee. Lessee covenants and agrees to pay to Lessor rent for the Leased Premises in monthly installments in the amounts specified on Exhibit B attached hereto. The first such monthly installment shall be due and payable on or before the Rent Commencement Date, and installments in the respective amounts specified on Exhibit B shall be due and payable on or before the first day of each succeeding calendar month during the Term of this Lease; provided that if the Rent Commencement Date should fall on a date other than the first day of a calendar month, or should this Lease terminate on a day

other than the last day of a calendar month, the rent for such partial month shall be prorated. If by January 1, 1988, Lessee has not commenced construction of the Clinical Science Building, Lessee shall pay rent under this Lease for no more than three years after January 1, 1988, provided construction does not commence between January 1, 1988, and January 1, 1991. If by January 1, 1991, Lessee has not commenced construction of the Clinical Science Building, this Lease automatically terminates with no further obligation hereunder for either party. If construction commences between January 1, 1988, and January 1, 1991, then Lessee shall pay rent for each year between January 1, 1988, and the end of the Lease Term.

8. ASSIGNMENT AND SUBLETTING.

8.1 Subletting.

Lessee shall have the right, with the prior written consent of Lessor, which shall not be unreasonably withheld, to sublet all or any portion of the Leased Premises or the improvements constructed thereon by Lessee, for activities consistent with or related to the construction and operation of the Clinical Science Building. Any sublease or assignment shall be subject and subordinate to this Lease.

8.2 Consent Not Required for Related Assignment.

No prior written consent shall be required for the assignment, subletting or transfer of this Lease in the event that such assignment, subletting or transfer occurs in connection with a reorganization of Lessee by a mere change in identity, form or place of organization.

8.3 Approval Required.

Except as expressly permitted under Sections 8.1 and 8.2 above, neither this Lease nor Lessee's rights hereunder shall be assigned, sublet, or transferred by Lessee, its successors and assigns, without the prior written consent of Lessor, which approval will not be unreasonably withheld, and any attempted assignment, subletting, or transfer without such consent shall be invalid for all purposes. Any consent to any assignment of this Lease or any interest herein shall not be construed as a consent to any further or subsequent assignment or construed as a waiver of the right to object to any further or subsequent assignment to which consent has not been first had and obtained.

9. REPAIRS AND MAINTENANCE OF LEASED PREMISES.

Lessee covenants, throughout the Term hereof, at Lessee's sole cost and expense, to take good care of all improvements constructed by Lessee upon the Leased Premises and, subject to the provisions of this Lease elsewhere set forth, to keep the same in good working order and condition, excepting reasonable wear and tear, and to make all necessary repairs thereto, interior and exterior, structural and nonstructural. Lessee shall keep and maintain all portions of the improvements constructed by Lessee upon the Leased Premises and all sidewalks, passageways and roadways within the Leased Premises in a clean and orderly condition; provided that nothing herein contained shall be construed as prohibiting the excavation and/or grading of the Leased

Premises by Lessee in connection with Lessee's construction of the Clinical Science Building and other improvements, alterations, additions or replacements to the Leased Premises.

10. DAMAGE OR DESTRUCTION.

10.1 Damage and Duty to Restore.

If, at any time during the term of this Lease, the Leased Premises or any part thereof shall be damaged or destroyed by fire or other casualty of any kind or nature, ordinary or extraordinary, foreseen or unforeseen, Lessee will repair, alter, restore, replace or rebuild the same to such extent and in such manner as Lessee may deem appropriate; provided, however, in the event such damage or destruction occurs during the last five (5) years of the Term of this Lease, Lessee may elect whether or not it wishes to repair, restore, replace or rebuild. Such repair, alteration, restoration, replacement or rebuilding shall, however, be done in conformity with the provisions of Section 6 above. Such repair, alteration, restoration, replacement or rebuilding, including such changes and alterations as aforementioned and including temporary repairs for the protection of other property pending the completion of any thereof, are sometimes referred to in this Section as "Work." All insurance money, if any, paid on account of such damage or destruction, shall be available for the payment of the cost of the Work to the extent such insurance proceeds are required for such purpose. No mortgage of the fee or any other creditor of Lessor shall be entitled to receive any of the proceeds.

10.2 Continuation of Rental Requirement.

Except to the extent expressly provided in Section 10.1, in no event shall Lessee be entitled to any abatement, allowance, reduction or suspension of rent because part or all of the Leased Premises shall be untenable owing to the partial or total destruction thereof, and notwithstanding anything herein to the contrary, no such damage or destruction shall affect in any way the obligation of Lessee to pay the rent due and other charges herein reserved or required to be paid, nor release Lessee of or from any obligation imposed upon Lessee under this Lease.

10.3 Right to Terminate Lease.

Notwithstanding the provisions of Sections 10.1 and 10.2 above, Lessee shall have the right to terminate this Lease if at any time during the Term of this Lease any improvements constructed by Lessee on the Leased Premises (including Lessee's Property) shall be damaged or destroyed by fire or any other casualty whatsoever to the extent that it would not be in the best interest of Lessee and Lessor to repair such damage.

11. MECHANICS' LIENS.

Lessee shall not suffer or permit any mechanics' or materialmen's liens to be enforced against the Leased Premises or against the fee estate of the Lessor as to the Leased Premises, by reason of work, labor, services or materials supplied or claimed to have been supplied to Lessee or anyone holding the Leased Premises, or any part thereof, through or under Lessee. If any such mechanics' or materialmen's liens shall at

any time be filed against the Leased Premises, the Lessee shall, within ninety (90) days after notice to Lessee of the filing thereof, cause the same to be discharged of record or make provisions acceptable to Lessor for the discharge of such lien; provided, however, that Lessee shall have the right to contest the amount or validity, in whole or in part, of any such lien by appropriate proceedings.

12. UTILITIES.

12.1 Utility Services and Sewer Facilities.

Lessee shall obtain, at Lessee's sole expense, utility services and sewer facilities required for Lessee's use of the Leased Premises. Lessee shall pay or cause to be paid all charges for gas, electricity, water, sewer service and other utilities obtained for the Leased Premises during the Term of this Lease and all sewer use charges or similar charges or assessments for utilities levied against the Leased Premises during the term of this Lease.

13. EVENTS OF DEFAULT.

13.1 Events of Default by Lessee.

The following are events of default by Lessee under this Lease:

(A) If Lessee fails to pay any installment of the rent for the Leased Premises provided for herein, or any part thereof, when the same shall become due and payable, and such failure shall continue for thirty (30) days after written notice of such default from Lessor to Lessee; or

(B) If Lessee fails to perform or observe any other requirement of this Lease (not hereinbefore in this Section 13.1 specified) on the part of Lessee to be performed or observed, and such failure shall continue for ninety (90) days after written notice thereof from Lessor to Lessee; provided, however, that such noncompliance shall not be considered a default if Lessee has initiated a bona fide effort reasonably contemplated to correct such failure to comply with such requirement in which case the time of Lessee within which to cure the same shall be extended for such period as may be necessary to complete the same with all due diligence.

13.2 Events of Default by Lessor.

It shall be an event of default by Lessor under this Lease if Lessor fails to perform or observe any requirement of this Lease on the part of Lessor to be performed or observed, and such failure shall continue for ninety (90) days after written notice thereof from Lessee to Lessor; provided, however, that such noncompliance shall not be considered a default if Lessor has initiated procedures reasonably contemplated to correct such failure to comply with such requirement in which case the time of Lessor within which to cure the same shall be extended for such period as may be necessary to complete the same with all due diligence.

13.3 Lessor's Right to Cure Defaults.

If Lessee fails to perform any agreement or obligation to be performed under this Lease, Lessor shall have the right:

(A) to perform the same after fifteen (15) days' written notice to Lessee; and

(B) in any emergency situation to perform the same immediately without notice or delay.

For the purposes of rectifying a default of Lessee, Lessor shall have the right to enter the Leased Premises. Lessee shall, to the extent permitted by applicable law, within ten (10) days of written notice given by Lessor to Lessee, reimburse Lessor for the costs and expenses, incurred by Lessor in rectifying the defaults. Any act or thing done by Lessor pursuant to this Section shall not constitute a waiver of any such default by Lessor or a waiver of any covenant, term or condition herein contained or the performance thereof.

14. REMEDIES IN EVENT OF DEFAULT.

14.1 Remedies in Event of Default by Lessee.

In the event Lessee defaults under Section 13.1 above, Lessor shall have the right, in addition to any other remedies available at law or in equity, then or at any time thereafter and while such default or defaults shall continue, to give Lessee written notice (herein called the "Second Notice") of Lessor's intention to terminate this Lease, specifying a date of termination not less than thirty (30) days thereafter. If the default continues thereafter and exists on the date of termination specified in the Second Notice, Lessee's right to possession of the Leased Premises shall cease on such date of termination, and all of the right, title and interest of Lessee hereunder shall wholly cease and terminate in the same manner and with the same force and effect as if the date specified in the Second Notice was the date originally specified herein for the expiration of this Lease and the Term hereof. In such event, Lessee shall immediately peaceably and quietly quit, yield and surrender the Leased Premises and improvements to Lessor, but Lessee shall remain liable as hereinafter provided.

14.2 Remedies in Event of Default by Lessor.

In the event Lessor defaults under Section 13.2 above, in addition to any other remedies available at law or in equity, no rent shall be due from Lessee during the period of such default by Lessor.

15. PUBLIC IMPROVEMENTS.

Lessor agrees, from time to time, to:

(A) Join in any application for all necessary governmental permits and authorizations in connection with Lessee's construction of the Clinical Science Building;

(B) Join in the conveyance of any non-exclusive easement to be conveyed for which no consideration is given;

(C) Join in the creation, modification, realignment or release of any such non-exclusive easement; and

(D) Join in any other instrument reasonably necessary to accomplish the foregoing.

16. FORCE MAJEURE.

The time within which either party hereto shall be required to perform any act under this Lease shall be extended by a period of time equal to the number of days during which performance of such act is delayed unavoidably by strikes, lockouts, Acts of God, governmental restrictions, failure or inability to secure materials or labor by reason of priority or similar regulations or order of any governmental or regulatory body, enemy action, civil disturbance, fire, unavoidable casualties or any other cause beyond the reasonable control of either party hereto.

17. CONDITIONS.

17.1 Certificate of Need.

Notwithstanding any other provision contained herein, Lessor understands that Lessee's agreement to this Lease and performance hereunder is conditioned upon UMC and Lessee obtaining a Certificate of Need for the proposed hospital from the Texas Health Facilities Commission.

17.2 Approval of Construction of the Clinical Science Building.

Notwithstanding any other provision contained herein except for Section 7 regarding the payment of rent, Lessor understands that Lessee's agreement to this Lease and performance hereunder is conditioned upon the following:

(A) Lessee's Board of Regents approval of the financing and construction of the Clinical Science Building;

(B) Approval of the Clinical Science Building by the Coordinating Board, Texas Colleges and Universities.

18. QUIET POSSESSION.

Lessor covenants to Lessee that if Lessee shall discharge the covenants, agreements and obligations herein set forth to be performed by Lessee, Lessee shall have and enjoy, during the Term hereof the quiet and undisturbed possession of the Leased Premises.

19. GENERAL PROVISIONS.

19.1 Notices.

Any Notice, communication, request, reply or advice, or duplicate thereof (hereinafter severally and collectively, for convenience, called "Notice") in this lease provided or permitted to be given, made or accepted by either party to any other

party must be in writing, and may, 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, or if the party or parties to be notified be incorporated, to an officer of such party, or by prepaid telegram when appropriately addressed to the party to be notified. 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 five (5) days after it is so deposited. Notice given 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 the Lessor, addressed to:

Dallas County Hospital District
5201 Harry Hines Blvd.
Dallas, Texas 75235

with a copy to:

Thomas L. Cox, Jr.
Parkland Memorial Hospital
5201 Harry Hines Blvd.
Dallas, Texas 75235

If to Lessee, addressed to:

The Board of Regents of The University of
Texas System
c/o The University of Texas System
Office of Investments and Trusts
210 West Sixth Street
Austin, Texas 78701
Attention: Executive Secretary
Arthur H. Dilly

with a copy to:

Office of General Counsel, U.T. System
Attention: John L. Darrouzet, Attorney
201 West Seventh Street
Austin, Texas 78701

However, the parties hereto and their respective heirs, successors, legal representatives and assigns shall have the right from time to time and at any time to change their respective addresses and shall have the right to specify as their respective addresses and other addresses within the United States of America by at least fifteen (15) days' written notice to the other party; provided, however, if at any one time more than one person or party owns an interest in the Leased Premises, nevertheless such persons or parties may not designate more than two places or addresses to receive notice pursuant to the terms hereof. Each party shall have the right to change such party's address for purposes of notice, by giving written notice to the other party in the manner herein set forth.

19.2 Waivers.

No variations, modifications or changes herein or hereof shall be binding upon any party hereto unless executed by such party or by a duly authorized officer or a duly authorized agent of the particular party. No waiver or waivers of any breach or default or any breaches or defaults by either party of any term, condition or liability of or a performance by the other party of any duty or obligation hereunder, including without limitation the acceptance by Lessor or payment by Lessee of any rentals at any time or in any manner other than as herein provided, shall be deemed a waiver thereof or of any waiver thereof in the future, nor shall any such waiver or waivers be deemed or construed to be a waiver or waivers of subsequent breaches or defaults of any kind, character or description under any circumstances.

The acceptance by Lessor of any performance, rental provided in Exhibit B hereto, additional rent or other sum or sums of money or other charges herein reserved to be paid or provided to be done by Lessee from any person, firm, or corporation other than Lessee shall not discharge Lessee or any others liable with Lessee except to the extent of the performance and payment so accepted by Lessor from liability to pay the rental provided in Exhibit B hereto herein reserved, additional rent or other sum or sums of money and other charges herein provided to be paid by Lessee or from liability to perform any of the terms, covenants, conditions and agreements herein set forth.

19.3 Modifications.

Any alteration, change or modification of or to this Lease, in order to become effective, shall be made by written instrument or endorsement hereon and in each such instance executed on behalf of each party hereto.

19.4 Applicable Law.

This Lease shall be governed by and construed in accordance with, the laws of the State of Texas.

19.5 Partial Invalidity.

If any term, provision, condition or covenant of this Lease or the application thereof to any party or circumstances shall, to any extent, be held invalid or unenforceable, the remainder of this Lease, or the application of such term, provision, condition or covenant to persons or circumstances other than those as to whom or which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Lease shall be valid and enforceable to the fullest extent permitted by law.

19.6 Covenants Running with the Land.

All of the covenants, agreements, conditions and restrictions set forth in this Lease are intended to be and shall be construed as covenants running with the land, binding upon, inuring to the benefit of and enforceable by the parties hereto and their successors and assigns.

19.7 Right of Inspection by Lessor.

Lessor, through Lessor's agents or representatives, shall have full right and authority to enter in and upon the Leased Premises and the building or improvements to be constructed by Lessee thereon, at any and all reasonable times during normal business hours during the Term of this Lease upon reasonable notice to Lessee and without interference with the use or business of Lessee for the purpose of inspecting the same, without the interference or hindrance by the Lessee, or by Tenants agents or representatives.

19.8 Surrender and Quitclaim at End of Term.

Upon the end of the Term of this Lease or upon termination of this Lease, Lessee shall, to the extent provided under Paragraph 6.1 hereof, surrender to Lessor all and singular the Leased Premises, including the building and all improvements then situated upon the Leased Premises, and Lessee shall execute, acknowledge and deliver to Lessor within thirty (30) days after written demand from Lessor to Lessee, any quitclaim deed or other document reasonably required by any reputable title company to remove the cloud, if any, of this Lease from the Leased Premises.

19.9 Authority.

(A) Lessee represents and warrants that each individual executing this Lease is duly authorized to execute and deliver this Lease on its behalf, in accordance with a duly adopted resolution of the Board of Regents of said University of Texas System, and that this Lease is binding upon Lessee in accordance with its terms.

(B) Lessor, being a hospital district, represents and warrants that the individual executing this Lease is duly authorized to execute and deliver this Lease on behalf of said hospital district, in accordance with a duly adopted resolution of the Board of Managers of said hospital district, and that this Lease is binding upon said hospital district in accordance with its terms.

19.10 Remedies Cumulative.

The various rights and remedies given to or reserved to Lessor and/or Lessee by this Lease or allowed by law shall be cumulative, irrespective of whether so expressly stated.

19.11 Memorandum of Lease.

A short form or memorandum of this Lease, incorporating the basic terms of this Lease by reference, shall be executed, acknowledged and recorded within thirty (30) days after the Effective Date of this Lease. Said short form or memorandum of this Lease shall set forth the parties hereto, the legal description of the Leased Premises, the Term of this Lease and the options granted to Lessee hereunder if so requested by either party hereto to the other. Lessor and Lessee agree that neither party will cause to be filed and recorded this entire Lease or any copy thereof.

EXECUTED as of the day and year first above written.

ATTEST:

Ron J. Anderson, M.D.
Secretary

LESSOR:

DALLAS COUNTY HOSPITAL DISTRICT
Dallas County, Texas

By: _____
Richard F. Reynolds
Chairman of the Board of Managers

THE UNIVERSITY OF TEXAS SYSTEM
for and on behalf of
THE UNIVERSITY OF TEXAS HEALTH
SCIENCE CENTER AT DALLAS

RECOMMENDED FOR APPROVAL:

By: _____
President of The University of
Texas Health Science Center at
Dallas

FORM APPROVED:

By: _____
Office of the General
Counsel
The University of Texas
System

CONTENT APPROVED:

By: _____
Office of the Chancellor
The University of Texas System

ATTEST:

Secretary

APPROVED:

By: _____
Chairman, Board of Regents
The University of Texas System

SCHEDULE OF RENTS

Attached to Lease, dated _____, 1984,
by and between Dallas County Hospital District
as Landlord, and The University of Texas System

Lessee shall pay to Lessor rent for the Leased Premises,
in accordance with the provisions of Paragraph 7 of the
Lease, in monthly installments in the following amounts:

A. First Rent Period. For and during the period (the
"First Rent Period") commencing on the Rent Commencement Date
and continuing until the fifth anniversary date of such Rent
Commencement Date, or if such date is other than the first
day of a calendar month until the first day of the calendar
month next following such fifth anniversary date, the annual
rental rate shall be Twenty-One Thousand Seven Hundred
Nineteen and 93/100 Dollars (\$21,719.93) and rent shall be
due and payable in equal and consecutive installments of One
Thousand Eight Hundred Nine and 99/100 Dollars (\$1,809.99)
per month.

B. Rent for Subsequent Five (5) Year Rent Periods.
The annual rental rate for each five (5) year rent period
following the First Rent Period shall remain Twenty-One
Thousand Seven Hundred Nineteen and 93/100 Dollars
(\$21,719.93), unless there has been inflation in the value of
U.S. dollars since the effective date of this Lease; in which
latter case, the rent shall be adjusted to account for the
inflation in the value of the dollars.

EXHIBIT "B"

EXECUTIVE SUMMARY
of
LEASE
between
DALLAS COUNTY HOSPITAL DISTRICT
and
UNIVERSITY MEDICAL CENTER, INC.

GENERAL:

Through the lease, University Medical Center, Inc. (UMC) will lease for a 50-year term, with a renewal option of another 50-year term, approximately 76,269 square feet (1.73 acres) of land from the Dallas County Hospital District (District) in order for UMC, subject to specified contingencies, to construct a new hospital to be used in conjunction with the planned U.T. Clinical Science Building. The Clinical Science Building will be connected to the UMC hospital and to Parkland Memorial Hospital.

LEASE SUBJECT TO CONTINGENCIES:

The lease is conditioned upon the issuance of a Certificate of Need for the UMC hospital and upon construction of the hospital within 36 months after the Certificate is issued or after necessary building permits are obtained.

COSTS OF CONSTRUCTION:

UMC will bear all costs of constructing the hospital.

RENT; RENT COMMENCEMENT:

Rent for the leased premises totals approximately \$81,900 per year and may be adjusted according to a specified formula every five years. Rent will be payable upon opening of the hospital.

ASSIGNMENT AND SUBLETTING:

Assignment and subletting is permitted.

DAMAGE OR DESTRUCTION:

The lease may be terminated if the Hospital is damaged or destroyed to a specified extent.

November 29, 1984

L E A S E

THIS LEASE ("Lease") is made and entered into this _____ day of _____, 1984, by and between DALLAS COUNTY HOSPITAL DISTRICT, Dallas County, Texas ("Landlord"), and UNIVERSITY MEDICAL CENTER, INC., a Texas Non-Profit Corporation, Dallas County, Texas ("Tenant").

RECITAL

It is the intention of Tenant to lease from Landlord a certain tract of land comprising approximately 76,269 square feet more or less, located adjacent to Parkland Memorial Hospital in Dallas County, Texas, for the purpose of constructing and operating hospital, educational, medical and related facilities upon such tract of land. Upon completion of construction of such hospital, educational, medical and related facilities, and receipt of appropriate licenses and certificates from governmental authorities within the State of Texas, Landlord, which also manages Parkland Memorial Hospital, will manage such facility. It is the objective of both Landlord and Tenant that such hospital, educational, medical and related facilities be constructed, operated and managed in a first-class manner. In this regard, the parties shall seek and obtain accreditation of the hospital, educational, medical and related facilities by the Joint Commission on Accreditation of Hospitals, or any successor to such Joint Commission.

1. EXHIBITS TO LEASE

Attached to this Lease and made a part hereof for all purposes are the following Exhibits:

EXHIBIT A - a legal description of the tract of land hereinafter referred to as the "Leased Premises";

EXHIBIT B - a legal description of the tract(s) of land, one or both of which the "Garage" will be constructed upon;

EXHIBIT C - a map of the area over which the proposed overhead covered "Walkways" will be constructed;

EXHIBIT D - a schedule of rents payable during the "Term of this Lease";

EXHIBIT E - a legal description of the "Reserved Easement Tract"; and

EXHIBIT F - a legal description of the "Granted Easement Tract."

2. DEFINITIONS.

For purposes of this Lease, the following terms shall have the meanings hereinafter specified:

(A) "Certificate of Need" shall mean that certain certificate to be issued to Tenant by the Texas Health Facilities Commission authorizing construction of the New Hospital upon the Leased Premises;

(B) "Clinical Science Building" shall mean a building, providing space for educational and research programs, proposed to be constructed by The Board of Regents of the University of Texas System on the Reserved Easement Tract adjacent to the Leased Premises;

(C) "Effective Date of this Lease" shall mean the date of the execution of this Lease;

(D) "Garage" shall mean a first-class, multi-story parking garage located on one or both of the tracts of land shown on Exhibit B attached hereto and comparable to like or similar parking garage facilities serving teaching hospitals throughout the United States;

(E) "Granted Easement Tract" shall mean that certain tract of land described on Exhibit F attached hereto over which Landlord is to grant an easement to Tenant pursuant to Section 8 hereof;

(F) "Initial Term" shall mean a period of fifty (50) years commencing on the Rent Commencement Date, provided if such Rent Commencement Date is other than the first day of a calendar month, the Initial Term shall commence on the first day of the calendar month following such Rent Commencement Date;

(G) "Institutional Investor" shall mean:

- (i) any national or state bank; any savings bank or trust company; any life or other insurance company; any savings and loan association; or any real estate investment trust;
- (ii) any corporation organized and operated exclusively for religious, charitable, scientific, literary or educational purposes, and any pension or profit sharing trust or retirement fund, provided the same are entitled to exemption from income tax under the Internal Revenue Code;
- (iii) any corporation formed by or on behalf of the foregoing; or
- (iv) any other person, firm, corporation, trust or entity, provided that in the case of a construction loan which is to be advanced by the lender to Tenant in increments, as construction progresses, such lender has and maintains during the entire course of such construction adequate financial resources to fund, in full, the contemplated loan;

Any two or more of the foregoing, acting together as mortgagees, shall also be deemed within the term "Institutional Investor";

(H) "Leased Premises" shall mean that certain real property situated in Dallas County, Texas, being a part of the Parkland Hospital Center, which is described in Exhibit A attached hereto, together

with all and singular rights, privileges and easements appurtenant thereto or which are hereinafter provided in this Lease;

(I) "New Hospital" shall mean hospital, medical, educational and related facilities to be constructed by Tenant on the Leased Premises, including any additions to or replacements of such facilities;

(J) "Opening of the New Hospital" shall mean that date upon which the New Hospital has received all necessary permits, licenses, certificates or approvals from city, county and state authorities within the State of Texas in order to receive and accept patients for medical care at the New Hospital;

(K) "Preliminary Term" shall mean that period from the Effective Date of this Lease until the date of commencement of the Initial Term;

(L) "Renewal Term" shall mean that certain period of fifty (50) years commencing upon the expiration of the Initial Term, provided Tenant has timely exercised its renewal option pursuant to Section 4.2 hereof;

(M) "Rent Commencement Date" shall mean the date of the Opening of the New Hospital;

(N) "Reserved Easement Tract" shall mean that certain tract of land described on Exhibit E attached hereto, across, under and upon which Landlord agrees, at the request of Tenant, to grant an easement for an underground tunnel pursuant to Section 8 hereof;

(O) "Term of this Lease" or "Term hereof" shall mean any or all of the following: Preliminary Term, Initial Term and/or the Renewal Term; and

(P) "Walkways" shall mean overhead, enclosed, covered walkways to be constructed by Landlord, providing access between the Garage and New Hospital, between the Garage and Parkland Memorial Hospital, and between the Garage and the Clinical Science Building, if and when such building is constructed, as shown on Exhibit C attached hereto.

3. DEMISE OF LEASED PREMISES; RESERVATION OF EASEMENT.

(A) Landlord, in consideration of the rents, covenants, agreements, and conditions herein set forth, which Tenant hereby agrees shall be paid, kept and performed by Tenant, does hereby lease, let, demise, and rent exclusively unto Tenant, and Tenant does hereby rent and lease from Landlord, the Leased Premises;

(B) Notwithstanding anything contained herein to the contrary, Tenant, its respective successors, assigns, servants, agents, employees, licensees and invitees shall have the right to use any roadway existing or hereafter constructed over the Reserved Easement Tract. Any roadway existing or hereafter constructed over such Reserved Easement Tract shall be constructed, paved, completed and maintained, at the sole cost and expense of Landlord, in a first-class, good and workmanlike manner in keeping with the buildings and other improvements comprising the New Hospital.

(C) In the event that Landlord hereafter fails so to maintain any such roadway over the Reserved Easement Tract, Tenant shall have the right, but not the obligation, at the

sole option of Tenant: (i) to perform or cause to be performed any maintenance work reasonably necessary with respect to such roadway after fifteen (15) days' written notice and opportunity to cure delivered by Tenant to Landlord; and (ii) in any emergency situation to perform or cause to be performed the same immediately without notice or delay. Landlord shall reimburse Tenant for any expenses thereby incurred by Tenant immediately upon receipt of the statement of Tenant therefor. Further, Tenant, and its respective successors, assigns, servants, agents, employees, licensees and invitees shall in no event be liable to Landlord or Landlord's servants, agents, employees, licensees or invitees, or to any other person whomsoever, for any injury to person or damage to property on or about or in connection with any roadway over the Reserved Easement Tract, except to the extent such injury to persons or damage to property is caused by the negligence or misconduct of Tenant, or its respective successors, assigns, servants, agents, employees, licensees or invitees. In this regard, Landlord covenants and agrees that it will at all times indemnify and hold safe and harmless Tenant, and its respective successors, assigns, servants, agents, employees, licensees and invitees from and against such liability for injury to person or damage to property on or about or in connection with any roadway over the Reserved Easement Tract, except to the extent caused by the negligence or misconduct of Tenant or its respective successors, assigns, servants, agents, employees, licensees or invitees.

4. TERM.

4.1 Initial Term.

TO HAVE AND TO HOLD the Leased Premises, together with all and singular the rights, privileges and appurtenances thereunto attaching or in anywise belonging or hereinafter provided for under the terms of this Lease, exclusively unto Tenant, its successors and assigns, for a term commencing on the date hereof, and, unless sooner terminated pursuant to the provisions hereof, ending upon the expiration of the Initial Term, upon and subject to the covenants, agreements, terms, provisions and limitations hereinafter set forth, all of which Tenant covenants and agrees to perform and observe.

4.2 Renewal Option.

Tenant shall have the sole and exclusive right and option to extend the Term of this Lease for the Renewal Term, on the same terms and conditions as contained herein, subject to the rent as set forth on Exhibit D attached hereto. Such renewal option must be exercised by written notice delivered by Tenant to Landlord no earlier than eighteen (18) months and no later than twelve (12) months prior to the expiration of the Initial Term.

4.3 Continued Possession of Tenant.

If Tenant shall hold over the Leased Premises after the expiration of the Term hereof with the consent of Landlord, either express or implied, such holding over shall be construed to be only a tenancy from month to month at the monthly rental amount paid for the last month of the expired Lease, subject to all the covenants and obligations hereof performable by Tenant and Landlord as provided during the Term of this Lease. Such month to month tenancy may be terminated by either party on not less than one month's written notice.

5. USE OF LEASED PREMISES; COMPLIANCE WITH LAWS.

5.1 Use of Leased Premises.

Tenant shall use the Leased Premises for the construction and operation of the New Hospital. Tenant shall have the right to use or sublet a reasonable portion of the Leased Premises, pursuant to Section 10 below for retail concession facilities customarily available in hospitals.

5.2 Compliance with Laws.

Tenant covenants that during the Term hereof, Tenant will comply, at Tenant's sole cost and expense, with all laws, ordinances, rules and regulations promulgated by all federal, state and municipal governments and appropriate departments, commissions and boards thereof, whether or not the same require structural repairs or alterations, which may be applicable to the Leased Premises, the buildings, improvements and building equipment or the use or manner of use of the Leased Premises or the carrying on of Tenant's business thereon, together with all standards promulgated by the Joint Commission on Accreditation of Hospitals which relate to the qualification of the New Hospital as an accredited hospital.

5.3 Right to Contest Laws.

Tenant shall have the right, and Landlord agrees to cooperate with Tenant to the extent reasonable, including if necessary the joining in suit at Tenant's expense, after written notice to Landlord, to contest by appropriate legal proceedings, without cost or expense to Landlord, the validity of any law, ordinance, rule, regulation or requirement of the nature herein referred to and to postpone compliance with the same, provided such contest shall be promptly and diligently prosecuted by and at the expense of Tenant. Landlord, at its expense, shall also have the right, but not the obligation, to contest any such law, ordinance, rule, regulation or requirement.

6. CONSTRUCTION, IMPROVEMENTS AND ALTERATIONS OF NEW HOSPITAL.

6.1 Construction of New Hospital.

(A) Within six (6) months after the later to occur of the following: (i) that date upon which Tenant receives a Certificate of Need for the New Hospital, or (ii) that date upon which Tenant obtains a building permit from the City of Dallas for the New Hospital, Tenant shall commence and diligently pursue to completion construction of the New Hospital. As part of such construction, Tenant shall install on the Leased Premises any required storm and sanitary sewers, gas, water, and electrical lines and other necessary utilities. Tenant shall pay all construction costs incurred in the construction of the New Hospital. In the event Tenant has not received a Certificate of Need and a building permit for the New Hospital within thirty-six (36) months from the Effective Date of this Lease, then either party shall have the right to terminate this Lease upon written notice to the other, whereupon neither party hereto shall have any further rights or obligations hereunder. Tenant covenants and agrees to exercise good faith efforts to obtain such Certificate of Need and building permit. Landlord covenants and agrees to exercise good faith efforts and to cooperate with Tenant in Tenant's obtaining such Certificate of Need and building permit, including exercising good faith efforts to provide adequate parking for the New Hospital as provided in Section 7 in order for Tenant to obtain a building permit.

(B) Tenant covenants with Landlord that the New Hospital and all related improvements will be constructed in a good and workmanlike manner according to and in conformity and in compliance with all applicable state and local laws, building codes, rules and regulations. The New Hospital and all improvements related thereto which are constructed or otherwise made by Tenant to the Leased Premises, including alterations permitted under Section 6.4 below, and subject to the provisions of Section 6.3 below, shall be owned by Tenant from the date of installation and throughout the Term of this Lease, shall remain a part of the Leased Premises and shall be surrendered therewith at the end of the Term hereof or sooner termination of this Lease, at which time they shall become the property of Landlord. Tenant shall have the right to demolish and remove, or cause to be demolished and removed, at any time except during the last five (5) years of the Term hereof, any building or other improvements constructed on the Leased Premises during the Term of this Lease. Further, Tenant shall have the right, at Tenant's sole option and election and at Tenant's sole cost and expense, thereafter to commence and diligently pursue to completion, or cause to be commenced and diligently pursued to completion, construction of new buildings or other improvements in replacement of those demolished. Any such new construction, buildings and improvements shall be in compliance with the provisions of Section 5 hereof and this Section 6, and shall be subject to and governed by all other terms and provisions of this Lease to the same extent as the improvements originally constructed on the Leased Premises. During the last five (5) years of the Term hereof, any building or other improvements constructed on the Leased Premises during the term of this Lease may be demolished, and any new construction may be commenced, only with the prior written consent of Landlord, which shall not be unreasonably withheld.

6.2 Cost and Expense of Improvements.

The entire cost and expense of constructing any and all improvements on the Leased Premises, except for the Walkways, shall be borne and paid for by Tenant. The entire cost and expense of constructing the Garage and the Walkways and any construction, maintenance or repair of any roadway existing or hereafter constructed over the Reserved Easement Tract shall be borne and paid for solely by Landlord.

6.3 Fixtures and Equipment.

(A) Any and all fixtures and equipment (except permanent fixtures and equipment such as heating and air conditioning equipment, lighting, plumbing fixtures and mechanical components of the structure which cannot be removed from the New Hospital without materially damaging such improvement), signs, furniture and other personal property installed by Tenant (collectively referred to as "Tenant's Property"), shall be and remain the property of Tenant and may be removed from the Leased Premises by Tenant at Tenant's cost at any time prior to or upon the termination of this Lease; provided that Tenant shall be liable for any material damage or injury to the Leased Premises occasioned by such removal.

(B) Tenant shall have the right to finance the acquisition and installation of Tenant's Property (by granting a security interest therein or entering into an equipment lease therefor), and in connection therewith, Landlord agrees to subordinate any landlord's lien which Landlord may possess on any and all of Tenant's Property.

6.4 Alterations by Tenant.

Tenant shall have the right at any time and from time to time after completion of the construction provided for under Section 6.1 above, during the Term hereof to make, in its sole discretion and at its sole cost and expense, changes and alterations (subject to the use requirements of Section 5.1 above) in or to the improvements constructed by Tenant upon the Leased Premises. All such permitted changes and alterations (herein collectively referred to as "Alterations") shall be immediately considered a part of the Leased Premises, and shall be surrendered therewith at the end of the Term hereof or upon termination of this Lease, subject, however, to Section 6.3 above, at which time the same shall become the property of Landlord. Such alterations shall be made in all cases subject to the following conditions which Tenant covenants and agrees to observe and perform:

(A) all work done in connection with any Alteration shall be done in a good and workmanlike manner and in compliance with the applicable municipal building and zoning laws and with all other laws, ordinances, rules, regulations and requirements of federal, state and municipal governments and appropriate departments, commissions and boards thereof; and

(B) the Leased Premises shall at all times be free of mechanics' and materialmen's liens for labor and materials supplied or claimed to have been supplied to the Leased Premises. Tenant shall provide Landlord, upon written request, evidence satisfactory to Landlord that the Leased Premises are free from any and all mechanics' and materialmen's liens growing out of the construction and completion of such Alterations.

7. PARKING; CONSTRUCTION OF GARAGE AND WALKWAYS BY LANDLORD.

Landlord understands and acknowledges that, in order for Tenant to obtain a building permit and certificate of occupancy for the construction and operation of the New Hospital, sufficient parking to meet code requirements must be available for the New Hospital. In this regard, Landlord covenants and agrees to provide to Tenant, during the Initial Term and any Renewal Term hereof, a minimum of four hundred (400) parking spaces for the sole and exclusive use by Tenant, Tenant's employees, patients and visitors. In this regard, Landlord agrees to construct, at its sole cost and expense, the Garage and the Walkways. Landlord agrees to seek and obtain all authorizations, permits, certificates and approvals required for such construction, including but not limited to any certificates of need therefor, and to seek and obtain all necessary authorizations and approvals for the issuance of revenue bonds necessary to finance the construction of the Garage and the Walkways. Landlord and Tenant shall enter into an agreement with respect to Tenant's use of the Garage and parking spaces located therein, which agreement may, among other things, set forth the parking rates to be charged for the parking spaces to be provided to Tenant. Landlord covenants and agrees to complete construction of the Garage and the Walkways prior to the Opening of the New Hospital; subject, however, to Landlord obtaining: (i) a certificate of need for the Garage; (ii) authorization and approval for issuance of revenue bonds necessary to finance construction of the Garage and the Walkways; (iii) approval by the State Highway Department of that portion of the Walkways over Harry Hines Boulevard; (iv) building permits from the City of Dallas;

and (v) approval of the Dallas County Commissioner Court. Until the conditions contained in the preceding sentence have been fulfilled, Tenant understands that the parking spaces required to be provided under this Section may be located within existing surface parking areas available to Landlord. In this regard, Landlord and Tenant agree and acknowledge that any charges for providing such surface parking spaces are included in the rent provided for on Exhibit D attached hereto. Further, Landlord covenants and agrees to provide additional parking, as may be reasonably requested by Tenant, for the New Hospital at any time during the Term of this Lease upon eighteen (18) months written notice therefor from Tenant.

8. GRANT OF EASEMENTS.

8.1 Granted Easement.

On and as of the date of Opening of the New Hospital, Landlord, at its sole cost and expense, shall grant to Tenant for the benefit of the Leased Premises, by recorded instrument, a non-exclusive easement for ingress and egress to and from the Leased Premises, providing for pedestrian and vehicular traffic on, over, across and through the Granted Easement Tract described on Exhibit F attached hereto. Tenant shall not be responsible for the cost of any construction or maintenance of any roadway existing or hereafter constructed over the Granted Easement Tract, nor shall Tenant be liable for any injury to person or damage to property on or about or in connection with any roadway over the Granted Easement Tract, except to the extent such injury to person or damage to property is caused by the negligence or misconduct of Tenant or Tenant's servants, agents, employees, licensees or invitees. In this regard, Landlord covenants and agrees that it will at all times indemnify and hold safe and harmless Tenant and Tenant's servants, agents, employees, licensees or invitees from and against such liability for injury to persons or damage to property, except to the extent caused by the negligence or misconduct of Tenant or Tenant's servants, agents, employees, licensees or invitees.

8.2 Reserved Easement.

Landlord covenants and agrees, upon the request of Tenant, to grant to Tenant an easement for an underground tunnel under, upon and across the Reserved Easement Tract for the purposes of constructing an access tunnel between the New Hospital and Parkland Memorial Hospital. The precise physical location of such tunnel shall be mutually agreed to by Landlord and Tenant.

9. RENT.

Rent shall accrue hereunder from the Rent Commencement Date, and shall be paid to Landlord at the address specified in this Lease or elsewhere as designated from time to time by written notice from Landlord to Tenant. Tenant covenants and agrees to pay to Landlord rent for the Leased Premises in monthly installments in the amounts specified on Exhibit D attached hereto. The first such monthly installment shall be due and payable on or before the Rent Commencement Date, and installments in the respective amounts specified on Exhibit D shall be due and payable on or before the first day of each succeeding calendar month during the Term of this Lease; provided that if the Rent Commencement Date should fall on a date other than the first day of a calendar month, or should this Lease terminate on a day other than the last day of a calendar month, the rent for such partial month shall be prorated. Notwithstanding any provision contained

in this Lease to the contrary, the obligation of Tenant to pay rent as provided herein is expressly conditioned upon the issuance of the Certificate of Need necessary to the construction of the New Hospital.

10. ASSIGNMENT AND SUBLETTING.

10.1 Subletting.

Tenant shall have the right, without the prior written consent of Landlord, to sublet all or any portion of the Leased Premises or the improvements constructed thereon by Tenant for activities consistent with or related to the uses set forth in Section 5.1 above, including, but not limited to, subletting a portion of the Leased Premises for retail concession facilities customarily available in hospitals. Each sublease shall be subject and subordinate to this Lease.

10.2 Consent Not Required for Related Assignment.

No prior written consent shall be required for the assignment, subletting or transfer of this Lease in the event that such assignment, subletting or transfer: (i) occurs in connection with a reorganization of Tenant by a mere change in identity, form or place of organization; or (ii) is to any entity which controls Tenant, is controlled by Tenant or is controlled by the same entity which controls Tenant.

10.3 Approval Required.

Except as expressly permitted under Sections 10.1 and 10.2 above and Section 11 below, neither this Lease nor Tenant's rights hereunder shall be assigned, sublet, or transferred by Tenant, its successors and assigns, without the prior written consent of Landlord, which approval will not be unreasonably withheld, and any attempted assignment, subletting, or transfer without such consent shall be invalid for all purposes. Any consent to any assignment of this Lease or any interest herein shall not be construed as a consent to any further or subsequent assignment or construed as a waiver of the right to object to any further or subsequent assignment to which consent has not been first had and obtained.

11. MORTGAGING AND SUBORDINATION.

Notwithstanding anything in Section 10 above to the contrary Tenant shall have the absolute right, without the prior consent of Landlord, to mortgage, pledge, encumber, assign or transfer collaterally its interest in this Lease to an Institutional Investor as collateral security for the payment of any financing, interim or permanent, related to the construction of the New Hospital. In order to facilitate any such financing by Tenant, Landlord agrees, if requested by Tenant, to subordinate its fee interest in the Leased Premises to the lien securing any such financing for the construction of the New Hospital. Further, Landlord agrees to exercise good faith efforts and to cooperate with Tenant in obtaining any such financing, including the execution and delivery of any documents reasonably requested by Tenant or an Institutional Investor.

12. REPAIRS AND MAINTENANCE OF LEASED PREMISES.

Tenant covenants, throughout the Term hereof, at Tenant's sole cost and expense, to take good care of all improvements constructed by Tenant upon the Leased Premises and, subject to the provisions of this Lease elsewhere set

forth, to keep the same in good working order and condition, excepting reasonable wear and tear, and to make all necessary repairs thereto, interior and exterior, structural and non-structural. Tenant shall keep and maintain all portions of the improvements constructed by Tenant upon the Leased Premises and all sidewalks, passageways and roadways within the Leased Premises (except for the Walkways and any roadway existing or hereafter constructed over the Reserved Easement Tract, maintenance of which are and shall be the sole responsibility of the Landlord) in a clean and orderly condition; provided that nothing herein contained shall be construed as prohibiting the excavation and/or grading of the Leased Premises by Tenant in connection with the construction of the New Hospital and other improvements, alterations, additions or replacements to the Leased Premises.

13. INDEMNITY.

Tenant shall hold harmless, indemnify and defend Landlord from all liability, penalties, losses, damages, costs, expenses, causes of action, claims and/or judgments arising by reason of any injury or death to any person or persons, or damage to property of any person or parties, by any servants, agents and employees, subtenants, licensees and concessionaires under the direct control of Tenant; provided however, Tenant shall not hold harmless, indemnify or defend Landlord for any acts causing liability, penalties, losses, damages, costs, expenses, causes of action, claims and/or judgments by a person under the direct control of Tenant which occurs while such person is acting under the direction of, and subject to the authority of, Landlord pursuant to the terms of a Management Agreement to be entered into between Landlord and Tenant for the New Hospital to be managed by the Dallas County Hospital District.

Landlord shall hold harmless, indemnify and defend Tenant from all liability, penalties, losses, damages, costs, expenses, causes of action, claims and/or judgments arising by reason of any injury or death to any person or persons, or damage to property of any person or parties, by any servants, agents and employees, subtenants, licensees and concessionaires under the direction of, and subject to the authority of, Landlord pursuant to the terms of a Management Agreement to be entered into between Landlord and Tenant for the New Hospital to be managed by the Dallas County Hospital District.

14. DAMAGE OR DESTRUCTION.

14.1 Damage and Duty to Restore.

If, at any time during the term of this Lease, the Leased Premises or any part thereof shall be damaged or destroyed by fire or other casualty (including any casualty for which insurance coverage was not obtained or obtainable) of any kind or nature, ordinary or extraordinary, foreseen or unforeseen, Tenant may repair, alter, restore, replace or rebuild the same to such extent and in such manner as Tenant may deem appropriate; but in the event such damage or destruction occurs during the last five (5) years of the Term of this Lease, all insurance proceeds covering such damage or destruction shall be paid over to Landlord if Tenant does not elect to restore or repair and if Landlord agrees that the Term of this Lease expires effective upon Landlord's receipt of such proceeds. Such repair, alteration, restoration, replacement or rebuilding shall, however, be done in conformity with the provisions of Section 6 above. Such repair, alteration, restoration, replacement or rebuilding, including such changes and alterations as aforementioned and including temporary repairs for the protection of other property pending the completion of any thereof, are sometimes

referred to in this Section 14 as the "Work." All insurance money paid on account of such damage or destruction under the policies of insurance provided for in Section 15 below (herein sometimes referred to as the "insurance proceeds"), shall be available for the payment of the cost of the Work to the extent such insurance proceeds are required for such purpose. No mortgagee of the fee or any other creditor of Landlord shall be entitled to receive any of the proceeds.

14.2 Continuation of Rental Requirement.

In no event shall Tenant be entitled to any abatement, allowance, reduction or suspension of rent because part or all of the Leased Premises shall be untenable owing to the partial or total destruction thereof; and notwithstanding anything herein to the contrary, no such damage or destruction shall affect in any way the obligation of Tenant to pay the rent due and other charges herein reserved or required to be paid, nor release Tenant of or from any obligation imposed upon Tenant under this Lease, except to the extent expressly provided in Section 14.1.

14.3 Right to Terminate Lease.

Notwithstanding the provisions of Sections 14.1 and 14.2 above, if at any time during the Term of this Lease, any improvements constructed by Tenant on the Leased Premises (including Tenant's Property) shall be damaged or destroyed by fire or any other casualty whatsoever to the extent (i) of fifty percent (50%) or more of their full replacement value and/or (ii) that Tenant is substantially prevented from carrying on operations at a level of at least fifty percent (50%) of the level of operations preceding such damage or destruction, with such percentages being determined in the sole discretion of Tenant within ninety (90) days of such damage or destruction, Tenant shall have the right to terminate this Lease. Said right shall be exercised within ninety (90) days of such damage or destruction and shall be effective upon serving written notice upon Landlord within such ninety (90) day period. Tenant shall continue to perform all obligations of Tenant hereunder until such termination is effected, and Landlord shall be entitled to retain all proceeds of insurance otherwise payable to Tenant pursuant to Section 15.2 below subject to all priority claims of Tenant's lenders.

15. INSURANCE.

15.1 Coverage. During the term of this Lease, Tenant will, at its sole cost and expense, keep and maintain policies of:

(A) Insurance on the New Hospital and all other improvements or any replacements or substitutions therefor against loss or damage by fire and against loss or damage by other risks now insured against by extended coverage provisions of policies generally in force on buildings of like type in Dallas, Texas, in amount sufficient to provide coverage for the full insurable value of such New Hospital and all other improvements or any replacements or substitutions therefor, the policy for which insurance shall have a replacement cost endorsement or similar provision. The Term "full insurable value" shall mean actual replacement value (exclusive of the cost of excavation, foundations and footing). Such "full insurable value" shall be determined from time to time (but not more frequently than once in any twenty-four calendar

months) at the request of Landlord, by one of the insurers or, at the option of Tenant, by an appraiser, engineer, architect or contractor selected and paid by Tenant. No omission on the part of Landlord to request any such determination shall relieve Tenant of any of its obligations under this Section.

(B) General public liability insurance protecting and indemnifying Tenant and Landlord against any and all claims for damages to person or property or for loss of life or of property occurring upon, in, or about the Leased Premises and the adjoining streets, such insurance to afford immediate protection to the limit of not less than a combined single limit of ONE MILLION DOLLARS (\$1,000,000) per occurrence in respect of person or property or for loss of life.

(C) Such other insurance on the New Hospital, other improvements or any replacements or substitutions therefor, and in such amounts as may from time to time be reasonably required by Landlord, against other insurable hazards which at the time are commonly insured against in the case of premises similarly situated, due regard being given to the height and type of the New Hospital, its construction, location, use and occupancy, or any replacements or substitutions therefor.

15.2 Standard of Insurance.

All insurance provided for in subsections (A), (B), and (C) of Section 15.1 above, shall be effected under policies issued by companies which are well rated by National Rating Organizations.

Any policies of insurance of the character described in subsections (A) and (C) of Section 15.1 above, shall name Landlord as a co-insured "as its interest may appear", and all such policies shall expressly provide that any losses thereunder shall be adjusted by (i) Tenant in absence of any default hereunder or (ii) by Landlord in the case of the existence of an event of default. All such insurance shall be carried in the name of Tenant with Landlord as a co-insured to the extent specified in and subject to the preceding sentence, and loss thereunder shall be paid to Tenant, but in the case an event of default by Tenant shall exist under this Lease, Landlord shall receive any proceeds payable to Tenant other than those used to bear or defray the actual costs of repair or restoration.

15.3 Notice of Insurance

At the times required under the provisions of Section 15.1 above, and not less than ten (10) days prior to the expiration dates of the expiring policies theretofore furnished pursuant to this Section 15, originals or certified copies of the policies bearing notations evidencing the payment of premiums or accompanied by other evidence satisfactory to Landlord of such payment shall be delivered by Tenant to Landlord. If Tenant defaults in obtaining any insurance as required in this Section 15, Landlord may at Landlord's option, but without any obligation so to do, obtain such insurance and pay the premiums therefor, and Tenant shall reimburse Landlord for any premiums so paid, together with interest thereon, and any premiums so paid by Landlord shall be considered as additional rent due and owing by Tenant to Landlord.

16. MECHANICS' LIENS.

Tenant shall not suffer or permit any mechanics' or materialmen's liens to be enforced against the fee estate of Landlord as to the Leased Premises, nor against Tenant's leasehold interest therein, or as to Landlord's Property, by reason of work, labor, services or materials supplied or claimed to have been supplied to Tenant or anyone holding the Leased Premises, or any part thereof, through or under Tenant, and Tenant agrees to indemnify Landlord against such mechanics' or materialmen's liens. If any such mechanics' or materialmen's liens shall at any time be filed against the Leased Premises, Tenant shall, within ninety (90) days after notice to Tenant of the filing thereof, cause the same to be discharged of record or make provisions acceptable to Landlord for the discharge of such lien; provided, however, Tenant shall have the right to contest the amount or validity, in whole or in part, of any such lien by appropriate proceedings.

17. UTILITIES.

Tenant shall obtain, at Tenant's sole expense, utility services and sewer facilities required for Tenant's use of the Leased Premises. Tenant shall pay or cause to be paid all charges for gas, electricity, water, sewer service and other utilities obtained for the Leased Premises during the Term of this Lease and all sewer use charges or similar charges or assessments for utilities levied against the Leased Premises during the Term of this Lease.

18. TAXES AND ASSESSMENTS.

18.1 Definitions.

For purposes of this Lease, "Real Estate Taxes" shall mean and include all real estate taxes, use and occupancy taxes, assessments for improvements to the Leased Premises, municipal or county water and sewer rates and charges, charges for public utilities, excises, levies, license and permit fees and other charges by public authority general and special, ordinary and extraordinary, foreseen and unforeseen, of any kind and nature whatsoever, which shall or may during the term hereof be assessed, levied, charged, confirmed, or imposed by public authority upon or accrue or become due or payable out of or on account of or become a mechanics' or materialmen's lien on the Leased Premises or the buildings and improvements erected or caused to be erected thereon by Tenant, the appurtenances thereto or the sidewalks, streets or vaults adjacent thereto, but excluding any franchise, corporate, income, personal property, capital levy, capital stock, excess profits, transfer, revenue, estate, gift, inheritance or succession tax payable by Landlord or any other tax, assessment, levy or charge upon or measured in whole or in part by the income or profits of Landlord; provided however, that if at any time during the Term of this Lease, the method of taxation prevailing on the date of this Lease shall be altered so as to cause any tax measured by or imposed upon the rental payable hereunder to be substituted for real estate taxes or assessments in the manner levied or assessed as of the date of this Lease, they shall be deemed included in the term "Real Estate Taxes", but only to the extent the same would be payable if the Leased Premises were the only property of Landlord subject to such taxes.

18.2 Payment by Tenant.

Tenant shall pay or cause to be paid, directly to the taxing authority, before any fine, penalty, interest or cost may be added thereto for the nonpayment thereof, all

Real Estate Taxes levied against the Leased Premises after the Rent Commencement Date and during the Term of this Lease, including all improvements constructed by Tenant on the Leased Premises, and all permitted alterations and additions thereto.

18.3 Installment Payments.

If Real Estate Taxes or special tax assessments are at any time during the Term of this Lease levied or assessed against the Leased Premises, which, upon exercise of any option permitted by the assessing authority, may be paid in installments or converted to an installment payment basis (irrespective of whether interest shall accrue on unpaid installments), Tenant may elect to pay such Real Estate Taxes in installments with accrued interest thereon. Landlord shall execute whatever documents may be necessary to convert any Real Estate Taxes to such an installment payment basis if requested so to do by Tenant.

18.4 Proration.

All Real Estate Taxes for the fiscal or tax year of the Rent Commencement Date, as well as during the year in which the Term of this Lease expires, shall be apportioned so that Tenant shall pay its proportion of the Real Estate Taxes which are payable in the year of the Rent Commencement Date and in the year in which the Term of this Lease expires or sooner terminates, and Landlord shall pay its proportionate part.

18.5 Right to Contest.

Tenant shall have the right, and Landlord agrees to cooperate with Tenant to the extent reasonable, including if necessary, joining in suit at Tenant's expense, to contest the amount or validity of any Real Estate Taxes, in whole or in part, by appropriate administrative and legal proceedings, either in its own name, Landlord's name or jointly with Landlord, without any cost or expense to Landlord, and Tenant may postpone payment of any such contested Real Estate Taxes pending the prosecution of such proceedings and any appeals so long as such proceedings shall operate to prevent the collection of such Real Estate Taxes and the sale of the Leased Premises to satisfy any lien arising out of the non-payment of the same. Landlord shall execute and deliver to Tenant whatever documents may be necessary or proper to permit Tenant to so contest any such Real Estate Taxes or which may be necessary to secure payment of any refund which may result from any such proceedings, Tenant hereby agreeing to save Landlord harmless from all costs, expenses, claims, loss or damage by reason of, or in connection with, on account of, or resulting from, any such proceeding.

18.6 Personal Property.

Tenant covenants and agrees to pay before delinquency all personal property taxes, assessments and liens upon all personalty and trade fixtures belonging to Tenant and situated within the Leased Premises.

19. CONDEMNATION.

19.1 Condemnation of Substantially All of the Leased Premises.

If, at any time during the term of this Lease, title to the whole or substantially all of the Leased Premises shall be taken in condemnation proceedings or by any right of eminent domain, this Lease shall terminate and expire on

the date of such taking and the rental due under Exhibit D attached hereto and additional rent reserved, if any, shall be apportioned and paid to the date of such taking. For purposes of this Section 19, "substantially all of the Leased Premises" shall be deemed to have been taken if the untaken portion cannot be practically and economically used or converted for use by Tenant for the purposes for which the Leased Premises are being used immediately prior to such taking. In the event of any such taking and the termination of this Lease:

(A) Landlord shall be entitled to receive such portion of said award or awards as shall represent compensation for the value of the Leased Premises, or the part thereof so taken, exclusive of the value of the then existing and other improvements thereon, and such portion of such award or awards with the interest, if any, paid by the condemning authority as shall represent consequential damages, if any, to the portion of the Leased Premises not so taken, and, if such condemnation occurs during the last five (5) years of the Term of this Lease, Landlord shall also be entitled to an amount based upon Landlord's reversionary interest in the New Hospital and other improvements taken; and

(B) Tenant shall be entitled to receive the balance of said award or awards (including but not limited to compensation for the New Hospital or other improvements or portion thereof taken and damages, if any, to the parts of the New Hospital and other improvements not so taken).

19.2 Condemnation of Less Than All of the Leased Premises.

In the event of any such taking of less than the whole or substantially all of the Leased Premises, the term of this Lease shall not be reduced or affected in any way, and:

(A) Landlord shall be entitled to receive and retain as Landlord's own property such portion of the award or awards with the interest thereon, if any, paid by the condemning authority as shall represent compensation for the value of the Leased Premises or the part thereof so taken exclusive of the value of the New Hospital and other improvements thereon, plus consequential damages to the portion or portions of the Leased Premises not so taken, and if such condemnation occurs during the last five (5) years of the Term of the Lease, Landlord shall also be entitled to an amount based upon Landlord's reversionary interest in the New Hospital and other improvements taken.

(B) The balance of said award or awards (including but not limited to compensation for the New Hospital or other improvements or portion thereof taken, and damages if any to the parts of the New Hospital and other improvements not so taken) shall be paid to Tenant.

(C) Tenant may repair, alter and restore the remaining part of the Leased Premises as Tenant may elect, with such repair, alteration or restoration to be done in conformity with the provisions of Section 6 above.

(D) The rental for the balance of the Lease shall be reduced, effective as of the date of such partial taking, so that the rental thereafter payable by Tenant to Landlord shall be an amount equal to the result obtained by the multiplication of the rental which would otherwise be payable to Landlord under the terms of this Lease times a fraction, the numerator of which shall be the number of square feet of land covered by this Lease remaining subject to the terms hereof after such taking, and the denominator of which shall be the number of square feet of land covered by this Lease at the date of commencement of the term of this Lease.

19.3 Temporary Taking.

If the whole or any part of the Leased Premises or of Tenant's interest in this Lease shall be taken in a condemnation proceeding or by any right of eminent domain for a temporary use or occupancy, the term of this Lease shall not be reduced or affected in any way and Tenant shall continue to pay in full the rental due under Exhibit D attached hereto, and additional rent and other charges herein reserved, if any, without reduction or abatement, in the manner and at the times herein specified and, except only to the extent that Tenant is prevented from so doing pursuant to the terms of the order of the condemning authority, Tenant shall continue to perform and observe all of the other covenants, agreements, terms and provisions of this Lease as though such taking had not occurred. In the event of any such taking as in this Section 19.3 referred to, whether such award is paid by way of damages, rent or otherwise, unless such period of temporary use or occupancy shall extend beyond the expiration date of the Term of this Lease, in which case such award, after payment to Landlord therefrom of the estimated cost of restoration of the Leased Premises to the extent that any such award is intended to compensate for damage to the Leased Premises, shall be apportioned by Landlord and Tenant as of such date of expiration in the same ratio that the part of the entire period for which such compensation is made falling before the date of expiration and that part falling after, bear to such entire period.

20. EVENTS OF DEFAULT.

20.1 Events of Default by Tenant.

The following are events of default by Tenant under this Lease:

(A) If Tenant fails to pay any installment of the rent (or any deferred rent as provided for on Exhibit D) for the Leased Premises provided for herein, or any part thereof, when the same shall become due and payable, and such failure shall continue for thirty (30) days after written notice of such default from Landlord to Tenant; and

(B) If Tenant fails to perform or observe any other requirement of this Lease (not hereinbefore in this Section 20.1 specified) on the part of Tenant to be performed or observed, and such failure shall continue for ninety (90) days after written notice thereof from Landlord to Tenant; provided however, that such noncompliance shall not be considered a default if Tenant has initiated a bona fide effort reasonably contemplated to correct such failure to comply with such requirement

in which case the time of Tenant within which to cure the same shall be extended for such period as may be necessary to complete the same with all due diligence.

20.2 Events of Default by Landlord.

The following are events of default by Landlord under this Lease:

(A) If Landlord fails to provide at least four hundred (400) parking spaces allocated to the New Hospital as provided under Section 7 hereof;

(B) If Landlord fails to construct, equip and operate the Garage or Walkways as of the date of the Opening of the New Hospital, unless such failure is due to the inability of Landlord to satisfy the conditions outlined in (i) through (v) of Section 7 of this Lease, despite Landlord's best efforts to satisfy such conditions in a timely manner.

(C) If Landlord fails to provide additional parking in the Garage or other facility, as may be reasonably requested by Tenant for the New Hospital at any time during the Lease, as provided under Section 7 hereof; provided however, that Tenant has given Landlord at least eighteen (18) months prior written notice of such need for additional parking; or

(D) If Landlord fails to perform or observe any other requirement of this Lease (not hereinbefore in this Section 20.2 specified) on the part of Landlord to be performed or observed, and such failure continues for ninety (90) days after written notice thereof from Tenant to Landlord; provided however, that such noncompliance shall not be considered a default if Landlord has initiated procedures reasonably contemplated to correct such failure to comply with such requirement, in which case the time of Landlord within which to cure the same shall be extended for such period as may be necessary to complete the same with all due diligence.

20.3 Landlord's Right to Cure Defaults.

If Tenant fails to pay any Real Estate Tax, maintain insurance, or perform any other agreement or obligation to be performed under this Lease, Landlord shall have the right:

(A) to perform the same after fifteen (15) days' written notice and opportunity to cure delivered to Tenant; and

(B) in any emergency situation, to perform the same immediately without notice or delay.

For the purposes of rectifying a default of Tenant, Landlord shall have the right to enter the Leased Premises. Tenant shall, within ten (10) days of written notice given by Landlord to Tenant, reimburse Landlord for the costs and expenses, including reasonable attorneys' fees, incurred by Landlord in rectifying the defaults. Any act or thing done by Landlord pursuant to this Section shall not constitute a waiver of any such default by Landlord or a waiver of any covenant, term or condition herein contained or the performance thereof.

21. REMEDIES IN EVENT OF DEFAULT

21.1 Remedies in Event of Default by Tenant; New Lease with Subtenant.

In the event Tenant commits an event of default set forth under Section 20.1 above, Landlord shall have the right, then or at any time thereafter and while such default or defaults shall continue, to give Tenant written notice (herein called the "Second Notice") of Landlord's intention to terminate this Lease specifying a date of termination not less than thirty (30) days thereafter. Upon giving of the Second Notice and upon reaching the date specified therein, if the default continues, Tenant's right to possession of the Leased Premises shall cease and Tenant shall peaceably and quietly yield to and surrender to Landlord the Leased Premises and Improvements thereon, and this Lease shall thereupon be terminated and all of the right, title and interest of Tenant hereunder in the Leased Premises and in the improvements thereon shall wholly cease and terminate in the same manner and with the same force and effect as if the date of expiration of such thirty (30) day period was the date originally specified herein for the expiration of this Lease and the Term hereof, and Tenant shall then quit and surrender the Leased Premises and improvements to Landlord, but Tenant shall remain liable as hereinafter provided.

21.2 Remedies in Event of Default by Landlord.

In the event Landlord commits an event of default set forth under Section 20.2 above, in addition to any other remedies available at law or in equity:

(A) No rent shall be due and payable from Tenant during the period of such Landlord default.

(B) With respect to a breach by Landlord of its obligation to finance and construct the Walkways as set forth in Section 20.2(C) or (D) above, Tenant shall have the right, but not the duty, to construct the Walkways. In such event, all costs of constructing the Walkways shall be setoff against the rental payments owed by Tenant until such time as Tenant has been reimbursed for all such construction costs.

22. PUBLIC IMPROVEMENTS.

Landlord agrees, from time to time, to:

(A) join in any application for all necessary governmental permits and authorizations in connection with Tenant's construction of the New Hospital;

(B) join in the conveyance of any non-exclusive easement to be conveyed for which no consideration is given;

(C) join in the creation, modification, realignment or release of any such non-exclusive easement; and

(D) join in any other instrument reasonably necessary to accomplish the foregoing.

23. LEASEHOLD TITLE INSURANCE.

Prior to the commencement of construction of the New Hospital, Landlord agrees to deliver to Tenant a leasehold owner policy of title insurance issued by a title insurance company mutually agreed upon by the parties hereto, in the form prescribed by the State Board of Insurance in accordance with Chapter Nine, Texas Insurance Code, insuring Tenant's leasehold estate in the Leased Premises in an amount at least equal to the value of the leasehold estate created hereunder. The aforesaid leasehold owner policy of title insurance (the "Title Policy") shall have no exceptions thereto which would in any manner adversely affect Tenant's leasehold interests in the Leased Premises. All premiums for the Title Policy shall be shared equally by Landlord and Tenant.

24. FORCE MAJEURE.

The time within which either party hereto shall be required to perform any act under this Lease shall be extended by a period of time equal to the number of days during which performance of such act is delayed unavoidably by strikes, lockouts, Acts of God, governmental restrictions, failure or inability to secure materials or labor by reason of priority or similar regulations or order of any governmental or regulatory body, enemy action, civil disturbance, fire, unavoidable casualties or any other cause beyond the reasonable control of either party hereto.

25. QUIET POSSESSION.

Landlord covenants to Tenant that: (i) if Tenant shall discharge the covenants, agreements and obligations herein set forth to be performed by Tenant, Tenant shall have and enjoy, during the Term hereof, the quiet and undisturbed possession of the Leased Premises; and (ii) Landlord has good title to the Leased Premises, and the right to execute and deliver this Lease for the Term hereof and on the covenants and provisions set forth herein.

26. GENERAL PROVISIONS.

26.1 Notices.

Any Notice, communication, request, reply or advice, or duplicate thereof (hereinafter severally and collectively, for convenience, called "Notice") in this Lease provided or permitted to be given, made or accepted by either party to any other party must be in writing, and may, 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, or if the party or parties to be notified be incorporated, to an officer of such party, or by prepaid telegram when appropriate addressed to the party to be notified. 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 three (3) days after it is so deposited. Notice given 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 Landlord, addressed to:

Dallas County Hospital District
5201 Harry Hines Boulevard
Dallas, Texas 75235
Attention: Chairman of the Board of Managers

with a copy to:

Administration
Parkland Memorial Hospital
5201 Harry Hines Boulevard
Dallas, Texas 75235

If to Tenant, addressed to:

University Medical Center, Inc.
c/o Bruce A. Lipshy
901 West Walnut Hill Lane
Irving, Texas 75038

with a copy to:

Ivan Irwin, Jr., Esq.
Shank, Irwin & Conant
4100 Thanksgiving Tower
Dallas, Texas 75201

However, the parties hereto and their respective heirs, successors, legal representatives and assigns shall have the right from time to time and at any time to change their respective addresses and shall have the right to specify as their respective addresses and other addresses within the United States of America by at least fifteen (15) days' written notice to the other party; provided, however, if at any one time more than one person or party owns an interest in the Leased Premises, nevertheless such persons or parties may not designate more than two places or addresses to receive notice pursuant to the terms hereof. Each party shall have the right to change such party's address for purposes of notice, by giving written notice to the other party in the manner herein set forth.

26.2 Waivers.

No variations, modifications or changes herein or hereof shall be binding upon any party hereto unless executed by such party or by a duly authorized officer or a duly authorized agent of the particular party. No waiver or waivers of any breach or default or any breaches or defaults by either party of any term, condition or liability of or a performance by the other party of any duty or obligation hereunder, including without limitation the acceptance by Landlord or payment by Tenant of any rentals at any time or in any manner other than as herein provided, shall be deemed a waiver thereof or of any waiver thereof in the future, nor shall any such waiver or waivers be deemed or construed to be a waiver or waivers of subsequent breaches or defaults of any kind, character or description under any circumstances.

The acceptance by Landlord of any performance, rental provided in Exhibit D hereto, additional rent or other sum or sums of money or other charges herein reserved to be paid or provided to be done by Tenant from any person, firm, or corporation other than Tenant shall not discharge Tenant or any others liable with Tenant, except to the extent of the performance and payment so accepted by Landlord, from liability to pay the rental provided in Exhibit D hereto herein reserved, additional rent or other sum or sums of money and

other charges herein provided to be paid by Tenant or from liability to perform any of the terms, covenants, conditions and agreements herein set forth.

26.3 Modifications.

Any alteration, change or modification of or to this Lease, in order to become effective, shall be made by written instrument or endorsement hereon and in each such instance executed on behalf of each party hereto.

26.4 Applicable Law.

This Lease shall be governed by and construed in accordance with, the laws of the State of Texas, and venue for any action brought to enforce any provision of this Lease shall be in Dallas County, Texas.

26.5 Partial Invalidity.

If any term, provision, condition or covenant of this Lease or the application thereof to any party or circumstances shall, to any extent, be held invalid or unenforceable, the remainder of this Lease, or the application of such term, provision, condition or covenant to persons or circumstances other than those as to whom or which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Lease shall be valid and enforceable to the fullest extent permitted by law.

26.6 Covenants Running with the Land.

All of the covenants, agreements, conditions and restrictions set forth in this Lease are intended to be and shall be construed as covenants running with the land, binding upon, inuring to the benefit of and enforceable by the parties hereto and their successors and assigns.

26.7 Right of Inspection by Landlord.

Landlord, through Landlord's agents or representatives, shall have full right and authority to enter in and upon the Leased Premises and the building or improvements to be constructed by Tenant thereon, at any and all reasonable times during normal business hours during the Term of this Lease upon reasonable notice to Tenant and without interference with the use or business of Tenant for the purpose of inspecting the same, without the interference or hindrance by the Tenant, or by Tenants agents or representatives.

26.8 Surrender and Quitclaim at End of Term.

Upon the end of the Term of this Lease or upon termination of this Lease, Tenant shall surrender to Landlord all and singular the Leased Premises, including the building and all improvements then situated upon the Leased Premises, and Tenant shall execute, acknowledge and deliver to Landlord within thirty (30) days after written demand from Landlord to Tenant, any quitclaim deed or other document reasonably required by any reputable title company to remove the cloud, if any, of this Lease from the Leased Premises.

26.9 Authority.

(A) Tenant, being a corporation, represents and warrants that each individual executing this Lease is duly authorized to execute and deliver this Lease on behalf of said corporation, in accordance with a duly adopted resolution of the Board of Directors of said corporation,

and that this Lease is binding upon said corporation in accordance with its terms.

(B) Landlord, being a hospital district, represents and warrants that the individual executing this Lease is duly authorized to execute and deliver this Lease on behalf of said hospital district, in accordance with a duly adopted resolution of the Board of Managers of said hospital district, and that this Lease is binding upon said hospital district in accordance with its terms.

26.10 Attorneys' Fees.

In the event any action is brought by Landlord to recover any rent due and unpaid hereunder or to recover possession of the Leased Premises, or in the event any action is brought by Landlord or Tenant against the other to enforce or for the breach of any of the terms, covenants or conditions contained in this Lease, the prevailing party shall be entitled to recover all expenses incurred therefor, including reasonable attorneys' fees.

26.11 Remedies Cumulative.

The various rights and remedies given to or reserved to Landlord and/or Tenant by this Lease or allowed by law shall be cumulative, irrespective of whether so expressly stated.

26.12 Memorandum of Lease.

A short form or memorandum of this Lease, incorporating the basic terms of this Lease by reference, shall be executed, acknowledged and recorded within thirty (30) days after the Effective Date of this Lease. Said short form or memorandum of this Lease shall set forth the parties hereto, the legal description of the Leased Premises, the Term of this Lease and the options granted to Tenant hereunder if so requested by either party hereto to the other. Landlord and Tenant agree that neither party will cause to be filed and recorded this entire Lease or any copy thereof.

EXECUTED as of the day and year first above written.

LANDLORD:

ATTEST:

DALLAS COUNTY HOSPITAL DISTRICT

Ron J. Anderson, M.D.,
Secretary

By: _____
Richard F. Reynolds,
Chairman of the Board of
Managers

TENANT:

UNIVERSITY MEDICAL CENTER, INC.

By: _____
Bruce A. Lipsky, Secretary/
Treasurer

SCHEDULE OF RENTS

Attached to Lease, dated _____, 1984,
by and between Dallas County Hospital District
as Landlord, and University Medical Center,
Inc., as Tenant

Tenant shall pay to Landlord rent for the Leased Premises, in accordance with the provisions of Paragraph 9 of the Lease, in monthly installments in the following amounts:

A. First Rent Period. For and during the period (the "First Rent Period") commencing on the Rent Commencement Date and continuing until the fifth anniversary date of such Rent Commencement Date, or if such date is other than the first day of a calendar month until the first day of the calendar month next following such fifth anniversary date, the annual rental rate shall be Eighty-One Thousand Eight Hundred Ninety-Seven and 43/100 Dollars (\$81,897.43) and rent shall be due and payable in equal installments of Six Thousand Eight Hundred Twenty-Four and 78/100 Dollars (\$6,824.78) per month.

B. Rent for Subsequent Five (5) Year Rent Periods. The annual rental rate for each five (5) year rent period following the First Rent Period shall remain Eighty-One Thousand Eight Hundred Ninety-Seven and 43/100 Dollars (\$81,897.43), unless the Landlord's Average Borrowing Rate is in excess of ten percent (10%). In the event that the Landlord's Average Borrowing Rate exceeds ten percent (10%), the annual rent for each year of such a subsequent five (5) year rent period shall be the Landlord's Average Borrowing Rate multiplied times Eight Hundred Eighteen Thousand Three Hundred Sixty-Nine and 91/100 Dollars (\$818,369.91). The "Landlord's Average Borrowing Rate" for purposes of this Section B, shall be the average of Landlord's borrowing rate under the Bond Buyer's Index (or, if such publication no longer exists, an equivalent rating service) in effect on the last day of each calendar quarter during the last twelve (12) month period of the immediate preceding five (5) year rent period. In no event, however, shall the Landlord's Average Borrowing Rate be calculated using a credit rating which is less than the equivalent of the credit rating of Landlord as of August 15, 1984.

C. Option to Defer Rent. Notwithstanding anything contained in this Lease to the contrary, Tenant shall have the right, at its sole option and election during the first two (2) years of the Term of this Lease, to defer payment of all or any portion of the rent provided to be paid hereunder during such period. In the event that Tenant elects such deferred payment: (i) the deferred amount shall accrue interest at a rate of ten percent (10%) per annum; (ii) Tenant shall pay to Landlord the deferred amount, in equal and consecutive monthly installments over a period of five (5) years; and (iii) each such monthly installment shall be accompanied by a payment of all then accrued interest on the deferred amount. Such monthly installments of deferred rent and interest shall be paid to Landlord in addition to and together with the rental due under this Lease, commencing on the second anniversary date of the Rent Commencement Date, or if such date is other than the first day of a calendar month on the first day of the calendar month next following such second anniversary date, and continuing until the expiration of five (5) years thereafter, at which time any and all deferred rent and accrued interest thereon owing pursuant to the provisions hereof shall be due and payable in full. Tenant shall be entitled to prepay the deferred amount in whole or in part at any time without penalty.

sublease of land from the University Medical Center, Inc., Dallas, Texas, for the proposed construction of a Clinical Science Building.

The University Medical Center, Inc., is proposing to construct a hospital and operate it in conjunction with a University owned Clinical Science Building. The hospital and Clinical Science Building will provide facilities through which the U. T. Health Science Center - Dallas can strengthen and enhance its program of medical education, research, and patient care through utilization of a non-owned but jointly directed hospital facility. Critical to Texas Health Facilities Commission approval for construction of the proposed hospital facility is a proposed affiliation agreement between these two entities as referenced in Item 1, Page HAC 2. Completion of any of these related proposals is dependent upon approval of the hospital by the Texas Health Facilities Commission.

University Medical Center, Inc., is a non-profit hospital corporation being formed by a group of philanthropic members of the Dallas community in response to the existing need for a university-related facility. The U. T. Board of Regents at their October meeting approved a request for project planning authorization for a U. T. Health Science Center - Dallas Clinical Science Building.

At as early a date as possible, a mailing will be made to the U. T. Board of Regents, through the Office of the Executive Secretary to the Board of Regents, containing specific recommendations and background information on this item.

This item requires the concurrence of the Health Affairs Committee.

10. U. T. Medical Branch - Galveston - Moody State School - New Facility: Recommendation to Accept a Grant for Partial Funding of a New Facility to Replace the Moody State School for Cerebral Palsied Children, to Increase the Scope of the Previously Authorized Project, and Additional Appropriation Therefor.--

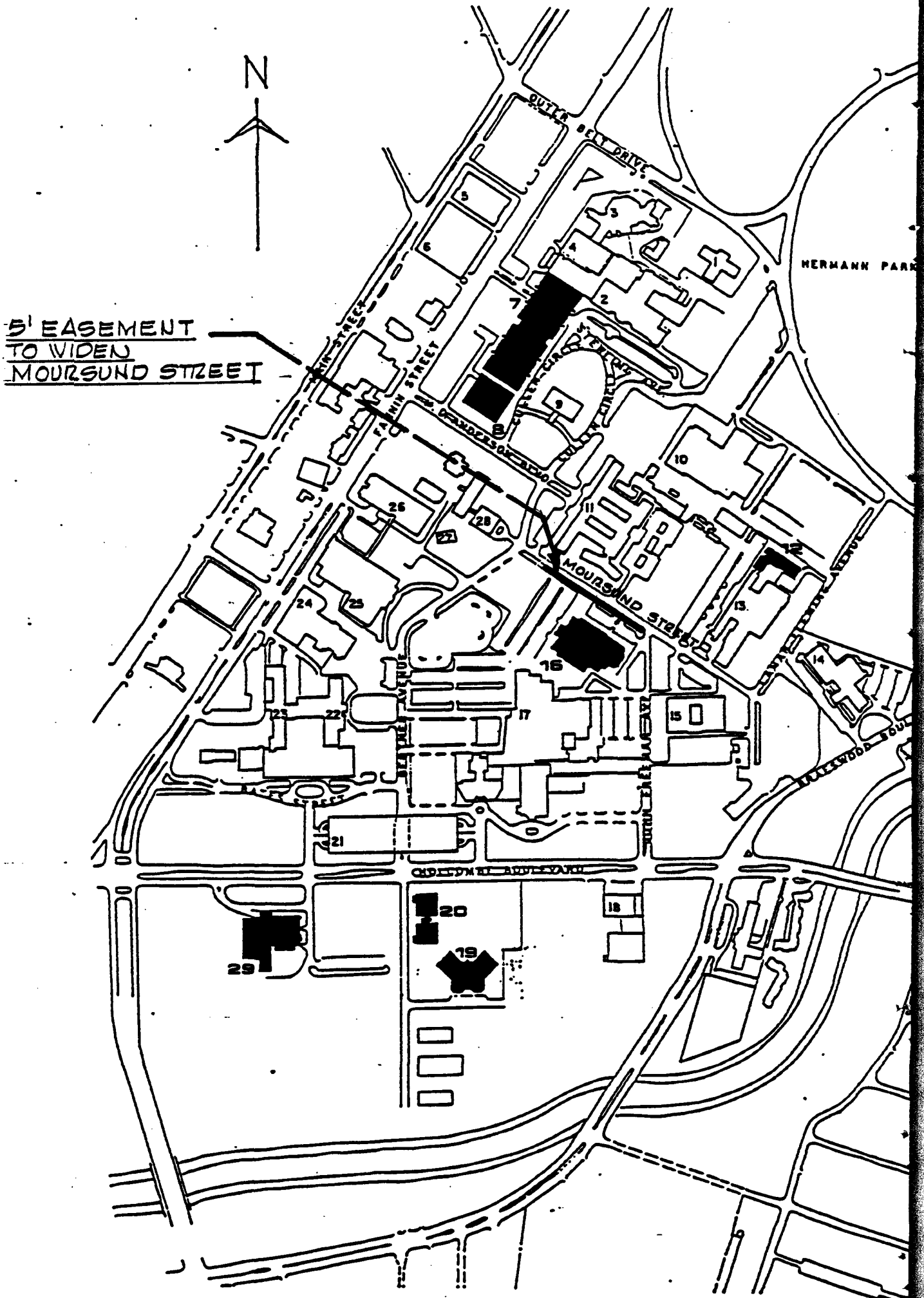
RECOMMENDATIONS

The Office of the Chancellor concurs with President Levin's recommendations that the U. T. Board of Regents:

- a. Accept a \$4,000,000 grant from The Sealy & Smith Foundation for the John Sealy Hospital of Galveston, Texas, for the purpose of replacing the Moody State School for Cerebral Palsied Children
- b. Authorize an increase in the scope of the previously authorized project by adding approximately 30,000 square feet of space to permit the development of programs for adults as well as children, and by increasing the estimated total project cost from \$2,000,000 to \$6,000,000
- c. Appropriate an additional sum in the amount of \$30,000 from U. T. Medical Branch Unexpended Plant Funds for fees and miscellaneous expenses through the completion of preliminary plans

This item requires the concurrence of the Health Affairs Committee.

U. T. HEALTH SCIENCE CENTER AT HOUSTON



- 7. U. T. MEDICAL SCHOOL AT HOUSTON
PHASE II & III
- 8. JOHN FREEMAN BUILDING
- 12. SPEECH AND HEARING INSTITUTE
- 16. U. T. DENTAL BRANCH AT HOUSTON
- 19. U. T. SCHOOL OF PUBLIC HEALTH
- 20. GRADUATE SCHOOL OF BIOMEDICAL SCIEN
- 29. MAIN BUILDING

BACKGROUND INFORMATION

At the December 8 - 9, 1983 meeting, the U. T. Board of Regents authorized a project for the construction of a new facility at the U. T. Medical Branch - Galveston to replace the Moody State School for Cerebral Palsied Children facility which was located several miles from the U. T. Medical Branch - Galveston campus. The estimated total project cost was established at \$2,000,000 and \$30,000 was appropriated for fees and related expenses through the preparation of preliminary plans.

It is planned that this grant will fund an additional expansion of approximately 30,000 square feet to permit the development of service, educational, and research programs for adults as well as children. These programs would focus on restorative and rehabilitation medicine. The unit would address neuromuscular rehabilitation issues in a facility of approximately 100 to 150 beds, equally divided between children and adult patients.

11. U. T. Health Science Center - Houston: Request to Grant Additional Easement Deed to Texas Medical Center, Inc., Houston, Texas, for the Widening of Moursund Street.--

RECOMMENDATION

The Office of the Chancellor concurs with the recommendation of President Bulger that the U. T. Board of Regents grant an additional easement deed to Texas Medical Center, Inc., Houston, Texas, for the widening of Moursund Street as set forth on Pages B&G 14-17 .

BACKGROUND INFORMATION

Texas Medical Center, Inc., has requested an easement of land five feet wide and approximately 460 feet long on U. T. Health Science Center - Houston property be deeded to them. The land will be used to widen Moursund Street and will benefit U. T. Dental Branch - Houston by improving pedestrian accessibility without any loss in usable area.

ADDITIONAL EASEMENT DEED

THE STATE OF TEXAS §
 § KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF HARRIS §

That the BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM, acting herein by and through its hereunto duly authorized Chairman (hereinafter called "Grantor"), for and in consideration of ONE DOLLAR (\$1.00) and other adequate consideration to Grantor paid by TEXAS MEDICAL CENTER, INC., a Texas non-profit corporation (hereinafter called "Grantee"), does hereby GRANT and CONVEY unto Grantee the following easements and rights with respect to that certain tract of land five feet (5') in width described by metes and bounds in Exhibit A attached hereto and made a part hereof and hereinafter called the "Additional Easement Way":

- (1) the right and power, at Grantee's sole discretion and election, at such time or times as to Grantee may seem appropriate, and without necessity for discussion with or joinder by Grantor, to dedicate the Additional Easement Way, or any part of the same, as a part of Moursund Street (a private street heretofore being sixty feet (60') in width) limited to the appropriate uses of owners of land in the Texas Medical Center Tract (being that certain tract of land situated in the P. W. Rose Survey, City of Houston, Harris County, Texas, described in deed dated February 22, 1946, executed by M. D. Anderson Foundation to Texas Medical Center, Inc., and recorded in Volume 1381, Page 22, Deed Records of Harris County, Texas), their agents, employees and licensees, or at the same discretion and election, to dedicate the same, or any part thereof, as a part of said Moursund Street for the ordinary uses of foot passengers and vehicles, it being understood that a dedication to limited use, as herein provided, may be followed by later dedication to public use if Grantee determines that such is proper and appropriate.
- (2) the right and power as to the Additional Easement Way, or any part or parts thereof, to pave the same and to maintain and repair pavement thereon, to build, maintain and repair sidewalks and passageways thereon, to lay, repair, and maintain wires, lines, pipes and conduits for transmission, carriage or delivery of gas, water, electricity, compressed air, steam, refrigerant, sewage or any other then normal public utility or service, including, without limitation, the right and power in

Grantee to grant to any municipal corporation or public utility appropriate and proper easement rights in such Additional Easement Way, for the establishment, repair and maintenance of any specific public service facilities.

The exercise by Grantee of any one or more of the rights and powers herein granted to Grantee shall not exhaust such rights and powers, but the same may be exercised as often as and whenever, in the discretion and at the election of Grantee, such exercise is appropriate and proper.

TO HAVE AND TO HOLD the hereinabove specified easements and rights with respect to and affecting the Additional Easement Way, unto Grantee, forever.

Mention is made of the fact that, by deed dated December 31, 1951, of record in Harris County, Texas, Texas Medical Center, Inc., Grantee herein, conveyed a certain 21.536 acre tract of land to Grantor herein, and in such deed excepted and reserved unto itself, its successors and assigns, certain easements and rights of way for an "easement way" affecting a strip of land 30 feet in width along certain outer edges or sides of such 21.536 acre tract, as such 30-foot wide easement way is more particularly described in such deed. This Additional Easement Deed is for the purpose of widening a segment of such 30-foot wide easement way running inside and along the northeasterly boundary of the residue of such 21.536 acre tract now owned by Grantor herein, by adding thereto and including therein the Additional Easement Way, in order that the existing right of way for Moursund Street (an existing private street located in said segment of such 30-foot wide easement way), to the extent that it adjoins the Additional Easement Way, may be increased in width an additional five feet.

All streets referred to in this Additional Easement Deed or in Exhibit A hereto, including, without limitation, John Freeman Avenue and Moursund Street, are private streets, and nothing herein or in Exhibit A hereto shall infer or

EXHIBIT A

All that certain tract of land, being a strip of land five feet (5') in width, located in the P. W. Rose Survey, Abstract No. 645, Harris County, Texas, being across a portion of the residue of that certain 21.536 acre tract of land conveyed to the Board of Regents of the University of Texas by instrument dated December 31, 1951, said five-foot wide tract of land being more particularly described by metes and bounds as follows:

NOTE: All bearings and coordinates recited herein are based on the Texas Medical Center Monumentation System.

COMMENCING at Texas Medical Center Monument No. 19, located at the intersection of the centerline of John Freeman Avenue with the centerline of Moursund Street, having coordinates of X=3,144,059.25 feet and Y=699,594.65 feet being the northeast corner of said residue;

THENCE North 57 deg. 10 min. 05 sec. West, along the centerline of said Moursund Street, a distance of 468.44 feet to a northwest corner of said residue, same being the most easterly corner of that certain tract called to contain 4.5583 acres conveyed to Texas Medical Center, Inc., by instrument recorded in Volume 8330, Page 185, of the Deed Records of Harris County, Texas;

THENCE South 32 deg. 49 min. 55 sec. West, a distance of 30.00 feet to the northwest corner of the herein described tract in the south right-of-way line of Moursund Street;

THENCE South 57 deg. 10 min. 05 sec. East, along said south right-of-way line, a distance of 452.45 feet to the northeast corner of the herein described tract at the intersection of said south right-of-way line with the west right-of-way line of John Freeman Avenue;

THENCE South 01 deg. 04 min. 35 sec. East, along said west right-of-way line, a distance of 6.03 feet to the southeast corner of the herein described tract;

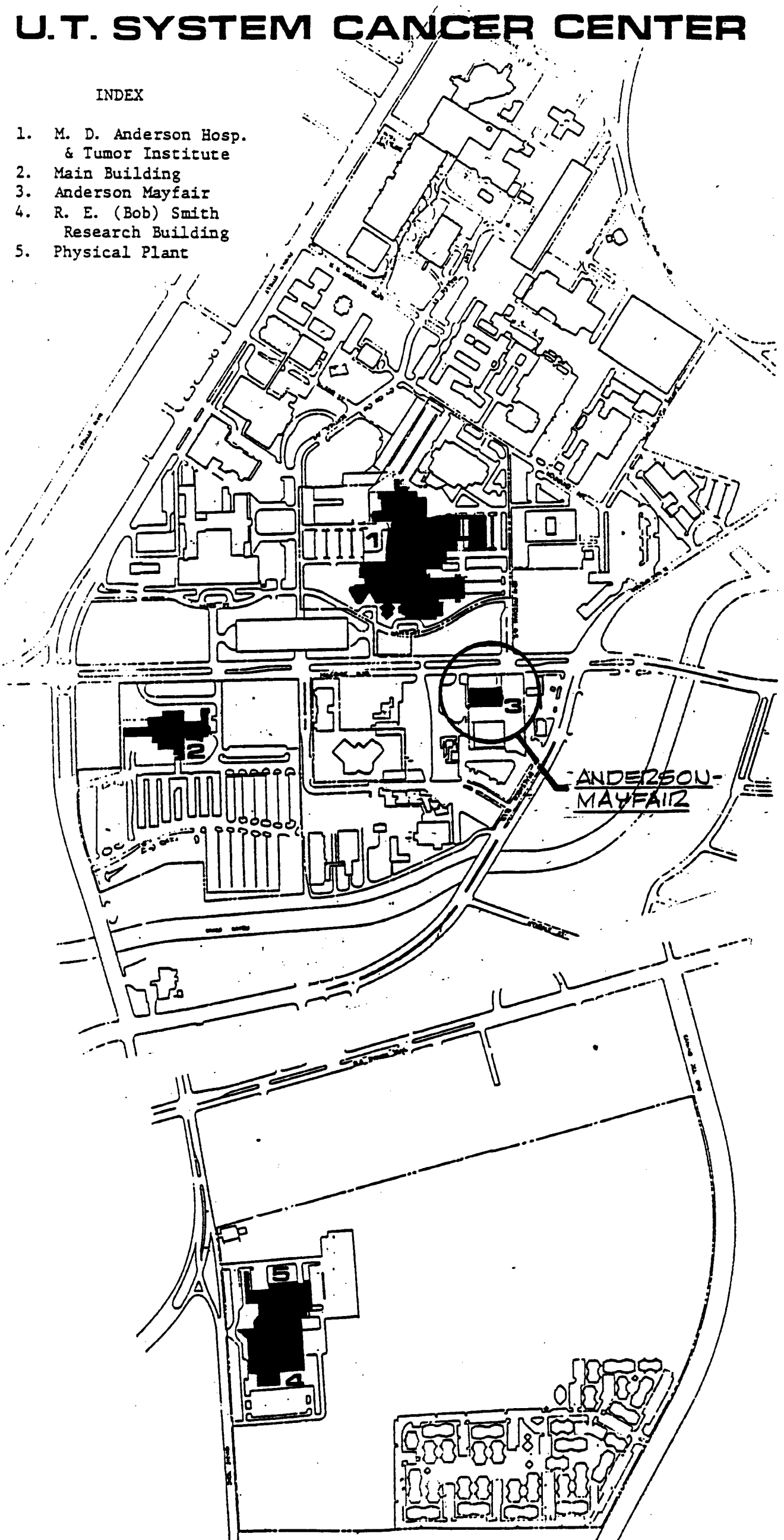
THENCE North 57 deg. 10 min. 05 sec. West, parallel with and 5 feet southerly of said right-of-way line, a distance of 455.82 feet to the southwest corner of the herein described tract in a common line between said residue and said 4.5583 acre tract;

THENCE North 32 deg. 49 min. 55 sec. East, along said common line, a distance of 5.00 feet to the PLACE OF BEGINNING and containing 2271 square feet of land.

U.T. SYSTEM CANCER CENTER

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1. M. D. Anderson Hosp. & Tumor Institute
2. Main Building
3. Anderson Mayfair
4. R. E. (Bob) Smith Research Building
5. Physical Plant



12. U. T. Cancer Center - Anderson-Mayfair - Replacement of Piping System: Request for Project Authorization; Authorization for Preparation of Final Plans and Completion of Project by U. T. Cancer Center Administration; and Appropriation Therefor.--

RECOMMENDATIONS

The Office of the Chancellor concurs with the recommendations of President LeMaistre that the U. T. Board of Regents:

- a. Authorize a project for the replacement of all water piping in the U. T. Cancer Center Anderson-Mayfair Building at an estimated total project cost of \$1,250,000
- b. Authorize preparation of final plans and specifications and completion of construction by U. T. Cancer Center Administration through its Physical Plant Department, with its own forces or by contract services, in consultation with the Office of Facilities Planning and Construction
- c. Appropriate \$1,250,000 from the Anderson-Mayfair Reserve Account for total project funding

This item requires the concurrence of the Finance and Audit Committee.

BACKGROUND INFORMATION

The piping systems throughout the Anderson-Mayfair Hotel exceed 25 years in age and are in poor condition. Over the course of the last year, the U. T. Cancer Center has experienced numerous pipe breaks in air conditioning and domestic water lines at the Anderson-Mayfair which have resulted in extensive damage to the facility as well as inconvenience to patients and visitors.

The cost of repairing damage during this period from pipe break leaks was over \$50,000 in materials alone. In addition, it is estimated that \$50,000 in revenue was lost due to the unavailability of at least 750 room nights last year due to leaks.

The engineering staff of the U. T. Cancer Center has conducted a study of the Anderson-Mayfair piping system and has developed a set of specifications for replacing the entire system at an estimated cost of \$1,250,000.

The staff of the Coordinating Board, Texas College and University System, reviewed the scope of this project and has stated that it is not necessary to submit the project for Coordinating Board approval since it consists only of replacing an existing plumbing system.

BUILDINGS AND GROUNDS COMMITTEE

ADDITIONAL ITEM

13. U. T. Health Science Center - San Antonio: Waiver of Regents' Rules and Regulations, Part One, Chapter VIII, Section 1.1, to Allow the Naming of a Building.--

MOTION

I move that the Regents' Rules and Regulations, Part One, Chapter VIII, Section 1.1, which requires that buildings may only be named in honor of persons who have been deceased for five years be waived, and that the Library Building at the U. T. Health Science Center at San Antonio be named in honor of Former Governor Dolph B. Briscoe.

Land and
Investment Com.

LAND AND INVESTMENT COMMITTEE
Committee Chairman Milburn

Date: December 13, 1984
Time: Following the meeting of the Buildings and
Grounds Committee
Place: The Union-East, Room 308, U. T. El Paso

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PART I: AGENDA ITEMS FOR ACTION

I. PERMANENT UNIVERSITY FUND

A. INVESTMENT MATTERS

1. Report on Clearance of Monies to Permanent University Fund for September and October 1984, and Report on Oil and Gas Development as of October 31, 1984.--The following reports with respect to (a) certain monies cleared to the Permanent University Fund for September and October 1984, and (b) Oil and Gas Development as of October 31, 1984, are submitted by the Executive Director for Investments and Trusts:

Permanent University Fund	September, 1984	October, 1984	Cumulative Through October of This Fiscal Year (1984-1985)	Cumulative Through October of Preceding Fiscal Year (1983-1984)	Per Cent Change
Royalty					
Oil	\$7,489,113.64	\$10,264,826.27	\$17,753,939.91	\$17,014,218.69	4.35%
Gas	2,387,611.45	2,431,450.91	4,819,062.36	7,018,626.70	(31.34%)
Sulphur	10,000.00	10,000.00	20,000.00	-0-	
Water	67,937.56	63,258.58	131,196.14	136,017.73	
Brine	7,028.36	11,237.45	18,265.81	67,807.31	
Rental					
Oil and Gas Leases	74,397.41	177,185.04	251,582.45	104,119.59	
Other	100.00	800.00	900.00	500.00	
Sale of Sand, Gravel, Etc.		2,973.25	2,973.25	1,103.75	
Gain or (Loss) on Sale of Securities	(243,264.94)	1,353,576.68	1,110,311.74	819,656.92	
Sub-Total	9,792,923.48	14,315,308.18	24,108,231.66	25,162,050.69	(4.19%)
Bonuses					
Oil and Gas Lease Sales	-0-	-0-	-0-	-0-	
Amendments and Extensions to Mineral Leases	128,305.38	(2,648.33)	125,657.05	96,506.80	
Total Bonuses	128,305.38	(2,648.33)	125,657.05	96,506.80	
TOTAL CLEARANCES	\$9,921,228.86	\$14,312,659.85	\$24,233,888.71	\$25,258,557.49	(4.06%)

Oil and Gas Development - October 31, 1984

Acres Under Lease - 855,068

Number of Producing Acres - 557,114

Number of Producing Leases - 2,245

2. Permanent University Fund: Report on Investments for the Fiscal Year Ended August 31, 1984.--

REPORT

Under separate bound cover, the Executive Director for Investments and Trusts presents a report on the Permanent University Fund investments for the fiscal year ended August 31, 1984. During the fiscal year, periodic reports of investment transactions made for the Fund were submitted to the U. T. Board of Regents for approval. The present report summarizes the investment transactions for the fiscal year and indicates the status of the Fund's portfolio as of August 31, 1984.

The Permanent University Fund book value of assets and earnings during the year is shown below:

	<u>Fiscal Year Ended 8/31</u>		<u>Increase</u>	
	<u>1983</u>	<u>1984</u>	<u>Amount</u>	<u>%</u>
Book Value	\$1,902,619,273	\$2,082,521,497	\$179,902,224	9.5
Investment				
Income	162,431,237	175,929,054	13,497,817	8.3

The Office of the Chancellor recommends that the formal report be approved in order that copies may be distributed to the Governor, members of the Legislature and other State Officials, as required by Section 66.05 of the Texas Education Code.

3. Permanent University Fund Bonds - New Series 1985: Recommendation for Sale of Issue; Appointment of Bond Counsel and Bond Advisor; and Establishment of Account for Miscellaneous Costs.--

RECOMMENDATION

The Office of the Chancellor recommends that Permanent University Fund Bonds, New Series 1985, be issued; that the U. T. Board of Regents name Vinson & Elkins, Houston, Texas, as Bond Counsel, and the firm of Rotan Mosle, Inc., San Antonio, Texas, as Bond Advisor; and that the Office of Investments and Trusts be authorized to advertise for bids for the sale of bonds, the paying agent/registrar, and printing of the bonds which will be submitted to the U. T. Board of Regents at a subsequent meeting.

It is further recommended that an account be established from proceeds of the bond sale for Miscellaneous Costs - Permanent University Fund Bonds, New Series 1985, to pay bond counsel, bond advisor, and paying agent/registrar fees, and other miscellaneous costs.

Additional documentation regarding the dollar amount of the recommended issue will be distributed prior to the Board meeting.

BACKGROUND INFORMATION

The sale of Permanent University Fund Bonds is recommended to cover existing commitments for construction contracts and

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3. Permanent University Fund Constitutional Amendment Bonds, Series 1985 - Recommendation for Sale of Issue; Appointment of Bond Counsel and Bond Advisor; and Establishment of Account for Miscellaneous Costs

Below

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3. Permanent University Fund Constitutional Amendment Bonds, Series 1985 - Recommendation for Sale of Issue; Appointment of Bond Counsel and Bond Advisor; and Establishment of Account for Miscellaneous Costs.--

RECOMMENDATION

The Office of the Chancellor recommends that Permanent University Fund Constitutional Amendment Bonds, Series 1985, be issued in the amount of \$54,000,000; that the U. T. Board of Regents name Vinson & Elkins, Houston, Texas, as Bond Counsel and the firm of Rotan Mosle, Inc., San Antonio, Texas, as Bond Advisor; and that the Office of Investments and Trusts be authorized to advertise for bids for the sale of bonds, the paying agent/registrar, and printing of the bonds which will be submitted to the U. T. Board of Regents at a subsequent meeting.

It is further recommended that an account be established in the amount of \$130,000.00 from proceeds of the bond sale for Miscellaneous Costs - Permanent University Fund Constitutional Amendment Bonds, Series 1985, to pay bond counsel, bond advisor, and paying agent/registrar fees, and other miscellaneous costs.

BACKGROUND INFORMATION

The sale of Permanent University Fund Constitutional Amendment Bonds is recommended to cover existing commitments for construction contracts and equipment. Another Permanent University Fund bond sale will be recommended to the U. T. Board of Regents for the June 1985 meeting to cover costs of new construction contracts.

equipment. Another Permanent University Fund bond sale will be recommended to the U. T. Board of Regents for the June 1985 meeting to cover costs of new construction contracts.

The Texas A&M University System Board of Regents will also sell Permanent University Fund Bonds on the same date and details concerning the sale are being coordinated with them.

4. U. T. System: Recommendation With Regard to Proposal that Investment Funds be Divested of Holdings in Companies Doing Business in South Africa.--

[At as early a date as possible, a mailing will be made to the U. T. Board of Regents, through the Office of the Executive Secretary to the Board of Regents, containing recommendations and background information on this item.]

B. LAND MATTERS

Permanent University Fund: Recommendation for Approval of Assignment of Flexible Grazing Lease No. 53 Covering 28,300.5 Acres Located in Irion and Schleicher Counties, Texas.--

RECOMMENDATION

The Office of the Chancellor recommends the assignment of Flexible Grazing Lease No. 53 from Mr. Richard E. Preston to Mr. Mort L. Mertz, Mr. Michael T. Mertz, Mr. Len Mertz and Mrs. Susan Mertz Slaughter covering 28,300.5 acres in Irion and Schleicher Counties, Texas. The total bonus for the assignment would be \$309,540 and the U. T. System would receive one-half of the bonus or \$154,770.00.

BACKGROUND INFORMATION

Flexible Grazing Lease No. 53 was entered into by the U. T. Board of Regents and Mr. Richard E. Preston effective July 1, 1980, for a ten-year period. The lease agreement provides for transfer of the lease only after approval by the U. T. Board of Regents. The assignment of the lease would be only for the remainder of the ten-year term of the lease. It has been a long-standing policy of the U. T. Board of Regents to permit assignments of University grazing leases.

II. TRUST AND SPECIAL FUNDS

A. GIFTS, BEQUESTS AND ESTATES

1. U. T. System Administration: Recommendation to Accept Gifts and Pledge to Establish The Don and Katy Walker Fund.--

RECOMMENDATION

The Office of the Chancellor recommends acceptance of \$16,600 in gifts and a \$200 pledge, payable prior to the end of 1984,

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4. U. T. System: Recommendation With Regard to Proposal that Investment Funds be Divested of Holdings in Companies Doing Business in South Africa Below
-

4. U. T. System: Recommendation With Regard to Proposal that Investment Funds be Divested of Holdings in Companies Doing Business in South Africa.--

RECOMMENDATION

The Office of the Chancellor recommends that the U. T. Board of Regents not accede to the request contained in the resolution dated April 16, 1984, from the University Council at U. T. Austin requesting that the U. T. Board of Regents "withdraw its investments from companies in South Africa or companies with subsidiaries in South Africa."

BACKGROUND INFORMATION

On April 16, 1984, the University Council at U. T. Austin approved a resolution calling upon the Board of Regents of The University of Texas System to "withdraw its investments from companies in South Africa or companies with subsidiaries in South Africa". President Peter T. Flawn, as Chairman of the University Council, ruled that the subject matter of the resolution was beyond the purview of the University Council, but the University Council overturned that ruling.

On April 19, 1984, the Senior Cabinet of U. T. Austin adopted a resolution supporting the resolution of the University Council.

On April 25, 1984, the Student Senate of U. T. Austin passed a resolution virtually identical to that of the University Council.

The University Council resolution was transmitted to Chancellor Walker by President Flawn on April 20, 1984, the Senior Cabinet resolution was transmitted to the U. T. Board of Regents on June 4, 1984, and the Student Senate resolution was transmitted to the U. T. Board of Regents on April 30, 1984. Thus, the matter has been under consideration by The University of Texas System since late April 1984.

Apparently, all three resolutions were urged through the faculty and student organizations by representatives of a student group

calling itself the Steve Biko Committee, and Black Student Alliance. This group of students requested an appearance at the August 9-10, 1984 meeting of the U. T. Board of Regents to make a presentation in favor of divestiture of investment holdings in companies doing business in South Africa. That request was denied by Executive Secretary Arthur H. Dilly as being premature, there being no agenda item for consideration. However, written materials provided by the group were received, and Chairman Jon P. Newton informed the group verbally at the August meeting that the group would be given the opportunity to speak when the matter was appropriately before the Board for action.

In order to fulfill its commitment that the group favoring divestiture be heard, the U. T. Board of Regents announced at the October 11-12, 1984 meeting its intention for the Land and Investment Committee of the U. T. Board of Regents to arrange to hear public presentations on the issue of divestiture. Pursuant to that charge, the Land and Investment Committee met on November 15, 1984, to hear such public presentations. Mr. Eddie Reeves, Chairman of the Steve Biko Committee, coordinated a two-hour presentation for those persons wishing to testify in favor of divestiture. The following persons appeared as speakers in favor of divestiture:

Randy Bowman, Student and President, Black Student Alliance
Kgoloe Mfoloe, Student
Jennifer Davis, Executive Director of the American Committee on Africa
Edward Swan, Jr., Senior Vice President, Franklin Management Corporation
Darrick Eugene, Student, and Consultant to the Steve Biko Committee and Black Student Alliance
Izilien Agbon, Black Citizens Task Force
The Honorable Al Edwards, State Representative
Andrew Jefferson, Student Senate
Peggy Sylven, Undergraduate Student
Sape Quashie, President, African Student Association
Bernard Ross, Member, Student Senate

During his testimony, State Representative Al Edwards announced that he had pre-filed legislation in the Texas House of Representatives that would require divestiture.

At the conclusion of the pro-divestiture testimony, Mr. William Tryon, Jr., student and State Chairman, Texas College Republicans, Mr. Dee S. Osborne, Chairman of the Board of Texas Investment Bank and a member of the Investment Advisory Committee for the Permanent University Fund, and Mr. Jack G. Taylor, Director, Interfirst Bank, Austin, and member of the U. T. Chancellor's Council, appeared to make presentations in opposition to divestiture.

The U. T. Board of Regents has received a detailed report from the Office of the Chancellor entitled "Investments In South Africa: A Report and Recommendation By The University of Texas System."

It is anticipated that Executive Vice Chancellor Patrick will make an oral presentation to the U. T. Board of Regents on behalf of the Office of the Chancellor during the Land and Investment Committee meeting and that Chancellor Mark will make a statement.

from members of the Executive Committee of The Chancellor's Council to establish The Don and Katy Walker Fund.

Income earned from the endowment will be paid annually to the Chancellor's Council Unrestricted Fund.

BACKGROUND INFORMATION

Members of the Executive Committee of The Chancellor's Council have made these gifts and pledge in honor of Mr. Walker's retirement so that he and Mrs. Walker can become members of The Chancellor's Council.

2. U. T. Austin: Centennial Professorship in Pharmacy (No. 2) and Behrens Inc. Centennial Fellowship in Pharmacy in the College of Pharmacy - Recommendation to Redesignate as the Behrens Inc. Centennial Professorship in Pharmacy and the Alan W. Hamm Centennial Fellowship in Pharmacy.--

RECOMMENDATION

The Office of the Chancellor concurs with President Flawn's recommendation to redesignate the Centennial Professorship in Pharmacy (No. 2) as the Behrens Inc. Centennial Professorship in Pharmacy and to redesignate the Behrens Inc. Centennial Fellowship in Pharmacy as the Alan W. Hamm Centennial Fellowship in Pharmacy in the College of Pharmacy at U. T. Austin.

These redesignations are being requested by the Pharmaceutical Foundation Advisory Council and Behrens Inc.

BACKGROUND INFORMATION

The U. T. Board of Regents established the Centennial Professorship in Pharmacy (No. 2) and the Behrens Inc. Centennial Fellowship in Pharmacy at its meeting of June 16 - 17, 1983, with matching funds under The Centennial Teachers and Scholars Program.

Mr. Hamm received a B.S. in Pharmacy in 1954 from U. T. Austin. Mr. and Mrs. Hamm are life members of The Ex-Students' Association.

3. U. T. Austin: Recommendation to Accept a Transfer of Funds to Establish the Centennial Commission Chair in the Liberal Arts in the College of Liberal Arts and Eligibility for Matching Funds Under The Regents' Endowed Teachers and Scholars Program.--

RECOMMENDATION

The Office of the Chancellor concurs with President Flawn's recommendation to accept a \$500,000 transfer of funds from President's Associates funds to establish the Centennial Commission Chair in the Liberal Arts in the College of Liberal Arts at U. T. Austin.

It is further recommended that the funds be matched under The Regents' Endowed Teachers and Scholars Program and used to double the endowment of the Chair.

The programmatic focus of the Chair within the College of Liberal Arts is to be determined by the Dean with approval by the President.

BACKGROUND INFORMATION

This Chair is being established by the President's Associates to honor those members of the group who served on the Centennial Commission.

4. U. T. Austin: Recommendation to Accept Gifts and Pledges to Establish the Thomas Mabry Cranfill Lectureship in English and the Thomas Mabry Cranfill Teaching Fellowship in English, both in the College of Liberal Arts, and Establish the Thomas Mabry Cranfill Lectureship in Fine Arts in the College of Fine Arts and the Thomas Mabry Cranfill Teaching Fellowship in Spanish and Portuguese in the College of Liberal Arts with Matching Funds Under The Regents' Endowed Teachers and Scholars Program.--

RECOMMENDATION

The Office of the Chancellor concurs with President Flawn's recommendation to accept gifts in the amount of \$62,221.25 and pledges in the amount of \$9,025, payable prior to August 31, 1987, for a total of \$71,246.25 from various donors to establish, in the College of Liberal Arts at U. T. Austin, the Thomas Mabry Cranfill Lectureship in English with \$20,000 and the Thomas Mabry Cranfill Teaching Fellowship in English with the remaining \$51,246.25 and any future gifts.

It is further recommended that the gifts and pledges, as received, be matched under The Regents' Endowed Teachers and Scholars Program and used to establish the Thomas Mabry Cranfill Lectureship in Fine Arts in the College of Fine Arts with \$20,000 and the Thomas Mabry Cranfill Teaching Fellowship in Spanish and Portuguese in the College of Liberal Arts with \$51,246.25.

BACKGROUND INFORMATION

Professor Emeritus Thomas Mabry Cranfill, a 1934 U. T. Austin graduate, received a M.A. in 1937 and a Ph.D. in 1944 from Harvard University. He joined the U. T. Austin faculty in 1945 as an Assistant Professor of English and was appointed Professor Emeritus in 1978. Dr. Cranfill is a member of The Chancellor's Council.

5. U. T. Austin: Peter T. Flawn Centennial Professorship in Geology in the College of Natural Sciences - Recommendation to Accept Gifts and Pledges and Redesignate as the Peter T. Flawn Centennial Chair in Geology and Establish the Peter T. Flawn Centennial Professorship in Spanish and Portuguese Language and the Tomas Rivera Regents Professorship in Spanish and Portuguese Language, both in the College of Liberal Arts, with Matching Funds Under The Centennial Teachers and Scholars Program and The Regents' Endowed Teachers and Scholars Program.--

RECOMMENDATION

The Office of the Chancellor concurs with President Flawn's recommendation to accept \$268,547.27 in gifts and pledges, payable prior to August 31, 1987, for addition to the Peter T. Flawn Centennial Professorship in Geology in the College of Natural Sciences at U. T. Austin for a total endowment of \$518,547.27. It is recommended that the Peter T. Flawn Centennial Professorship in Geology be redesignated the Peter T. Flawn Centennial Chair in Geology.

It is further recommended that this \$268,547.27 in gifts and pledges, as received, be matched under The Regents' Endowed Teachers and Scholars Program and used in conjunction with \$250,000 previously approved matching funds under The Centennial Teachers and Scholars Program for a total of \$518,547.27 to establish the Peter T. Flawn Centennial Professorship in Spanish and Portuguese Language with \$259,273.64 and the Tomas Rivera Regents Professorship in Spanish and Portuguese Language with \$259,273.63, both in the College of Liberal Arts.

BACKGROUND INFORMATION

The Peter T. Flawn Centennial Professorship in Geology was established at the August 11 - 12, 1983 meeting of the U. T. Board of Regents with \$250,000 in total gifts and pledges. Matching funds under The Centennial Teachers and Scholars Program in the amount of \$250,000 were reserved pending designation at a later date.

Dr. Tomas Rivera, deceased, was the Chancellor and Professor of Romance Languages and Literatures at the University of California, Riverside, at the time of his death in 1984. He joined the faculty at U. T. San Antonio in 1971 as Director, Division of Foreign Languages, Literature and Linguistics and served as the Associate Dean, College of Multidisciplinary Studies, and Professor of Spanish and as Vice President for Administration. He served as the Executive Vice President and Acting President for Academic Affairs and Professor of Spanish at U. T. El Paso from 1978 to 1979.

6. U. T. Austin: Jack S. Josey Chair in Science - Recommendation for Eligibility for Matching Funds Under The Regents' Endowed Teachers and Scholars Program.--

RECOMMENDATION

The Office of the Chancellor concurs with President Flawn's recommendation that \$450,000 in gifts received since September 1, 1981, and a \$250,000 pledge, payable prior to August 31, 1987, for a total of \$700,000 from The Welch Foundation, Houston, Texas, for funding of the Jack S. Josey Chair in Science at U. T. Austin be matched under The Regents' Endowed Teachers and Scholars Program and used to increase the endowment of the chair to \$1,700,000.

BACKGROUND INFORMATION

The U. T. Board of Regents accepted a \$1,000,000 pledge from The Welch Foundation and established the Jack S. Josey Chair in Science at its meeting of February 12 - 13, 1981. The initial pledge payment of \$300,000 was made prior to September 1, 1981, and does not qualify for matching.

Mr. Josey, a 1939 U. T. Austin graduate and former member of the U. T. Board of Regents, is President of The Welch Foundation and Josey Oil Co. He is a member of The Chancellor's Council, the U. T. Austin Dads' Association, the Development Board, the McDonald Observatory and Department of Astronomy Board of Visitors, and the College of Fine Arts Foundation Advisory Council.

7. U. T. Austin: Herbert D. Kelleher/Mercantile Texas Corporation Regents Professorship in Business in the College of Business Administration and the Graduate School of Business - Recommendation to Redesignate as the Herbert D. Kelleher/MCorp Regents Professorship in Business.--

RECOMMENDATION

The Office of the Chancellor concurs with President Flawn's recommendation to redesignate the Herbert D. Kelleher/Mercantile Texas Corporation Regents Professorship in Business in the College of Business Administration and the Graduate School of Business at U. T. Austin the Herbert D. Kelleher/MCorp Regents Professorship in Business.

This redesignation is being made in accordance with the donor's request to reflect the name of the donor pursuant to the recent merger between Mercantile Texas Corporation and Southwest Bancshares.

BACKGROUND INFORMATION

The U. T. Board of Regents accepted a \$100,000 pledge from Mercantile Texas Corporation, Dallas, Texas, and established the Herbert D. Kelleher/Mercantile Texas Corporation Regents Professorship in Business at the August 9 - 10, 1984 meeting. Matching funds under The Regents' Endowed Teachers and Scholars Program were approved to double the endowment.

8. U. T. Austin: Recommendation to Establish the (a) Ben F. Love Regents Professorship in Communication, (b) Philip G. Warner Regents Professorship in Communication, (c) Jesse H. Jones Fellowship in Communication, (d) Mrs. Mary Gibbs Jones Fellowship in Communication, (e) Allan Shivers Fellowship in Communication, and (f) Everett D. Collier Fellowship in Communication in the College of Communication and to Increase Three Various Endowments in the College of Communication with Allocation of a Previously Accepted Pledge and Establish the (a) Jesse H. Jones Regents Professorship in Fine Arts and (b) Jesse H. Jones Regents Professorship in Liberal Arts in the Colleges of Fine Arts and Liberal Arts with Matching Funds Under The Regents' Endowed Teachers and Scholars Program.--

RECOMMENDATION

The Office of the Chancellor concurs with President Flawn's recommendation to establish new endowed academic positions and to increase previously established endowments, as outlined below, in the College of Communication at U. T. Austin with 1984 and 1985 pledge payments totaling \$2,000,000 from Houston Endowment, Inc.:

Endowments to be established:

	<u>1984 Pledge Payment</u>	<u>1985 Pledge Payment</u>
(a) Ben F. Love Regents Professorship in Communication	\$100,000	
(b) Philip G. Warner Regents Professorship in Communication	100,000	
(c) Jesse H. Jones Fellowship in Communication	50,000	
(d) Mrs. Mary Gibbs Jones Fellowship in Communication	50,000	
(e) Allan Shivers Fellowship in Communication	50,000	
(f) Everett D. Collier Fellowship in Communication	50,000	

Increases in previously established endowments:

(g) Jesse H. Jones Faculty Development Fund (not eligible for matching)	120,000	\$ 470,000
(h) Jesse H. Jones Public Conferences Fund (not eligible for matching)		250,000
(i) Jesse H. Jones Job Placement and Counseling Fund (not eligible for matching)		<u>280,000</u>
Total eligible for matching	<u>400,000</u>	<u>-0-</u>

	<u>1984 Pledge Payment</u>	<u>1985 Pledge Payment</u>
Pledge payment for previously approved endowment: Mrs. Mary Gibbs Jones Centennial Chair in Communication	<u>480,000</u>	<u> </u>
Total 1984 and 1985 Allocation	<u>\$1,000,000</u>	<u>\$1,000,000</u>

It is further recommended that the additional \$400,000 of the 1984 pledge being allocated at this time for the establishment of new endowed academic positions be matched, as received, under The Regents' Endowed Teachers and Scholars Program and used to establish the Jesse H. Jones Regents Professorship in Fine Arts and the Jesse H. Jones Regents Professorship in Liberal Arts with \$200,000 each in the Colleges of Fine Arts and Liberal Arts.

BACKGROUND INFORMATION

The U. T. Board of Regents accepted a \$5,000,000 pledge from Houston Endowment, Inc., a philanthropic foundation of Houston, Texas, at its meeting of June 11 - 12, 1981, with the understanding that specific recommendations to be designated would be made at a later date. These recommendations represent continued action related to that pledge of which \$2,000,000 has been received to date.

Houston Endowment, Inc. was created in 1937 for the support of charitable, educational, and religious activities by Mr. Jesse H. Jones, deceased, founder and owner of the South Texas Lumber Company and owner and publisher of the Houston Chronicle newspaper. The endowed academic positions established with pledge payments from Houston Endowment, Inc., are being named in honor or memory of members of the Jones Family and trustees and past board members of Houston Endowment, Inc.

9. U. T. Austin: Recommendation to Accept Gift of Securities and Pledge to Establish the Wade T. and Bettye C. Nowlin Centennial Professorship in Business Administration in the College of Business Administration and the Graduate School of Business and Establish the Harold C. and Alice T. Nowlin Regents Professorship in Liberal Arts in the College of Liberal Arts with Matching Funds Under The Regents' Endowed Teachers and Scholars Program.--

RECOMMENDATION

The Office of the Chancellor concurs with President Flawn's recommendation to accept 1,000 shares of Alexander & Alexander Services, Inc. common stock valued at approximately \$24,630 and a \$75,370 pledge, payable prior to August 31, 1987, for a total of \$100,000 from Mr. and Mrs. Wade T. Nowlin, Fort Worth, Texas, to establish the Wade T. and Bettye C. Nowlin Centennial Professorship in Business Administration in the College of Business Administration and the Graduate School of Business at U. T. Austin.

It is further recommended that the gift and pledge, as received, be matched under The Regents' Endowed Teachers and Scholars Program and used to establish the Harold C. and Alice T. Nowlin Regents Professorship in Liberal Arts in the College of Liberal Arts.

BACKGROUND INFORMATION

Mr. Wade T. Nowlin, a 1952 U. T. Austin graduate, is Chairman and Chief Executive Officer of Nowlin Mortgage Co. in Fort Worth, Texas. Mr. Nowlin served as Vice Chairman of the Executive Committee of the Centennial Commission. He and Mrs. Nowlin are members of the President's Associates and The Ex-Students' Association.

The matching funds are being designated to honor Mr. Nowlin's parents, Harold C. and Alice T. Nowlin. Mr. Harold C. Nowlin, deceased, was the founder and chairman of Nowlin Mortgage Co.

10. U. T. Austin: Recommendation to Accept Gift and Pledge to Establish the Darrell K. Royal Regents Chair in Ethics and American Society in the College of Liberal Arts and Eligibility for Matching Funds Under The Regents' Endowed Teachers and Scholars Program.--

RECOMMENDATION

The Office of the Chancellor concurs with President Flawn's recommendation to accept a \$200,000 gift and a \$300,000 pledge, payable prior to August 31, 1987, for a total endowment of \$500,000 from Mr. Jack Rust Crosby, Austin, Texas, to establish the Darrell K. Royal Regents Chair in Ethics and American Society in the College of Liberal Arts at U. T. Austin.

It is further recommended that the gift and pledge, as received, be matched under The Regents' Endowed Teachers and Scholars Program and used to double the endowment.

BACKGROUND INFORMATION

Mr. Jack Rust Crosby, a 1949 U. T. Austin graduate, is with Rust Investment Co. of Austin, Texas. He is a member of The Chancellor's Council, the School of Architecture Foundation Advisory Council, the Development Board, the President's Associates, and The Ex-Students' Association. He is making this gift and pledge in honor of Mr. Darrell K. Royal, Special Assistant to the President for Athletic Programs and former Head Football Coach and Athletic Director at U. T. Austin covering a period of about twenty-three years.

11. U. T. Austin: Recommendation for Allocation of Additional Matching Funds Under The Regents' Endowed Teachers and Scholars Program for Previously Established Endowed Academic Positions.--

RECOMMENDATION

The Office of the Chancellor concurs with President Flawn's recommendation to allocate matching funds totaling \$71,996.38 from The Regents' Endowed Teachers and Scholars Program for

additional gifts to the endowments of the following previously established endowed academic positions at U. T. Austin:

<u>Eligible Position, Date of Establishment, and Donor</u>	<u>Matching Designation</u>	<u>Total Previously Approved</u>	<u>Additional Gifts</u>
<u>School of Architecture</u>			
Martin S. Kermacy Centennial Professor- ship in Architecture 8/11-12/83	Add to Professorship	\$100,981.50	\$ 3,026.88
Donor: Various Donors			
Edwin A. Schneider Centennial Lecture- ship in Architecture 2/10-11/83	Add to Lectureship	20,000.00	1,000.00
Donor: Various Donors			
<u>College of Business Administration and the Graduate School of Business</u>			
William H. Seay Centennial Professor- ship in Business 8/12-13/82	Margie Gurley Seay Centennial Professorship in Education	00.00	25,218.75
Donor: William H. Seay			
<u>College of Communication</u>			
DeWitt Carter Reddick Centennial Professor- ship in Journalism Education 6/10-11/82	DeWitt C. Reddick Centen- nial Lecture- ship in Communication	122,704.00	14,185.00
Donor: Various Donors			
<u>College of Fine Arts</u>			
Alfred A. and Ellen U. King Centennial Lec- tureship 2/10-11/83	Alfred A. and Ellen U. King Centennial Lectureship (College of Natural Sciences)	35,000.00	400.00
Donor: Patsy Sherrod			
<u>College of Liberal Arts</u>			
Liz Sutherland Carpenter Distin- guished Visiting Lectureship in the Humanities and Sciences 8/11-12/83	Add to Lectureship	64,325.14	2,569.75
Donor: Various Donors			

<u>Eligible Position, Date of Establishment, and Donor</u>	<u>Matching Designation</u>	<u>Total Previously Approved</u>	<u>Additional Gifts</u>
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College of Natural Sciences

Dr. Joe Thorne Gilbert Centennial Lectureship in Health Professions 6/16-17/83	Add to Lectureship	35,435.00	100.00
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Donor: Eleanor C. Watson

Edward Randall, Jr., M.D. Centennial Professorship in Astronomy 6/16-17/83	Harlan J. Smith Cen- tennial Pro- fessorship in Astronomy	100,000.00	146.00
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Donor: Various Donors

George W. Watt Centennial Professorship 4/14-15/83	George and Pauline Watt Centennial Lectureship	27,290.00	350.00
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Donor: Jim S. Berry - \$50
J. Leonard Dreher - \$100
Chevron U.S.A., Inc. - \$200

College of Pharmacy

James E. Bauerle Centennial Professorship in Drug Dynamics 4/7-8/82	Add to Professorship	125,000.00	25,000.00
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Donor: Pharmaceutical Foundation Advisory Council

BACKGROUND INFORMATION

The additional gifts to each endowment fund have been reported in the institutional docket or small gifts report.

12. U. T. Austin: Centennial Structural Engineering Graduate Fellowship in Civil Engineering in the College of Engineering - Recommendation to Redesignate as the J. Neils Thompson Graduate Fellowship in Structural Engineering.--

RECOMMENDATION

The Office of the Chancellor concurs with President Flawn's recommendation to redesignate the Centennial Structural Engineering Graduate Fellowship in Civil Engineering in the College of Engineering at U. T. Austin as the J. Neils Thompson Graduate Fellowship in Structural Engineering.

BACKGROUND INFORMATION

The Centennial Structural Engineering Graduate Fellowship in Civil Engineering was established at the October 13 - 14, 1983 meeting of the U. T. Board of Regents.

Professor Thompson, a 1935 U. T. Austin graduate, joined the faculty in 1941 as an Instructor of Civil Engineering. The faculty of the Department of Civil Engineering voted unanimously to honor Professor Thompson for his many contributions to the Structural Engineering program with this redesignation.

13. U. T. Austin: Recommendation to Accept Gifts to Establish the W. Kenley Clark Memorial Fund in the College of Natural Sciences.--

RECOMMENDATION

The Office of the Chancellor concurs with President Flawn's recommendation to accept a \$25,000 gift from Mrs. W. Kenley Clark, Sugarland, Texas, and \$4,355 in gifts from various donors for a total of \$29,355 to establish the W. Kenley Clark Memorial Fund in the Department of Geological Sciences, College of Natural Sciences, U. T. Austin.

A recommendation regarding the use of the income earned from the endowment will be submitted at a later date.

BACKGROUND INFORMATION

Mr. W. Kenley Clark, deceased, was a 1936 U. T. Austin graduate and a member of the Geology Foundation Advisory Council from 1973 to 1980, serving as Chairman between 1975 and 1977. In 1976, he retired as the Executive Vice President and Chief Executive Officer of Superior Oil Company, Houston, Texas, after thirty-seven years of service.

14. U. T. Austin: Recommendation to Accept Gift to Establish The Jody Conratt Endowed Presidential Scholarship in the Division of Intercollegiate Athletics for Women.--

RECOMMENDATION

The Office of the Chancellor concurs with President Flawn's recommendation to accept a \$25,000 gift from Dr. and Mrs. Cecil H. Hale, Austin, Texas, to establish The Jody Conratt Endowed Presidential Scholarship in the Division of Intercollegiate Athletics for Women at U. T. Austin.

Income earned from the endowment will be used to grant scholarships to women athletes majoring in the natural sciences.

BACKGROUND INFORMATION

Dr. and Mrs. Hale, Life Members of The Ex-Students' Association, are employed by Southwest Analytical Chemical, Inc., Austin, Texas. Mrs. Hale is a 1942 U. T. Austin graduate. They are making this gift in honor of Ms. Conradt, Associate Director of Intercollegiate Athletics for Women and coach of the U. T. Austin women's basketball team.

15. U. T. Austin: Recommendation to Accept Gift to Establish the John and Catherine Early Endowed Scholarship.--

RECOMMENDATION

The Office of the Chancellor concurs with President Flawn's recommendation to accept \$12,840 from the Disabled American Veterans Auxiliary, Department of Texas, to establish the John and Catherine Early Endowed Scholarship at U. T. Austin.

Income earned from the endowment will be used to grant scholarships to be administered by the Office of Student Financial Aid per the agreement with the Disabled American Veterans Auxiliary.

BACKGROUND INFORMATION

Mr. John Elbert Early, deceased, served in the United States Armed Forces during World War I and became totally disabled. Mr. and Mrs. Early and their family dedicated their lives to the work of the Disabled American Veterans Auxiliary and the assistance of the disabled veterans.

16. U. T. Austin: Recommendation to Accept Gift of Securities to Establish the Dr. Ralph and Marie B. Hanna Endowed Scholarship in Drama in the College of Fine Arts.--

RECOMMENDATION

The Office of the Chancellor concurs with President Flawn's recommendation to accept a gift of 976 shares of InterFirst Corporation common stock from Dr. Ralph J. Hanna, Austin, Texas, to establish the Dr. Ralph and Marie B. Hanna Endowed Scholarship in Drama in the College of Fine Arts at U. T. Austin. Net proceeds from the sale of the securities were \$10,711.23.

Income earned from the endowment will be used to provide scholarships for graduate students in the Department of Drama who demonstrate exceptional talent and ability, who pursue excellence and quality in their search for artistic expression, who need financial assistance, and whose area of academic concentration is primarily in one or more of the following: acting, dancing, directing, playwrighting, scenic design or costume design.

BACKGROUND INFORMATION

Dr. Ralph J. Hanna is a 1937 graduate of the U. T. Medical Branch - Galveston and a Life Member of the U. T. Austin Ex-Students' Association. Mrs. Marie B. Hanna is a 1934 U. T. Austin graduate and is a member of The Chancellor's Council and a Life Member of The Ex-Students' Association.

17. U. T. Austin: Recommendation to Accept Gift of Land in San Patricio County, Texas, from Dr. William T. Rainey, Jr., Dallas, Texas.--

RECOMMENDATION

The Office of the Chancellor concurs with President Flawn's recommendation to accept a gift of approximately 6 1/4 acres of land being a part of Block No. 51, J. H. Drummond Subdivision, San Patricio County, Texas, from Dr. William T. Rainey, Jr., Dallas, Texas, for the sole use and benefit of the Department of Art, College of Fine Arts, U. T. Austin. The appraised value of the gift is estimated to be approximately \$2,800 per acre.

BACKGROUND INFORMATION

Dr. Rainey operates a private dental practice in Dallas, Texas.

18. U. T. Austin: Recommendation to Accept Gifts and a Transfer of Funds to Establish the Ben H. Stough, Jr. Endowed Scholarship.--

RECOMMENDATION

The Office of the Chancellor concurs with President Flawn's recommendation to accept \$3,615 in gifts from various donors and an \$8,000 transfer of funds from the Student Financial Aid Scholarship Fund for a total of \$11,615 to establish the Ben H. Stough, Jr. Endowed Scholarship at U. T. Austin with \$10,515 of the funds. The remainder is to be used to award scholarships in the Spring and Fall Semesters of 1985.

Income earned from the endowment in future years will be used to grant scholarships to needy and deserving students.

BACKGROUND INFORMATION

Mr. Ben H. Stough, Jr., deceased, was the Associate Director of Financial Aid at U. T. Austin from 1966 to his retirement in 1980, thereby providing direct service to thousands of students during these years of service. He was a 1984 recipient of the U. T. Austin Nowotny Medal in recognition for outstanding contributions to student services at that institution.

19. U. T. El Paso: Recommendation to Accept Gift to Establish The El Paso Administrators' Association Endowed Scholarship Fund in the College of Education.--

RECOMMENDATION

The Office of the Chancellor concurs with President Monroe's recommendation to accept a \$10,000 cash gift from the El Paso Administrators' Association, El Paso, Texas, to establish The El Paso Administrators' Association Endowed Scholarship Fund in the College of Education at U. T. El Paso.

Income earned from the endowment will be used to provide an annual scholarship to a student pursuing a career in education with the intention of becoming an administrator.

BACKGROUND INFORMATION

Members of the El Paso Administrators' Association are high school administrators and principals of the area's school system.

20. U. T. El Paso: Recommendation to Accept Gift of Real Property in Presidio County, Texas, from Mr. Charles R. Keith, Culver City, California.--

RECOMMENDATION

The Office of the Chancellor concurs with President Monroe's recommendation to accept a gift of real property being Lot No. 39, Block 10, Last Frontier Subdivision, Presidio County, Texas, with a market value of approximately \$500, from Mr. Charles R. Keith, Culver City, California, for the unrestricted use and benefit of U. T. El Paso.

BACKGROUND INFORMATION

Mr. Charles R. Keith, a native West Texan, is making this gift to U. T. El Paso in the hopes of assisting Texas public higher education in any way possible.

21. U. T. San Antonio: Recommendation to Accept Gift to Establish "The Andrew Gurwitz Memorial Endowment at the University of Texas at San Antonio" in the College of Fine Arts and Humanities.--

RECOMMENDATION

The Office of the Chancellor concurs with President Wagener's recommendation to accept a \$10,000 gift from Mr. and Mrs. Arthur Gurwitz, San Antonio, Texas, and a \$1,480 gift from various donors for a total of \$11,480 to establish "The Andrew Gurwitz Memorial Endowment at the University of Texas at San Antonio," in the Division of Music, College of Fine Arts and Humanities.

Income earned from the endowment fund will be used for a scholarship(s) for a music student(s) demonstrating musical merit to be determined annually by an audition before selected members of the faculty of the Division of Music, and such other deserving purposes on the U. T. San Antonio campus in the Division of Music as may be determined from time to time by the Dean of the College of Fine Arts and Humanities and the Director of the Division of Music in consultation with members of the Gurwitz family, if available.

BACKGROUND INFORMATION

Mr. and Mrs. Arthur Gurwitz are establishing this endowment in memory of their son, Andrew.

22. U. T. San Antonio: Recommendation to Accept Gift to Establish the H.E.B. Endowment in the College of Business.--

RECOMMENDATION

The Office of the Chancellor concurs with President Wagener's recommendation to accept a \$10,000 gift from the H.E.B. Grocery Co., Corpus Christi, Texas, to establish the H.E.B. Endowment in the College of Business at U. T. San Antonio.

Income from this endowment will be awarded annually as a scholarship to a full-time student pursuing a B.B.A. or M.B.A. degree.

BACKGROUND INFORMATION

H.E.B. Grocery Co. is making this gift to assist students pursuing a career in business.

23. U. T. Health Science Center - Dallas (U. T. Southwestern Medical School - Dallas): Recommendation to Establish the William Foster Gillespie - Charles Lee Miller Fund.--

RECOMMENDATION

The Office of the Chancellor reports that the Southwestern Medical Foundation (an external foundation) has expressed the desire that the William Foster Gillespie - Charles Lee Miller Fund be established at the U. T. Southwestern Medical School - Dallas of the U. T. Health Science Center - Dallas. The Office of the Chancellor concurs with President Sprague's recommendation that the endowment, to be funded by the Southwestern Medical Foundation, be established in accordance with the Regents' Rules and Regulations. The funds for the endowment will be held and administered by the Southwestern Medical Foundation per the agreement with the Foundation.

Income earned from the endowment will be used for research of medical problems relating to the aging process. It will be allocated two-thirds (2/3) to the Bio-Behavioral Brain Science Program and one-third (1/3) to the Division of Geriatrics Medicine at the U. T. Southwestern Medical School - Dallas of the U. T. Health Science Center - Dallas for the purpose set forth above.

BACKGROUND INFORMATION

The Southwestern Medical Foundation received a gift of real property from Mrs. Gertrude M. Gillespie, Dallas, Texas, in memory of her father, Charles Lee Miller, and her husband, William Foster Gillespie.

The property is located at the southeast corner of the intersection of Highway 183 and Peters Road, Irving, Texas, in Dallas County, Texas, and is divided into four parcels containing a total of approximately 10 acres. Southwestern Medical Foundation will have all rights and powers to sell the property and hold the proceeds from the sale as assets of the fund, or to hold the property as an asset of the fund.

24. U. T. Health Science Center - Dallas (U. T. Southwestern Medical School - Dallas): Recommendation to Accept Gifts to Establish the Robert W. Lackey Visiting Professorship and Eligibility for Matching Funds Under the Texas Eminent Scholars Program.--

RECOMMENDATION

The Office of the Chancellor concurs with President Sprague's recommendation to accept a transfer of previously reported gifts totaling \$56,892.35 from various donors of the Southwestern Medical School Alumni - Dallas to establish the Robert W. Lackey Visiting Professorship at the U. T. Southwestern Medical School - Dallas of the U. T. Health Science Center - Dallas. Income earned from the visiting professorship will be added to the principal of the endowment until a visiting professor is named or the fund reaches the \$100,000 required level to fully endow a professorship in accordance with the donors' request.

It is further recommended that the actual income which will be earned on the \$56,892.35 gifts 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

Dr. Robert W. Lackey, deceased, was one of the original faculty members of the Southwestern Medical College in 1943, was the first chairman of the Department of Physiology in 1950, and was honored as Professor Emeritus of Physiology at the U. T. Health Science Center - Dallas.

25. U. T. Health Science Center - Dallas (U. T. Southwestern Medical School - Dallas): Robert L. Moore Professorship in Pediatrics - Recommendation to Accept Additional Gifts and Eligibility for Matching Funds Under the Texas Eminent Scholars Program.--

RECOMMENDATION

The Office of the Chancellor concurs with President Sprague's recommendation to accept gifts totaling \$96,400 from various donors for addition to the Robert L. Moore Professorship in Pediatrics for a total of \$399,308.08 at the U. T. Southwestern Medical School - Dallas of the U. T. Health Science Center - Dallas.

It is further recommended that these gifts of \$96,400 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 October 11 - 12, 1984 meeting, the U. T. Board of Regents established the Robert L. Moore Professorship in Pediatrics with a gift of \$302,908.08 from various donors.

Robert L. Moore, M.D., practiced medicine in Dallas, Texas, for fifty years and was chief of pediatrics at the Baylor University Medical Center from 1946 until 1967. He also served as president of the Texas and the Dallas Pediatric Societies.

26. U. T. Medical Branch - Galveston: Request to Accept Gift of Property in City and County of Galveston, Texas.--

RECOMMENDATION

The Office of the Chancellor concurs with President Levin's recommendation to accept a gift of the residence of Mr. and Mrs. Sealy Hutchings located in the City and County of Galveston, Texas, for the benefit of the U. T. Medical Branch - Galveston. The property has a current appraised fair market value of \$800,000.

Mr. and Mrs. Hutchings have reserved a life estate in the property and have agreed to maintain the residence at their sole cost and to pay all ad valorem taxes thereon during their life estate.

BACKGROUND INFORMATION

When the life estate terminates, the U. T. Medical Branch - Galveston proposes to sell the property with the proceeds to be used in "furtherance of education and advancement of medical science" in accordance with the provisions of the deed.

27. U. T. Medical Branch - Galveston: Recommendation to Accept Gift to Establish the Sealy & Smith Chair in Internal Medicine and Eligibility for Matching Funds Under the Texas Eminent Scholars Program.--

RECOMMENDATION

The Office of the Chancellor concurs with President Levin's recommendation to accept a \$500,000 gift from The Sealy & Smith Foundation for the John Sealy Hospital of Galveston, Texas, to establish the Sealy & Smith Chair in Internal Medicine at U. T. Medical Branch - Galveston.

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

BACKGROUND INFORMATION

The presentation of this cash gift was made to Chancellor Hans Mark by Mr. Ballinger Mills, President of The Sealy & Smith Foundation, on the occasion of Chancellor Mark's visit to the U. T. Medical Branch - Galveston campus on November 7 - 8, 1984.

28. U. T. Health Science Center - Houston (U. T. Medical School - Houston): Recommendation to Accept Gift of Securities to Establish the Dr. John T. Armstrong Professorship in Obstetrics and Gynecology and Eligibility for Matching Funds Under the Texas Eminent Scholars Program.--

RECOMMENDATION

The Office of the Chancellor concurs with President Bulger's recommendation to accept a gift of Exxon Corporation common stock valued at \$100,000 from Mr. and Mrs. T. R. Reckling, III, Houston, Texas, to establish the Dr. John T. Armstrong Professorship in Obstetrics and Gynecology in the Department of Obstetrics, Gynecology and Reproductive Medicine at the U. T. Medical School - Houston of the U. T. Health Science Center - Houston.

It is further recommended that the actual income which will be earned on the \$100,000 gift, 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

Mr. and Mrs. T. R. Reckling, III, are members of the President's Club at the U. T. Health Science Center - Houston and are generous supporters of the institution.

Dr. John T. Armstrong, Houston, Texas, in whose honor the professorship is being established, has been the Reckling's family obstetrician for four generations.

29. U. T. Health Science Center - San Antonio (U. T. Medical School - San Antonio): Recommendation to Establish the Dale H. Dorn Professorship in Surgery and Eligibility for Matching Funds Under the Texas Eminent Scholars Program (No Publicity).--

RECOMMENDATION

The Office of the Chancellor concurs with President Harrison's recommendation to establish the Dale H. Dorn Professorship in Surgery at the U. T. Medical School - San Antonio of the U. T. Health Science Center - San Antonio.

The professorship will be funded by a gift of \$187,500 from the Forest Oil Corporation, Denver, Colorado, which was reported in the Docket for the October 1984 meeting of the Board.

It is further recommended that the actual income which will be earned on the \$187,500 cash gift be certified to the appropriate State authorities for matching under the Texas Eminent Scholars Program as set out in Chapter 51, Subchapter I, of the Texas Education Code, when matching funds are made available under that act.

BACKGROUND INFORMATION

This professorship is being established by the Forest Oil Corporation in memory of Mr. Dale H. Dorn, deceased, who was treated for gastric carcinoma at the Bexar County Medical Center Hospital in San Antonio. Mr. Dale H. Dorn, the senior member of the Dorn family controlled the Forest Oil Corporation. The Dorn family is still deeply involved in the Forest Oil Corporation with several family members in executive positions.

Dr. J. B. Aust, The Dr. Witten B. Russ Professor and Chairman, Department of Surgery at the U. T. Health Science Center - San Antonio, was the family physician who treated Mr. Dorn and is highly regarded by the Dorn family for his work in this field.

NO PUBLICITY

30. U. T. Health Science Center - San Antonio (U. T. Medical School - San Antonio): Recommendation to Accept Transfer of Funds to Establish a Research Professorship in Psychiatry.--

RECOMMENDATION

The Office of the Chancellor concurs with President Harrison's recommendation that the U. T. Health Science Center - San Antonio accept a \$250,000 transfer of funds from the Department of Psychiatry's Medical Service, Research and Development Plan funds to establish a Research Professorship in Psychiatry at the U. T. Medical School - San Antonio.

Income earned from the endowment will be used to support young investigators or those beginning new projects, ongoing promising projects, and travel to other centers for faculty to gain new knowledge and skills.

BACKGROUND INFORMATION

The purpose of the proposed professorship is to promote research, scholarship and other academic pursuits in the Department of Psychiatry at the institution.

31. U. T. Cancer Center (U.T. M. D. Anderson Hospital - Houston): David Bruton, Jr. Professorship in Neuro-Oncology - Recommendation to Accept Transfer of Funds and Redesignate as the David Bruton, Jr. Chair in Neuro-Oncology.--

RECOMMENDATION

The Office of the Chancellor concurs with President LeMaistre's recommendation to accept a \$75,000 transfer of funds from the Anderson Clinical Professorships Account for addition to the U. T. Cancer Center David Bruton, Jr. Professorship in Neuro-Oncology for a total endowment of \$600,000. It is also recommended that the David Bruton, Jr. Professorship in Neuro-Oncology be redesignated as the David Bruton, Jr. Chair in Neuro-Oncology.

BACKGROUND INFORMATION

At the February 10 - 11, 1983 meeting, the U. T. Board of Regents established the David Bruton, Jr. Professorship in Neuro-Oncology with a \$150,000 grant and \$100,000 pledge from the Trustees of the David Bruton, Jr. Charitable Trust, and authorized the transfer of up to \$250,000 from the Anderson Clinical Faculty Professorship Fund to match the grant and pledge as received. The \$100,000 pledge was subsequently paid.

At the present time, there is a total of \$525,000 in the endowment account including a transfer of \$25,000 made in August 1984 from endowment earnings.

32. U. T. Cancer Center (U.T. M. D. Anderson Hospital - Houston): Recommendation to Accept Gifts and Transfer of Funds to Establish the Ann Rife Cox Chair in Gynecology and Eligibility for Matching Funds Under the Texas Eminent Scholars Program.--

RECOMMENDATION

The Office of the Chancellor concurs with President LeMaistre's recommendation to accept a \$280,000 transfer of funds from the Anderson Clinical Professorships Account and gifts of \$312,249 from various donors to be combined with accumulated interest of \$7,751 for a total of \$600,000 to establish the Ann Rife Cox Chair in Gynecology at the U.T. M. D. Anderson Hospital - Houston of the U. T. Cancer Center.

It is further recommended that the actual income which will be earned on the gifts of \$312,249 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

Dallas,
In February of 1984, a memorial fund was established at the U. T. Cancer Center in memory of Ann Rife Cox, wife of Mr. Edwin L. Cox. Mr. Cox, ~~Corpus Christi,~~ Texas, is a member of the University Cancer Foundation Board of Visitors and a prominent oil and gas producer in the Dallas area.

B. REAL ESTATE MATTERS

1. U. T. Austin: Balcones Research Center - Recommendation to Terminate Lease Agreement with Allied Bank North Austin (Formerly National Bank of Commerce) Covering a 1.869 Acre Tract of Land, Travis County, Texas.--

RECOMMENDATION

The Office of the Chancellor concurs with President Flawn's recommendation that the U. T. Board of Regents agree to terminate a lease agreement under which Allied Bank North Austin (formerly National Bank of Commerce) leases a 1.869 acre tract of land on Research Blvd., Austin, Travis County, Texas (Balcones Research Center - The University of Texas at Austin). Since the current lease is at the point of rental adjustment, it is further recommended that the Lessee be allowed to continue to pay the current monthly rental of \$1,850 per month until actual vacation of premises takes place.

BACKGROUND INFORMATION

On September 26, 1979, National Bank of Commerce (now Allied Bank North Austin) leased from the U. T. Board of Regents a 1.869 acre tract of land on Research Blvd. in Austin on which it constructed a drive-in banking facility. The lease was for a primary term of 20 years with a rental of \$1,850 per month during the first 5 years and rentals for succeeding years being based upon appraisals to be made. Under the terms of the lease, monthly rentals would be increased as of October 1, 1984, to an amount equal to 10% of appraised value. Since Lessor is required to pay for the appraisal, it would not be economically feasible to have the appraisal made if the lease is to be terminated.

Mr. Sam Winters, Chairman of the Board of Allied Bank North Austin, has proposed that the lease be terminated since plans by the City of Austin to extend Braker Lane, plus the intended taking of an additional 50 feet of right-of-way to widen Research Blvd., would virtually eliminate access to the drive-in facility.

It is expected that the University will be able to find alternate lessees for this site in the future.

2. U. T. El Paso: Josephine Clardy Fox Fund - Recommendation for Lease of Land Located at 418 E. Overland, El Paso, El Paso County, Texas, to Allright Parking El Paso, Inc., El Paso, Texas.--

RECOMMENDATION

The Office of the Chancellor concurs with President Monroe's recommendation that a lease covering approximately 9,500 square feet of land located at 418 E. Overland, El Paso, El Paso County, Texas, be granted to Allright Parking El Paso, Inc., El Paso, Texas, for a term of five years, commencing December 1, 1984. Rentals in the amount of \$2,725 per month will be received for the first thirty months and an increase of \$200 per month, for a total of \$2,925, for the remaining lease term which will expire on November 31, 1989. Ad valorem taxes will be paid by Lessor, except that Lessee will pay any excess taxes over those assessed for 1984. Lessee will maintain public liability and bodily injury insurance for the full term of the lease. The lease will be cancellable upon thirty-days' written notice.

BACKGROUND INFORMATION

The subject tract is located in the eastern portion of the El Paso central business district and has been leased to Allright Parking El Paso, Inc. for a number of years. Allright's current lease, with rentals in the amount of \$1,725 per month, will expire November 30, 1984.

**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: December 14, 1984

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

Place: The Union-East, Room 316, U. T. El Paso

1. Pending and/or Contemplated Litigation - Section 2(e)
 - a. U. T. System: Potential Litigation Involving Use of Fresh Water for Waterflood Projects on PUF Lands in West Texas
 - b. U. T. Health Science Center - Houston: Proposed Settlement of Medical Malpractice Litigation
2. Land Acquisition, Purchase, Exchange, Lease or Value of Real Property and Negotiated Contracts for Prospective Gifts or Donations - Section 2(f)
 - a. U. T. System: Recommendation for Approval of Lease with The University of Texas Foundation, Inc. of Real Property Located in Travis County, Texas
 - b. U. T. Austin: Consideration of Negotiations for Gifts Related to the Establishment of Endowed Academic Positions in the College of Education
3. Personnel Matters [Section 2(g)] Relating to Appointment, Employment, Evaluation, Assignment, Duties, Discipline, or Dismissal of Officers or Employees
 - a. U. T. System: Consideration of Personnel Matters Related to the Assignment, Duties and Responsibilities of Officers of System Administration

[It is anticipated that prior to the Board meeting additional documentation on this matter will be distributed.]
 - b. U. T. Health Science Center - San Antonio: Consideration of Personnel Matters Related to the Possible Election and Employment of a President

EXECUTIVE SESSION

SUPPLEMENTAL MATERIAL

December 13-14, 1984

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	<u>Ex.S</u>
3. a. U. T. System: Consideration of Personnel Matters Related to the Assignment, Duties and Responsibilities of Officers of System Administration	Below

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3. a. U. T. System: Consideration of Personnel Matters Related to the Assignment, Duties and Responsibilities of Officers of System Administration.--

RECOMMENDATION

In order to formalize the assignment of duties of the Executive Vice Chancellor for Asset Management, Chancellor Mark recommends that:

A. Chapter II, Part One, Regents' Rules and Regulations be amended as set out below:

1. Amend Subsections 2.2 and 2.3 of Section 2 to read as follows:

"2.2 Composition.

The Office of the Chancellor consists of the Chancellor, the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Asset Management, the Executive Vice Chancellor for Health Affairs and such direct supporting staffs for these officers as may be required and provided for in the annual operating budget and amendments thereto. The Chancellor shall coordinate consultation among the principal officers of the Office of the Chancellor.

"2.3 Chancellor/Chief Executive Officer.

The Chancellor is the chief executive officer of the System and directly reports to and is responsible to the Board. He has direct line responsibility for all aspects of the U. T. System's operations. In addition, he has first line supervisory responsibility for the governmental relations [7-investments-and-trusts, lands-management7] and audit functions of the System and[7--He-also] provides day-to-day supervision for the holders of the following positions who directly report to the Office of the Chancellor: the Executive Director for Finance and Administration; the General Counsel; the Director of Development; and the Director of the Office of Facilities Planning and Construction."

2. Add a new Subsection 2.5 to Section 2 to read as follows:

"2.5 Executive Vice Chancellor for Asset Management. The Executive Vice Chancellor for Asset Management is the chief operating officer of the System for management of the assets of the U. T. System and, in consultation with the Chancellor, directly reports to and is responsible to the Board for conduct of the asset management programs of the U. T. System. The Manager of University Lands - Oil, Gas and Mineral Interests, the Manager of University Lands - Surface Interests, the Executive Director for Investments and Trusts, and the Director of the University Lands Accounting Office, acting in a line capacity for the operation of their functions, report to and are responsible to the Executive Vice Chancellor for Asset Management."

3. Renumber existing Subsection 2.5 of Section 2 as Subsection 2.6.

4. Amend Subsection 4.1 of Section 4 to read as follows:

"4.1 Chief Executive and Chief Operating Officers. The Chancellor, the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Asset Management, and the Executive Vice Chancellor for Health Affairs, shall be elected by the affirmative vote of a majority of the Regents in office and shall hold office without fixed term, subject to the pleasure of the Board."

5. Amend the caption to Section 6 to read as follows:

Sec. 6. Primary Duties of the [~~Chief-Executive-and~~] Chief Operating Officers in the Office of the Chancellor.

6. Delete Subsection 6.1 of Section 6, renumber existing Subsection 6.2 as 6.1 and insert a new Subsection 6.2 to read as follows:

"6.2 The Executive Vice Chancellor for Asset Management.-- The Executive Vice Chancellor for Asset Management has direct responsibility for lands management (including management of trust lands, endowment lands, and management of the Permanent University Fund lands); investments and trusts (including investment and management of trusts, trust assets, and endowments) and management of the investment of the Permanent University Fund. He has as a prime responsibility the management of the lands, trusts, endowments, and other such funds of the System in such a manner as to maximize the monies available for excellence in all activities of the System. Through the Office of the Chancellor, he shall prepare recommendations and supporting information on all such operations for consideration by the appropriate standing committees of the Board of Regents."

7. Renumber existing Subsection 8.4 of Section 8 as Subsection 8.2 and move existing Subsections 8.2 and 8.3 to a new Section 9 where they shall be revised and renumbered to read as follows:

"Sec. 9. Asset Management.

9.1 [~~8-2~~] Lands Management.

9.11 [~~8-21~~] The Executive Vice Chancellor for Asset Management provides direction and management for all transactions relative to Permanent University Fund lands (hereinafter sometimes referred to as "University Lands"), trust lands, and other noncampus real estate interests owned or controlled by the Board of Regents. In the exercise of those responsibilities, he [~~the-Chancellor~~]:

9.111 [~~8-211~~] Works closely with the Board for Lease of University Lands in the discharge of its duties and responsibilities.

9.112 [~~8-212~~] Works closely with the chief administrative officer of a component institution of the System and his delegates with regard to the management of trust lands and other noncampus real estate interests held by the Board of Regents for and on behalf of a particular institution.

9.113 [~~8-213~~] Establishes procedures that insure effective coordination with the Executive Director for Investments and Trusts with regard to the management of trust lands other than University Lands.

9.114 [~~8-214~~] Directs and manages the operation of the following budgeted activities which are part of the Office of Lands Management:

Board for Lease - University Lands;

University Lands - Oil, Gas, [Geology] and Mineral Interests [Survey]; [~~Oil-Field-Supervision-and Geophysical-Exploration~~];

University Lands Accounting Office; [~~and~~]

University Lands - Surface Interests (Oil Field Supervision); and

University Lands - Surface Interests (Leasing and Agricultural Projects).

9.12 [~~8-22~~] Manager of University Lands - Oil, Gas, and Mineral Interests.

Subject to delegation by the Executive Vice Chancellor for Asset Management, the Manager of University Lands - Oil, Gas, and Mineral Interests is responsible for providing field supervision of System operations, activities and transactions involving oil, gas, and mineral development and production on the University Lands. Within limits of authority set by the Executive Vice Chancellor for Asset Management, the Manager's regular duties include:

9.121 [~~8-221~~] Making recommendations to the Board for Lease of University Lands, and the Board of Regents, as appropriate, for periodic oil and gas lease sales of University Lands, and for unitization, pooling and other transactions involving oil and gas leasehold and royalty interests and other mineral interests in University Lands.

9.122 [~~8-222~~] Organizing, directing, guiding, setting objectives and standards for, and assigning and evaluating the work of all personnel reporting to him.

- 9.123 [~~8-223~~] Reviewing periodically the terms and conditions of forms and transactions involving oil and gas interests in University Lands, and making recommendations with respect thereto to the Executive Vice Chancellor for Asset Management and the Board for Lease of University Lands.
- 9.124 [~~8-224~~] Reporting regularly to the Executive Vice Chancellor for Asset Management and the Board for Lease of University Lands all activities, developments and problems which could significantly affect System interests and University Lands, together with his recommendations with respect thereto.
- 9.125 [~~8-225~~] Working closely with the Board for Lease of University Lands in the discharge of its duties and responsibilities.
- 9.126 [~~8-226~~] Coordinating with the Manager of University Lands - Surface Interests in the discharge of their respective duties and responsibilities.
- 9.13 [~~8-23~~] Manager of University Lands - Surface Interests.
Subject to delegation by the Executive Vice Chancellor for Asset Management, the Manager of University Lands - Surface Interests is responsible for providing field supervision of System operations, activities, and transactions pertaining to surface interests, water rights and oil and gas field operations in or on University Lands. Within limits of authority set by the Executive Vice Chancellor for Asset Management, the Manager's regular duties include:
- 9.131 [~~8-231~~] Making recommendations to the Board with respect to all transactions involving surface interests in University Lands, including research projects, right-of-way easements, agricultural, grazing and other surface use leases, and geophysical permits.
- 9.132 [~~8-232~~] Organizing, directing, guiding, setting objectives and standards for, and assigning and evaluating the work of all personnel reporting to him.
- 9.133 [~~8-233~~] Reviewing periodically the terms and conditions of forms and transactions involving surface interests in University Lands, and making recommendations with respect thereto to the Executive Vice Chancellor for Asset Management.
- 9.134 [~~8-234~~] Reporting regularly to the Executive Vice Chancellor for Asset Management all activities, developments and problems which could significantly affect System interests in University Lands, together with his recommendations with respect thereto.
- 9.135 [~~8-235~~] Working closely with federal and state agencies in connection with research and development projects and activities, involving utilization and husbandry of University Lands, of mutual interest to the System and such agencies.
- 9.136 [~~8-236~~] Coordinating with the Manager of University Lands - Oil, Gas, and Mineral Interests in the discharge of their respective duties and responsibilities, and acts as oil and gas fields supervisor.

9.2 [~~8-3~~] Investments and Trusts.

Subject to delegation by the Executive Vice Chancellor for Asset Management, the Executive Director for Investments and Trusts implements, when they are approved by the Board, policies and actions with respect to:

9.21 [~~8-31~~] Investing, managing, and administering of all endowment funds belonging to the System and its component institutions, including the Permanent University Fund and all trusts and special funds.

9.22 [~~8-32~~] Issuing, managing and paying all bonds and other evidences of indebtedness issued by the Board for System and its component institutions.

9.23 [~~8-33~~] Presenting to the Board through the Office of the Chancellor periodic reports of the status and prospect of funds for which he has responsibility and that will be available for expenditure by the System and its component institutions.

9.24 [~~8-34~~] Consulting with the Executive Associate for Economic Affairs with respect to the development of long-range plans for the development and management of the economic resources of the System and its component institutions."

8. Renumber existing Sections 9 through 17 as Sections 10 through 18, respectively.

B. Chapter IX, Part Two, Regents' Rules and Regulations be amended as set out below:

1. Amend Subsections 1.1, 1.2, 1.3, 1.4, 1.5 and 1.6 of Section 1 to read as follows:

"1.1 Authority to Purchase, Exchange, and Sell Securities for and on Behalf of the Permanent University Fund of The University of Texas System (hereinafter sometimes referred to as "PUF") and the Board.--The Chancellor, or his delegate, the Executive Vice Chancellor for Asset Management, and the Executive Director for Investments and Trusts are authorized to purchase, exchange, and sell any and all securities for and on behalf of the PUF or the Board, and to execute any and all documents necessary to the consummation of any purchases or exchanges. In addition, Investment Counselors appointed by the Board of Regents may purchase, sell, or exchange securities from funds designated from the PUF and the Common Trust Fund in accordance with such Counselor's contracts.

"1.2 Authority to Assign and Transfer Securities Owned by the PUF and the Board.--The Chancellor, the Executive Vice Chancellor for Asset Management, the Executive Director for Investments and Trusts, the Comptroller and Associate Comptroller, and the Trust Officer may each assign and transfer any and all securities of any description whatever and execute any and all documents necessary to the consummation of any sale, assignment, or transfer of any securities registered in the name of the PUF or the Board, or in any other form of registration of such securities held for the account of the PUF or the Board in whatever manner, including all fiduciary capacities and including those registered in the names of trusts or foundations managed and controlled by said Board.

"1.3 Authority to Execute Instruments Relating to Land and Mineral Interests.--The Chairman of the Board, the Vice-Chairmen, the Chancellor, or his delegate, and the Executive Vice Chancellor for Asset Management are each authorized to execute conveyances, deeds, surface and/or mineral leases, easements, rights-of-way, oil and gas division orders, and transfer orders, geophysical and material source permits, water contracts, pooling and unitization agreements, and any other instruments as may be necessary or appropriate from time to time, relating to the handling, management, control, and disposition of any real estate or mineral interest held or controlled by the Board as a part of the PUF or as a part of any trust or special fund.

"1.4 Authority to Receive and Collect Money and/or Property.--The Chancellor, the Executive Vice Chancellor for Asset Management, and the Executive Director for Investments and Trusts are each authorized and empowered to ask, demand, collect, recover, and receive any and all sums of money, debts, dues, rights, property, effects, or demands, whatever, due, payable, or belonging, or that may become due, payable, or belonging to any of the above funds from investment transactions, from any person or persons, whatever, and to execute any and all necessary or proper receipts, releases, and discharges therefor.

"1.5 Authority to Execute Proxies.--The Chancellor, or his delegate, the Executive Vice Chancellor for Asset Management, and the Executive Director for Investments and Trusts, and the Investment Officer and the Director of Stock Research are each authorized to execute proxies within the approved investment policies.

"1.6 Authority to Purchase, Sell, and Transfer Book-Entry United States Government and Government Agency Securities.--The Chancellor, or his delegate, the Executive Vice Chancellor for Asset Management, and the Executive Director for Investments and Trusts, or the Investment Officer of The University of Texas System may direct a member bank of the Federal Reserve System to purchase, sell, or transfer any United States Government or Government Agency securities in book-entry form for the Permanent University Fund of The University of Texas System and for the Board of Regents of The University of Texas System."

2. Amend Subsections 2.5, 2.6, and 2.7 of Section 2, and Paragraphs 2.92 and 2.93 of Subsection 2.9 of Section 2 to read as follows:

"2.5 Policies with Respect to Stock Rights, Fractional Shares, and Proxies.

2.51 Exercise of or sale of stock rights is to be made at the discretion of the Chancellor, the Executive Vice Chancellor for Asset Management, or the Executive Director for Investments and Trusts. Stock rights which arise in connection with funds under control of an investment counselor shall be handled by that counselor in its discretion.

- 2.52 As a general rule, fractional shares received from stock dividends, etc., are to be sold. In each instance, the decision to round out fractional shares or to sell will be made by the Chancellor, the Executive Vice Chancellor for Asset Management, or the Executive Director for Investments and Trusts. Fractional shares which arise in connection with funds under control of an investment counselor shall be handled by that counselor in its discretion.
- 2.53 As a general rule, voting stocks held are to be voted by returning proxies to present management. When the Executive Director for Investments and Trusts determines that a vote with management would not be in the shareholder's best financial interest, or when a proposal under consideration is of a social nature, the matter will be referred to the Chancellor and the Executive Vice Chancellor for Asset Management, or, in the event both of them are absent [his-absence], to the Chairman of the Land and Investment Committee.

"2.6 Exchange of Bonds.--The Chancellor, the Executive Vice Chancellor for Asset Management, and the Executive Director for Investments and Trusts are each authorized to exchange bonds owned, from time to time, on a par for par basis (with such cash adjustments as may be required) for other eligible bonds or obligations. In any such exchange the cost of the bonds exchanged out (plus or minus the cash adjustments involved) shall be carried forward as the cost of the bonds or obligations acquired, even though the sale and purchase may be effected through different brokers. Such sales and purchases may be considered as exchanges provided there has been an improvement in book yield.

"2.7 Advice of Investment Advisory Committee.--The Chancellor, the Executive Vice Chancellor for Asset Management, and [or] the Executive Director for Investments and Trusts shall seek the advice and counsel of the Investment Advisory Committee at its regular quarterly meetings on all of the major matters involving the PUF.

"2.92 Implementation of Mortgage Loan Program: The Chancellor, the Executive Vice Chancellor for Asset Management, or the Executive Director for Investments and Trusts are each authorized to purchase insured mortgage loans and to execute such documents necessary in conducting a mortgage loan program, including the execution of assignments of any notes and liens when appropriate to do so.

"2.93 The Chancellor, the Executive Vice Chancellor for Asset Management, or the Executive Director for Investments and Trusts are each authorized to take any and all steps as may be considered necessary or advisable to protect the interest of the PUF in event of default occurring with respect to any guaranteed loans, including the power to acquire title on behalf of the Board to the property securing any such note and to execute on behalf of the Board the necessary deed conveying the properties to the U.S. Government or department or agency thereof."

3. Amend Subsection 5.2 of Section 5 to read as follows:

"5.2 Duties.--The Staff Investment Committee shall cooperate with and advise the Chancellor and the Executive Vice Chancellor for Asset Management on matters relating to the management of investments."

4. Amend the lead-in paragraph to Section 6 and Subsection 6.4 of Section 6 to read as follows:

"Sec. 6. Investment Advisory Committee.--The Investment Advisory Committee is and has been established in order to assist and advise the Chancellor, the Executive Vice Chancellor for Asset Management, and the Executive Director for Investments and Trusts with respect to matters relating to the management of investments for which said Executive Director is responsible. The following rules shall apply to such Committee:

"6.4 Meetings.--Meetings shall be held quarterly and at such other dates as may be considered advisable by the Chancellor and the Executive Vice Chancellor for Asset Management."

C. The Executive Secretary to the Board of Regents, in consultation with the Office of General Counsel, be authorized to make such editorial changes in the Regents' Rules and Regulations as are germane and necessary to effectuate these amendments.

BACKGROUND INFORMATION

The above recommended amendments are designed to formalize the assignment of duties of the Executive Vice Chancellor for Asset Management on an interim basis. It is Chancellor Mark's intent to have final recommendations on the assignment of duties of all officers in System Administration at a meeting early in 1985.